LPA Group Plc
Final Results for the year ended 30 September 2023

LPA Group plc ("LPA", the "Company" or the "Group"), the innovation-led engineering specialist in electronic and electro-mechanical components and systems, is pleased to announce its Final Results for the year ended 30 September 2023.

Final Results key points:

- Order book increased to £31.6m (2022: £27.8m)
- Order entry at £25.5m (2022: £19.7m)
- Revenue at £21.7m (2022: £19.3m)
- Underlying operating loss * of £0.1m (2022: loss of £0.2m)
- Profit before tax of £0.8m (2022: £1.1m)
- Basic earnings per share of 6.52p (2022: 8.99p)
- Proposed dividend of 1p (2022: none)
- Net debt at year end of £1.2m (2022: £0.5m)

* Operating Profit before Share Based Payments, Negative Goodwill and Exceptional Items

The year to 30 September 2023, included the following highlights and operational developments.

- Successful acquisition and integration of competitor's range of inter-car jumper products. This gives access to approximately 2,000 vehicles across the UK where we can now offer product support.
- Strong order entry leading to a year end record orderbook of £31.6m.
- Continued expansion of sales partner network around the world.
- Continued development of standard products across the Group to reduce dependence on large projects.
- First sales from LPA Lighting Systems to aviation sector with USB charging products designed and supplied to prototype build.

Robert B Horvath – Chairman commented:

"The year to 30 September 2023 has been a strategically important one building on the foundations of the year before and its substantive management changes. We will again report a profit before tax (£0.8m) that has been supported by exceptional items rather than underlying profitability, but the green shoots are in evidence and in the last 6 months of the financial year (the second half) we completely turned around the results of the first half.

It remains a challenge to rebalance volume levels to get more into the front half of our reporting year especially with Christmas shutdowns at our clients and our current dependency on a number of large 'new' projects that inevitably are slower to start than we would want. So we will still deliver a much stronger operating performance in the second half of the year this year than we will in the first half. Our order entry during the year was robust and I am pleased to report that our order book is strong with many other opportunities out there for further growth. We must remain alive to global supply chain issues and macro-economic factors as we are a global business selling into many markets around the world. We must be clear though on what we try to negotiate and win as supply chain and inflationary pressures remain stubbornly adverse. We will manage growth in line with our capabilities and remain agile and responsive as our management teams know this is our core strength.

During the year we purchased the trade and intellectual property for a competitor's product line and since the year end we have entered the Battery charging market. These 2 are planned strategic moves, one into after care products for 2,000 plus vehicles that will we believe will have extended lives and the other into DC battery charging to support our aviation business. These 2 will create the volume we need to underwrite our Connection Systems business in the years to come. We will look for similar moves to strengthen our Lighting Systems business. The progress at Channel Electric is well in line with our plans and is experiencing increasing enquiries, orders and sales.

As I reported last year, we aimed to build up cash reserves recognising that as we start to grow again following 2 years of modest turnover there will be pressure on working capital. We have seen that pressure in the last 6 months and our Bankers have been supportive in extending and renewing our facilities to support part of our growth plans. I am pleased that we are able to restart a dividend policy for our shareholders.

Our gearing remains a modest 7.7% (2022: 3.5%) and our net asset value grew. The (closed) defined benefit pension scheme remains in good shape and the impact on our balance sheet of the Trust's investment policy has been positive again this year. The pension remains in a healthy surplus.

We anticipate an overall operating profit in FY 2024, in line with expectations, with even better prospects thereafter all of which supports our return to dividend distribution. The Board has confidence in the prospects for the Group, supported by high quality customers, order book, increasing visibility of new business and our overall strategy to diversify into other markets and grow."

25 January 2024

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Chairman's Statement

Overview

We have witnessed a much improved business, a growth in our sales line and a return to profitability in the last 6 months of the year. The individual business plans for the members of the Group are beginning to deliver on the Group's strategy. We have long recognised our need to broaden our offering as some of our operations have become too reliant on a few large customers. We have ended the year with a strong order book replacing most of what has been delivered this year, strengthened by aftercare work rather than large new projects.

LPA Connection Systems set out to have a more transformative year. Now, with its stronger focus on the aftercare market and at the same time further investment in aviation products, the strategy is starting to bear fruit. It is looking for additional markets and products away from rail that it can make and deliver to build resilience into its overhead recovery, an example of this being our recently announced entry into the battery charging market for the aviation industry.

LPA Lighting Systems will deliver over the next 18 months a lot of the extant projects that were in development, and in some cases deferred. Our challenge thereafter is to ensure we seek out other product lines for what is a first class electronic engineering design and manufacturing facility.

