

18 April 2016

Sprue Aegis plc
("Sprue", the "Company" or the "Group")

Trading Statement

Increase in 2015 warranty provision

Sprue (AIM: SPRP), one of Europe's leading home safety products suppliers, announces that the Company has recently identified an issue in certain batteries supplied by a third party supplier that may cause a premature low battery warning chirp in certain of its smoke alarm models sold in the UK and in Continental Europe.

The Board is keen to stress that this is not a safety critical issue.

As a result, to support the Company's customer service obligations, the Board proposes to increase the Group's warranty provision as at 31 December 2015 by £5.5m to £6.8m (2014: £0.9m). Consequently, further to the Company's trading update released on 20 January 2016, the Board now expects the Company's operating profit* for the year ended 31 December 2015 to be approximately £7.3m compared to the previously announced expected operating profit* of £12.1m.

The cash cost of dealing with this issue is expected to be incurred over the next six years. As at 31 December 2015, the Company had cash of £22.4m and no debt. These figures remain subject to final audit and, as a result, the Company now expects to release its audited final results for the year ended 31 December 2015 during the week commencing 25 April 2016.

Commenting on the increase in warranty provision, Graham Whitworth, Executive Chairman of Sprue said: "I am deeply disappointed about the impact this third party component issue is having and I wish to reassure customers and all stakeholders that the Company takes the quality of all of its products very seriously. The failure mode in the battery in affected smoke alarms has only recently become apparent and typically occurs after around three years from the date of battery manufacture. To prevent the issue happening in the future and to ensure all the Group's smoke products perform to the highest standards, the Group has introduced additional screening processes on the production line prior to the battery being fitted into finished smoke alarms and we are reviewing, and, if necessary, will enhance our internal operational controls and processes."

Trading Statement

Challenging trading conditions in France, principally due to overstocking, and weaker sales in Germany, due to product certification delays, are likely to significantly adversely impact the Group's expected results for this year. Consequently, the Board has revised its guidance for the full year 2016. Subject to no major changes in exchange rates, the Board now expects a first half operating loss* of approximately £1.9m (which includes a restructuring charge of £0.2m as a result of reducing certain fixed overheads), and an operating profit* in the second half of approximately £3.8m with sales and operating profit* in the full year of approximately £55.0m and £1.9m respectively. The estimated saving in 2017 from the fixed cost reduction is approximately £0.8m.

Graham Whitworth, Executive Chairman of Sprue, said: "Unfortunately, overstocking in France and weaker sales into Germany, have resulted in us issuing revised guidance for this year. We expect to

rebuild trading momentum in the second half of 2016 with certified new products and enter 2017 with normal levels of trading.

Whilst regrettable, the overhead reductions will put the Group onto a lower cost base saving an estimated £0.8m in 2017 and keep the Group on the right course to deliver our longer term strategic objectives as set out last year by Neil Smith, the Group CEO. The Board's priority remains to continue to improve the operational and financial performance of the Group and deliver value for our customers and shareholders.

Subject to final approval by the Board, it is still the intention to recommend the payment of a final dividend for the year ended 31 December 2015 as planned."

Operating profit is stated before share-based payments charge*

– Ends –

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Notes to Editors

About Sprue Aegis plc

Sprue's mission is to protect, save and improve our customers' lives by making innovative, leading edge technology simple and accessible.

Sprue is one of the market leaders in the European home safety products market. Its principal products are smoke alarms and CO alarms and accessories and the Group has an extensive portfolio of patented intellectual property. Sprue has patented its technology in Europe, the US and other selected territories.

The introduction of new technologically advanced products and new safety products legislation in the UK and in Europe, and increasing levels of awareness of the dangers of smoke and CO, continue to drive sales.

Sprue manufactures CO sensors at its subsidiary, Pace Sensors for use in its CO alarms. All other manufacturing and product assembly is outsourced to two principal third party contract manufacturers in China, one of which is Jarden Corporation which owns 23.6% of the Group and Pace Technology which is independent from Jarden Corporation.

Sprue enjoys a leading sales footprint in UK Retail and the UK's Fire & Rescue Services. The Group also supplies the UK's Utility and Leisure sector which includes customers such as British Gas and Scottish Gas and has a well-established but relatively low market share of the UK Trade sector. Sprue has a rapidly growing business in Continental Europe mainly selling through a network of independently owned third party distributors

The Group has won a number of prestigious Sunday Times *Virgin Fast Track 100 Awards*, which recognises the 100 fastest growing companies in the UK. Sprue's head office is in Coventry and it has a second office in Gloucester. Warehousing is located in Cambridge and Gloucester

Sprue's range of products is comprehensive, allowing the Group to tailor the range of smoke alarms, CO alarms and accessories to suit its customer needs at various price points under the following brands:

- **FireAngel.** A market-leading and innovative battery operated alarm principally targeted at UK Retail and UK F&RS
- **AngelEye.** Launched in 2012, Sprue sells smoke alarms and CO detectors principally into the French market under the AngelEye brand and to Sainsburys in the UK. AngelEye has become a leading brand targeted at the DIY channel in France
- **SONA.** A new, low power mains powered range of smoke and heat alarm products plus CO detection that are market leading and which can be wirelessly interconnected with up to 50 products on a single network
- **FireAngel Pro.** Mains-powered smoke alarm with a 10 year, sealed for life lithium battery back-up. Modern design, quick fitting, tamper-proof mounting plate which locks the alarm head securely in place. Mounting plate has wide, easily accessible connection to the mains feed. Cable knock-out allows for compatibility with YT2 cable trunking
- **Pace Sensors.** CO sensors used within Sprue's CO products are developed by Sprue and Pace Sensors, Sprue's wholly owned subsidiary in Canada. Pace Sensors' CO sensors are used within all FireAngel, AngelEye and Pace Sensors CO detectors and certain First Alert branded CO detectors

Sprue has the exclusive rights to distribute the products and brands of BRK Brands Europe Limited (a subsidiary of Jarden Corporation) in Europe namely, First Alert, BRK and Dicon. First Alert is one of the leading safety products brands in North America.

For further product information, please visit: www.sprue.com.