

LPA GROUP PLC
("LPA", the "Company" or the "Group")

Trading update

LPA Group Plc, the high reliability LED lighting and electro-mechanical system manufacturer, is pleased to provide an update on trading and Covid-19 measures taken.

On 18 March 2020, ahead of our AGM, we announced that while we were yet to experience any undue impact from Covid-19, markets such as aerospace and transport were expected to be disrupted as we moved forward. Anticipating lockdown, which in the UK came into force later that week, we implemented a pandemic action plan taking all practical precautions, focusing on cash retention and maintaining profitability whilst ensuring all of our sites remained open for business. Actions included suspension of our dividend policy, utilisation of the UK Government's VAT deferment to 2021 and, offered by our bank, a precautionary deferral of two quarters' capital loan repayments.

Our sites implemented working practices in line with Government Covid-19 guidelines, home and flexible working was put in place, where appropriate, and support for our shielding and isolating staff. The UK Covid Job Retention Scheme (CJRS) has been used across the Group and, following a review of our cost base, we have driven through further efficiencies, which, combined with some trading downturn, particularly within aerospace, has released c.11% of the workforce through a restructuring programme, completed ahead of our September 2020 financial year end. Activity in the second half of FY20 slowed slightly as some customers temporarily closed sites due to worldwide lockdown restrictions. However, whilst activity has since increased, we are still experiencing slower than normal revenues in some parts of the Group, particularly around the aviation sector.

Despite these challenges, we are pleased to report that (subject to audit) we traded profitably throughout H2, delivering satisfactory results, progression from the previous year, with improved profit before tax for the second half of the financial year ended 30 September 2020 vs H1 2020. Cash generation was achieved in the second half of the financial year with net debt as at 30 September 2020 broadly unchanged from 2019.

The new financial year has seen notable activity with two (subject to contract) substantial project awards announced on 15 and 19 October 2020, following a predictable H2 2020 slow down on order intake.

Brexit has been assessed and it is not envisaged that any significant or lasting issues to the business will be felt from 1 January 2021.

The Company is now pleased to reintroduce market guidance, with management expectations for the current year FY21 ahead of FY20, underpinning our cautious optimism and it is planned to re-introduce our dividend policy for 2021.

Paul Curtis – CEO commented:

"Covid-19 has made the second half of the year challenging and hard work for us all, but despite this we have managed to report profits in each month, and we finish the year with confidence. We are extremely proud of our staff and would like to thank them for their dedication throughout this time, and especially to those who agreed to furlough leave or unfortunately have now departed the Group.

We are delighted with the new contract awards announced in October 2020, which are testament to the service and quality offered by the Group. LPA Connection Systems has made a promising start to the new financial year and LPA Lighting Systems are expected to benefit from a strong order book, and recent contract awards. We expect progression in FY21 but remain cautious."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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