The completion of the executive team at LPA Channel Electric has been a welcome shift for this business as its order book increases to previous levels, and the prospects for the business are back to better, than pre-pandemic levels. We are consciously looking for further opportunities in aerospace, defence and niche industrial products.

As I reported last year, we have had a very good response to our customer and relationship management programmes and the signing up of new distributor partners across the globe. Our sales and marketing team have been busy at a number of exhibitions in Europe and North America; a good example was a strong presence at InterAirport in Munich this year. We have recently attended AUS RAIL PLUS in Australia and international Ground Support Expo in the US. This is leading to discussions with potential partners to make and deliver products for them in the UK.

Our new Group CFO, Stuart Stanyard, joined the Board in Spring and we continue to recruit heavily into our Sales teams and into engineering competency generally. We are an innovative group and in order to remain so we must continually strive to look for talented people and where possible recruit them, even if it means buying their nascent business opportunities. Our innovation committee is developing connections with academia, having already established relationships with universities and colleges, and this will continue. To get the balance right we will rebase our reward mechanisms to retain more moderate salaries and to increase the performance related element of our remuneration packages.

As an innovation-led engineering specialist in electronic and electro-mechanical components and systems we will continue to invest in our capabilities. We have a programme of recruitment especially of apprentices and young engineers. Operationally, the manufacturing facilities remain first class but we need to be more agile as the Group expands and grows. We will need to react even quicker to the data flows from the manufacturing processes to be able to improve productivity in every sense. We have begun an investment in a new enterprise resource planning tool ("ERP") to give our leaders better control of our outputs; to know the cost of every process, to get it right on time first time and to deliver a quality experience to our customers. To compete on a global stage, as we do, we must invest in continuous improvement.

The sale of some surplus land in 2022 gave us plenty of working capital to carry us through what we knew would be a difficult 18 months of trading. It also enabled us to do a small acquisition during the year that we announced in March 2023. As our turnover grows we will need working capital to fund higher stock levels and debtors and we planned for this. The Bank facilities have been renewed with our Bankers and with planned profitability I am pleased to be able to report that we will pay a dividend this year and restore our policy of paying dividends going forward.

Shareholders and Investors

We want to communicate our long-term plans to deliver shareholder value in line with our vision and mission and our continuing commitment to our reputation. Therefore, the Board will continue to meet its key shareholders where possible in person and work closely with its Brokers and advisers to ensure regular and open dialogue.

The Group exports widely and this needs to be reflected in our stakeholder relationships which must be proactive, long term, visible and embedded into our corporate culture. We have stakeholders, in the wider sense, all over the world and it is heartening that the exec team are now able to visit them and travel freely; much of what we do is solutions based and flows from personal interactions.

Dividends and Pension Fund

A small final dividend of 1p per share (2022: nil) has been declared for the year ended 2023. The Board believes in a progressive dividend so will endeavour to set a reasonable expectation of growth over the coming years.

Included in our Balance sheet is an asset representing the actuarial valuation, as at 31 March 2023, and the consequent accounting adjustment, for our (closed) defined benefit pension scheme. I originally took over as Chair of the scheme in the short term whilst we transferred to new Managers, refocused our investment policies and endeavoured to maintain our surplus. This ensured our CEO could stay focused on the core business. The rebalanced investment portfolio has put the scheme in a very strong position and I intend to step down as Chair leaving it to our Group CFO to govern the day to day running of the scheme. This will allow me to be more objective as your Chairman concerning the overall strategy of the scheme on our balance sheet including the timing of any exit way from the fund and when are we best placed to consider the timing of a buyout process.

Employees

Our people and our investment in them remains key to our future success. Their skills alone are not enough without a commitment to the style and corporate values that the Board are committed to promoting. We still have some work to do but our more recently appointed subsidiary directors are clearly committed to these values and we will see the impact of this in the coming years.

We pride ourselves on our engineering skills and our factory operations and are committed to investment to maintain this capability. We do maintain flexibility through use of agency and temporary contracts, but we have no zero-hour contracts. The general health, and well-being of our employees personally, cannot be underestimated. Senior management time on people issues, managing our employee numbers and the cost base remains part of daily routine. Recruiting young people into a traditional engineering business and more importantly its workspace is not easy; therefore communication with our staff, engagement with their aspirations and progressive investment in their well-being will distinguish us.

We continue our communication programme including a comprehensive newsletter to our Employees, this is published twice a year. Induction programmes and the Board’s belief in instilling our corporate values and engagement remains a priority.

I should like to thank all our employees, past and present, for their hard work and diligence during 2023 and for their commitment to our future as we start to look ahead at what I hope will be more encouraging times across our worldwide markets.

Board

Board members' biographies and relevant experience are set out on the Group's website www.lpa-group.com.

Paul Curtis (CEO) heads up the Executive Team and he and our recently appointed Group CFO Stuart Stanyard comprise the group Board Executive Directors. Andrew Jenner, as Senior Independent Director, and Chair of the Audit Committee has been in post throughout the year under review as has Gordon Wakeford who is chairman of our Remuneration Committee.

ESG

We have reported on our Group ESG commitments for a number of years now and we are committed as we move forward to ensuring that we stay in the forefront of best practice for a leading engineering company. We actively manage our carbon footprint, support greener practices and manage waste in an environmentally transparent way. We encourage good health and wellbeing in our staff and drive safety, innovation, as well as inclusion and diversity into our day to day activities.

Outlook

The Executive team have an even stronger order book to work with than last year, a solid balance sheet with renewed facilities in place, positive operating cash flow and a clear vision. The Board has a process for looking at identified opportunities and enhancing capability in line with the strategy and it will consider each one on its merits. The Group has undergone significant change in its leadership recently, and whilst there is a slight lag in seeing measurable profit impact, there is discernible shift in momentum. I am pleased to say that our outlook is now stronger with a bright future that will be built on our innovation, capability and great customer relationships.

Robert B Horvath
Chairman

Business Model and Strategy

The LPA Group plc is a quoted Small and Medium-sized Enterprise (SME), admitted to trading on the AIM market of the London Stock Exchange, and industry classified in the Electronic and Electrical Equipment FTSE sector.

The Group is an innovation-led engineering specialist in electronic and electro-mechanical components and systems, supplying markets operating within high dependency, hostile and benign environments which focuses on the market segments of rail, rail infrastructure, aviation (aircraft and infrastructure), industrial markets and defence. These are viewed as stable / growth markets both in the UK and globally. All Group activities serve the same markets (to a greater or lesser extent), have a mutual dependence on transportation (which accounts for more than two thirds of Group turnover), share resource and frequently work on the same projects.

The Group has a reputation for innovation, providing cost effective solutions to customers' problems which aim to improve reliability and reduce maintenance and life cycle costs. Three distinct sites across the UK are operated, namely:

LPA operations	Market segment	Products, solutions, and technologies
LPA Connection Systems Light & Power House Shire Hill Saffron Walden CB11 3AQ, UK Tel: +44 (0)1799 512800	**Electro-mechanical systems** A designer and manufacturer of electro-mechanical systems and components to the rail, rail infrastructure, aerospace infrastructure and industrial markets.	• Hybrid / battery control boxes and systems • Control panels & boxes • Enclosures, fabrications, laser cut, form & weld • Rail, aircraft, ship & industrial connectors • Shore supply systems • Transport turnkey engineering and manufacturing services
Email: enquiries@lpa-connect.com		
LPA Channel Electric Bath Road Thatcham Berkshire RG18 3ST, UK Tel: +44 (0)1635 864866	**Engineered component distribution** High value, high level service distributor and added value solutions provider to the rail, aerospace aircraft and defence markets.	• Circuit breakers • Connectors • Fans & motors • Relays & contactors • Switches • USB charging units
Email: enquiries@lpa-channel.com		
LPA Lighting Systems LPA House Ripley Drive Normanton West Yorkshire WF6 1QT, UK Tel: +44 (0)1924 224100	**LED lighting and electronic systems** A designer and manufacturer of LED lighting and electronic systems which serve the rail and other high reliability markets.	• Electronic control systems • Electronic monitoring systems • Fluorescent lamp Inverters • Complete rolling stock interior lighting systems • Rolling stock interior and exterior door status indication systems • Rolling stock seat electronics solutions
Email: enquiries@lpa-light.com		

Group revenues are derived from both large value projects and smaller value routine orders with the route to market a combination of direct and indirect for most products. Agents and distributors may be used, particularly in overseas markets, although larger projects continue to require direct contact in most cases.

A wide range of leading organisations form our customer base, including: Alstom, Avanti, BAA, BAE Systems, CAF, Compin, CRRC, Downer EDI, First Group, Grammer, Heathrow Airport, Hitachi, ITW GSE, Kinki Sharyo, Knorr Bremse, Leonardo, Omer, Shanghai Pudong Airport, Siemens, SNCF, Stadler, Spirit Aerospace, Taiwan Rolling Stock Company, Transport for London, Unipart Rail and Wabtec.

It is our intention to strengthen the Group's position within the global marketplace by growing our customer base, alongside the addition of new products and the undertaking of selected strategic acquisitions. This is underpinned by our Vision, Mission and Objectives as detailed below and the business planning that we do each year.

Vision, Mission & Objectives (VMO)

Vision

- To be a market leading electronic / electro-mechanical engineering Group, supplying high quality components and systems to customers in safety critical and challenging markets.

Mission

- Provide sustainable growth and returns to shareholders.
- Grow organically and by acquisition.
- Be our customers' first choice for products and services.
- Be an ethical and responsible employer.

Objectives

- Promote and build on the history and brand of LPA.
- Ensure all companies within the Group deliver 'best in class' products and services.
- Focus on reducing dependency on the transportation market.
- Continuous innovation and product development.
- Improved sales channels for export.
- Targeted acquisitions to bring growth, technology, or access to markets.
- Work together across the Group and maximise opportunities.
- Exploit Group capability and technology to create new products and service new markets.
- Be an employer of choice.

Values and Culture

Investment in our people is paramount to our success and we have created clear communication and development strategies to enhance skills and ensure that we all understand and align to Group values, culture and best practice. This is supported by the Board and Executive teams and demonstrated by their visibility and accessibility across the Group.

Our core values are promoted throughout the Group. These are set out below and published on our website www.lpa-group.com.

LPA Core Values

- **L**eadership - you do not need to be in a position of power to lead in what you do.
- **P**assion - love what you do, use it to drive both yourself and the business forward.
- **A**ccountability -whatever you do, own it and do it well.
- Continuous Product Improvement - staying ahead of the competition.
- Personal Growth - always seek to learn and improve.
- Diversity - everyone deserves a chance and a voice.
- Fun - yes, it is work, but it does not mean we cannot enjoy it!
- Innovation - technology is everything to us, look forward and push the boundaries.
- Integrity - honesty and respect are key to who we are.
- Teamwork - work with your colleagues not against them.

Chief Executive Officer's Review

Trading Results

The vision for LPA is being realised. A much more positive second half and a real impetus in both LPA Channel Electric and LPA Connection Systems enabled us to turn around the first half loss, delivering an improved second half. LPA Lighting Systems still suffers from delays, not least, from HS2, Central Line as well as other key projects.

Stronger trading in H2 fell short of full recovery from the slower trading experienced during H1, resulting in an underlying operating loss for the full year slightly ahead of prior year at £0.1m (2022: loss £0.2m). Within the period we successfully integrated the acquisition of a competitor's intercar-jumper product line, leading to negative goodwill of £0.9m, resulting in a final profit before tax for the year of £0.8m (2022: £1.1m).

Order entry improved significantly in the period to £25.5m (2022: £19.7m) with strong contributions by LPA Channel Electric and LPA Connection Systems offsetting a lower intake from LPA Lighting Systems which was caused primarily by the delay in award of the HS2 scopes of work. It is envisaged that these awards will happen during the coming year and we remain well placed to compete for this work.

Revenues increased to £21.7m (2022: £19.3m) with LPA Connection Systems performing strongly in the period benefitting from increased aviation product sales and the newly acquired product line coming on stream.

The strong order entry achieved during the year resulted in the order book increasing by £3.8m, ending the year at £31.6m (2022: £27.8m).

Added Value ("AV") for the year remained broadly in line with expectation and slightly up on the prior year at 50.3% (2022: 49.1%).

2023 Summary

- Order book increased to £31.6m (2022: £27.8m)
- Order entry at £25.5m (2022: £19.7m)
- Revenue at £21.7m (2022: £19.3m)
- Underlying operating loss of £0.1m (2022: loss of £0.2m)
- Profit before tax at £0.8m (2022: £1.1m)
- Net cash inflow from operating activities £0.3m (2022: £0.1m).

Markets

Aerospace (aircraft) was steady for the period with main manufacture build rates remaining at similar levels to the prior year. Airbus did however make some progress with the A350 programme in the latter part of the period, increasing rates from 5 to 6 aircraft per month. Aspirations for this programme are for a build rate of 9 aircraft per month by the end of 2025.

The A220 programme maintained an average build rate of 4 aircraft per month against aspirations of 6. Efforts by Airbus / Spirit to streamline and improve their production process are ongoing and there is confidence from them that build rates can be increased to 14 aircraft per month by the end of 2025. There is also talk of a new longer version of the aircraft which would compete against the Boeing 737-8. This however is many years in the future but shows that confidence in this new aircraft family is growing.

Work has continued on targeting new aviation platforms with good progress being made on projects including helicopters and EVTOL (Electric Vertical Take-off and Landing) aircraft. These aircraft are from a new breed of aviation companies and enjoy orderbooks of 900+ and 1,000+ aircraft respectively. These programmes have the potential to significantly increase LPA Channel Electric revenues once certification is received and production commences in the coming years.

Aerospace (infrastructure) continued to deliver on its strategy with another excellent year being achieved. The focus over the last few years of developing our worldwide sales channels led to order entry significantly increasing by 46% and revenues subsequently increasing 78% in the period. This renewed range of products continue to impress our customers and are now included in many of the busiest airports around the world. Building on this success our engineers continue development of the range and it is envisaged several new products will be released in the coming year.

In support of this sector the Group participated at the InterAirport show in Munich and also took its first steps into the American market with a stand at the GSEExpo show. Both shows resulted in good interest for the range and confirmed the strategy for this market segment is starting to deliver tangible results.

Rail – aftercare was strong in the period offsetting a slowdown in new build activity in some areas of the Group. The recent product line acquisition by LPA Connection Systems has been smoothly integrated and is delivering in all aspects of expectations. This acquisition is an important product line for our aftercare business and will continue to contribute for many years to come.

The legislation across the EU banning the sale of fluorescent tubes from September 2023 is a strong positive for us, driving much interest in our LED alternative. The Group, in preparation for this change, has been active in this area for the last few years and, as such, enjoys good technical experience, active sales channels and a good product offering aimed at serving this new requirement.

The legislation mandating the use of USB-C on all phones has also recently been agreed within the EU and UK, with all new devices needing to adhere by the end of 2024. The Group has been a leader in providing USB-A charging across the UK rail market and is well placed to serve its customers requirements as they move to update their vehicles in compliance with this new requirement.

Newbuild projects in the UK have slowed from their peak and a quieter period is predicted as we await new funding decisions and subsequent investment. It is pleasing however to see some of the existing projects won finally moving into production and output for the coming years will enjoy revenues from the prestigious Siemens Victoria Line and Alstom TGV projects amongst others.

Export remains an important part of the Group's business at 39%. In support of this we continue our efforts in building our sales channels around the world and in the development of products suited to this type of sales model.

Industrial market progression was mostly achieved through our Niphan range of specialist electrical connectors, with considerable work undertaken to update the approvals of this range and to re-establish contact with historical customers. As such, the range saw enhanced revenues for the period and further progress is expected as we move forward. LPA Channel Electric also put in place the first foundations of its entry into the industrial marketplace and will look to enhance this further in the coming year.

Operational Review

The achievement of the Aviation quality standard AS9100 by our LPA Connection Systems business in the period means that all sites now run with enhanced certification and customer opportunity. Achieving these levels of quality are key to ensuring our skilled and invested facilities continue to deliver at the standards our customers are demanding of their supply chain.

The acquisition, announced in March 2023, of the inter-car jumper product line has been successful. The range is now fully incorporated within our design and manufacturing departments, and we have provided a near perfect delivery record to our customers. This is the Group's first acquisition for 20 years and the experience has been invaluable in assessing and growing our ability to undertake such projects. It is envisaged that these skills will be used again as we progress with our growth plans over the coming years.

The year saw continued investment in people as we look to build the skills and abilities to take the Group to the next level. This is now mostly complete and other than flexing direct labour to support increased revenues we expect headcount to remain broadly flat over the coming period.

Capex whilst higher than last year remains relatively low. It is apparent however that the ERP systems in some of our facilities are now struggling to keep up as we progress with our drive on efficiency and growth. As such, the coming year will see investment in new ERP systems at our two manufacturing facilities.

The proceeds of the sale of surplus land in 2022 has been used wisely to enable our Capex, restore some of our working capital and, pay for a small acquisition. As detailed in the Chief Financial Officer's report the Group banking facilities have been renewed, and our overall cash position supports our longer-term plans.

Outlook

The Group has ambitious plans for the coming years and is committed to providing growth, opportunity and returns for shareholders as well as its wider stakeholders. In support of these plans the following activities are key.

- Rebalancing the business with a more favourable mix of standard products versus projects
- Organic growth across all businesses
- Development of new market segments, diversifying away from its dependence on Rail.
- Continued development and management of worldwide sales channels
- Implementation of planned strategic acquisitions
- Enhancing the LPA brand worldwide

Excellent progress has already been made in many of these areas. And, although we remain cautious against a backdrop of world unrest and challenges, we are also confident that our people, invested facilities, strong balance sheet and clear strategic goals, give us the ability to navigate these uncertain times, and deliver the vision we hold for the Group.

Paul Curtis
Chief Executive Officer

Financial Review

Set out are the key drivers related to the business performance in the year and position at 30 September 2023, together with explanation of the financial Key Performance Indicators as summarised later.

Trading Performance

Macro-economic factors

During 2023, we saw a further improvement in the overall economy, evidenced by a significant improvement in order entry of 30%, part of this being driven by our acquisition of a competitor's product line. Our Lighting Systems business continued to see some projects move to the right, but some of these projects, the London Underground Central line in particular, have now started to deliver. Whilst H1 was heavily impacted by these delays, H2 saw some improvement and an uplift in activity, resulting in a profitable period, highlighting that once over a certain level, a good level of return can be expected from the business.

Inflation was and continues to be a battle, with cost of energy, people and materials, all moving up beyond levels experienced prior. Efforts to mitigate these increases have been ongoing and where possible fed through to the market. Added Value remains slightly ahead of expectations and is broadly expected to remain at this level as we move forward.

There has been some improvement in the supply chain and employment, although the latter remains tight. The Group completed some key appointments in the year.

Headlines

- Order entry exceeded sales at £25.5m (2022: £19.7m) resulting in the order book growing further to £31.6m (2022: £27.8m), an increase of 13.5%;
- Revenue of £21.7m up 12.4% (2022: £19.3m) with LPA Connection Systems revenues up £1.9m and LPA Channel Electric revenues up £0.7m, LPA Lighting Systems down £0.2m;
- Added Value increased by 1.2% at 50.3% (2022: 49.1%); and
- Gross margins 22.6% (2022: 22.8%), was slightly lower because of product mix.

By comparison to 2022, H1 2023 revenues increased by 5.8% to £9.1m (2022: £8.6m), delivering an underlying operating loss of £0.6m (2022: loss of £0.6m). H2 revenues were anticipated to accelerate as customer production recovered from delayed projects. H2 delivered revenues of £12.6m (2022: £10.7m), representing an increase of 17.6% against H2 2022 sales. This resulted in an H2 underlying profit of £0.5m (2022: profit of £0.3m).

Distribution costs and administrative expenses increased by 11% to £5.1m (2022: £4.6m). The main contributors to this were the wider economic cost pressures seen across the industry. Group employment costs increased by £0.5m to £6.7m (2022: £6.2m). The increase was primarily due to strengthening management teams at LPA Connection Systems and LPA Channel Electric.

During the year 255,000 share options were awarded to Directors as one award at an exercise price of 50p subject to three increasingly targeted performance hurdles which are related to earnings per share and market capitalisation. No value has been attributed to these options in the accounts in line with current assumptions (2022: Nil options awarded).

Exceptional Items and Negative Goodwill

Exceptional items and negative goodwill in the year totalled a gain of £0.8m (2022: gain of £1.3m). Key items comprised:

(i) Negative goodwill following a fair value adjustment on the acquisition of a product line and associated trade of £0.9m (2022: £nil)
(ii) Write off of obsolete inventory from discontinued product line of £0.2m (2022: £nil)
(iii) Profit on sale of surplus land of £nil (2022: £1.3m).

Finance Costs

Within finance costs, the interest on borrowings increased to £0.15m (2022: £0.09m). The weighted average interest rate increased by 2.9% from 3.2% to 6.1%. There was no utilisation of the Group's overdraft facility in the year. The UK base rate increased 7 times throughout the year, increasing through the year from 2.25% to 5.25%.

Profit Before Tax, Taxation and Earnings Per Share

After net finance income of £0.05m (2022: net cost £0.01m) a profit before tax of £0.8m was recorded (2022: profit before tax of £1.1m). A tax credit of £0.1m (2022: £0.1m) is recognised, reporting a profit after tax of £0.9m (2022: £1.2m). This resulted in a basic earnings per share of 6.52p (2022: 8.99p).

The average UK corporation tax rate for the year was 22% (2022: 19%). The main differences to the standard rate of corporation tax are due to non-taxable negative goodwill and R&D tax credits.

Balance Sheet

- Gearing (net debt as a % of total equity) increased to 7.7% (2022: 3.5%);
- Net debt increased by £0.7m to £1.2m (2022: £0.5m);
- Working capital, as defined as inventory, trade & other receivables less trade & other payables, increased 7% to £5.4m (2022: £5.1m); and
- Pension asset surplus recognised increased by 8.6% to £2.7m (2022: £2.5m).

Shareholders' funds include Investment in Own Shares (Treasury Shares), unchanged at £0.32m, representing ordinary shares held in the Company by the LPA Group Plc Employee Benefit Trust ("EBT").

Intangible assets, which comprise goodwill related to the Group's investment in Excil Electronics Ltd, the fair value of the intellectual property purchased in the year of £1.7m, capitalised development costs and software purchases were £3.2m (2022: £1.5m). After assessment for impairment the goodwill on the Group's investment in Excil Electronics remains unchanged at £1.1m. Development costs capitalised in the year, representing the continued development of the Group's technologies and new product development ("NPD"), were £0.1m (2022: £0.2m).

The net book value of property, plant and equipment as at 30 September 2023, including Right of Use Assets, totalled £5.8m (2022: £6.0m), of which property represented £3.8m (2022: £3.9m), plant, equipment and motor vehicles £1.9m (2022: £2.1m). Additions in the year increased slightly following the low level in the previous year of capital investment, at £0.5m (2022: £0.4m). Disposals in the year totalled £0.9m with a net book value of £Nil including Right of Use lease terminations (2022: £0.3m with a net book value of £0.2m). The depreciation charge remained flat at £0.7m (2022: £0.7m).

Net Debt and Financing

The Group's main bank finance is a bank loan drawn down in 2019 at £2.6m and repayable over 5 years. This is shown as due within one year as the facility is due to be refinanced by March 2024. This has recently been refinanced and no repayment in full is expected in the current year, but this remains shown as due within one year as reflective of the position at the year end. Repayments are quarterly over the term with a bullet repayment in March 2029 of £2.0m (quarterly repayments calculated at draw down on a 15-year repayment term). As at 30 September 2023 the amount outstanding was £1.9m (2022: £2.1m). Interest is payable at base rate plus 2.25%.

Cash Flow

Net cash inflow from operating activities was £0.3m (2022: £0.1m) made up of a trading cash inflow of £0.7m (2022: £0.4m); an increase in working capital of £0.4m (2022: £0.5m) and tax refunds of £Nil (2022: £0.2m). Overall, there was a net reduction in the Group's cash position of £1.0m (2022: increase £0.8m).

During the year £0.25m (2022: £Nil) was spent on the acquisition of a new product line, the balance of £0.25m will be spent next year. Capital expenditure outflows on property, plant and equipment increased to £0.2m (2022: £0.1m), excluding assets financed through lease arrangements. Capitalised development expenditure amounted to £0.1m (2022: £0.2m), primarily further product developments focused on smart lighting and electronic systems, including rail seat electronics. Note that in 2022, the Group benefited from a £1.7m cash receipt from the sale of land.

In the year new leasing arrangements led to right of use additions of £0.3m (2022: £0.3m). Interest at 5.3% was charged on fixed rate borrowings (2022: 3.7%). Interest on the Group's overdraft facility is payable at base rate plus 2.0%. The facility was unutilised as at 30 September 2023 and 2022. The composite interest rate across both borrowings and lease liabilities was 5.6% (2022: 3.1%).

Capital loan repayments of £0.2m were made in the year (2022: £0.2m). Outflows repaying the principal elements of lease liabilities were £0.4m (2022: £0.4m). Interest payments on borrowings amounted to £0.2m (2022: £0.1m).

Defined Benefit Pension Asset

The LPA Industries Limited Defined Benefit Scheme was part of the ISIO (previously Deloitte Pensions Master Plan) throughout the entire year under review. The costs of running the scheme have been shared between the Company and the scheme. Costs borne by the Group this year amounted to £0.1m (2022: £0.2m).

A full Actuarial valuation of the Scheme was carried out in March 2021 which indicated the Scheme was at a healthy 121% funding level. At 31 March 2023 an actuarial report indicated that this had risen to 146% of the actuarial funding level. The benefit of the change in investment strategy in January 2022, when the Trustees having undertaken a review in 2021 agreed to lock in the gains and de risk the scheme, has been beneficial. The key driver for the then improved funding position has been the higher than assumed returns on the Scheme's assets and the changes in financial conditions which have reduced the liabilities. It is natural for the Scheme's funding level to fluctuate over time reflecting changes in the financial markets.

The Trustees, under advice, did not seek any voluntary employer contributions during the year from the Group (2022: £Nil). The IAS 19 position shown in these accounts reflects the impact of rising interest rates on the present value of the liability to pay pensions in the future.

Going Concern

In assessing going concern, the main considerations have been trading, new financing and to a lesser extent supply chain shortages and inflationary pressures. The Group continues to witness some supply chain delays, aligned with price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses but supply chain delays creates on-shoring opportunities for the Group which we are seeking to exploit.

In assessing the Group's going concern the directors also note that (i) despite reporting a small underlying operating loss in the current year, the Group is expected to return to profitability in 2024; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2023 financial year, with a positive EBITDA and strong cash management; (iii) has a strong order book with significant further opportunities in its market place; and (iv) has proven adaptable in past periods of adversity, as again proven through the 2023 challenges. Therefore, the directors believe that it is well placed to manage its business risks successfully.

The directors continue to develop its strong working relationship with its bank that provides for the funding and working capital facilities. Should there be additional significant delays in our project-based work then there are actions available to management to mitigate any cash need. We expect that if required the bank would remain supportive and a suitable agreement would be reached to provide the Group with sufficient financing. The current loan facility was due to expire in March 2024. This has recently been extended for a further 5 years on the same terms.

After making enquiries including but not limited to compiling updated forecasts; sensitivities; and expectations, reviewing liabilities and risks and following confirmation of ongoing support from the Group's bank, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Stuart Stanyard
Chief Financial Officer

Key Performance Indicators

The Group uses the following key performance indicators to assess the progression in its business: factors affecting them are discussed in the Chairman's Statement, the Chief Executive Officers' Review and the Financial Review.

KPI	Basis of measurement	2023	2022
Health & Safety			
Riddors	• reportable incidents of disease or danger occurrences	None	None
Accidents	• events that cause impact, damage or injury involving a person or infrastructure, which are not a Riddor	21	25
Near misses	• events that occurred which have not caused an Accident (1)	126	21
Financial			
Orders to revenue	• orders for the year expressed as a multiple of revenue as a measure of prospective growth	1.18	1.02
Order entry	• order intake confirmed	£25.5m	£19.7m
Order book	• the measure of opening order book, plus order entry, less revenue	£31.6m	£27.8m
Revenue growth	• increase year-on-year as a percentage of prior year	12.4%	5.8%
Added value	• the margin generated on revenue after deduction of material costs but before other costs of sale and conversion	50.3%	49.1%
Gross margin	• as a percentage of revenue	22.6%	22.8%
Profitability	• underlying operating (loss) as a return on trading activities to revenue	(0.3%)	(1.2%)
Cash generation	• net (decrease) / increase in cash and cash equivalents before financing activities	(£0.3m)	£1.5m
Gearing	• the measure of net debt being borrowings and lease liabilities less cash balances, to net assets	7.7%	3.5%

(1) As per best practice and a reinvigorated Health and Safety process, a high number of near misses indicates an open culture of reporting possible accidents which can be appropriately actioned.

Consolidated Income Statement

For the year ended 30 September 2023

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	2	21,712	19,325
Cost of Sales		(16,646)	(14,925)
Cost of Sales- Exceptional Items	3	(152)	-
Gross Profit		4,914	4,400
Distribution Costs		(1,910)	(1,781)
Administrative Expenses		(3,238)	(2,865)
Administrative Expenses-Exceptional Items	3	-	1,323
Negative Goodwill	7	941	-
Other Operating Income		-	7
Underlying Operating Loss		(69)	(226)
Share Based Payments		(13)	(13)
Negative Goodwill	7	941	-
Exceptional Items	3	(152)	1,323
Operating Profit	3	707	1,084
Finance Income		201	78
Finance Costs		(149)	(88)
Profit Before Tax		759	1,074
Taxation	4	100	111
Profit for the Year		859	1,185
Attributable to:			
- Equity Holders of the Parent		859	1,185
Earnings per Share	5		
Basic		6.52p	8.99p
Diluted		6.51p	8.99p

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2023

	2023 £000	2022 £000
Profit for the Year	859	1,185
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on pension scheme	198	(219)
Restriction of pension assets	(113)	49
Other Comprehensive Income	85	(170)
Total Comprehensive Income for the Year	944	1,015
Attributable to:		
- Equity Holders of the Parent	944	1,015

Consolidated Balance Sheet

At 30 September 2023

	2023 £000	2022 £000
Non-Current Assets		
Intangible Assets	3,156	1,473
Tangible Assets	5,083	4,774
Right of Use Assets	672	1,211
Retirement Benefits	2,683	2,471
Deferred Tax Assets	-	229
	11,594	10,158
Current Assets		
Inventories	4,303	4,567
Trade and Other Receivables	5,870	5,095
Derivative Asset	28	-
Current Tax Receivable	30	41
Cash and Cash Equivalents	1,202	2,199
	11,433	11,902
Total Assets	23,027	22,060
Current Liabilities		
Bank Loan	(1,949)	(190)
Lease Liabilities	(214)	(356)
Trade and Other Payables	(4,743)	(4,584)
	(6,906)	(5,130)
Non-Current Liabilities		
Bank Loan	-	(1,934)
Deferred Tax Liabilities	(165)	-
Lease Liabilities	(243)	(240)
	(408)	(2,174)
Total Liabilities	(7,314)	(7,304)
Net Assets	15,713	14,756
Equity		
Share Capital	1,348	1,348
Investment in Own Shares	(324)	(324)
Share Premium Account	943	943
Share Based Payment Reserve	62	49
Merger Reserve	230	230
Retained Earnings	13,454	12,510
Equity Attributable to Shareholders of The Parent	15,713	14,756

Consolidated Statement of Changes in Equity

For the year ended 30 September 2023

2023	**Share Capital £000**	**Investment in Own Shares £000**	**Share Premium Account £000**	**Share Based Payment Reserve £000**	**Merger Reserve £000**	**Retained Earnings £000**	**Total £000**
At 1 October 2022	1,348	(324)	943	49	230	12,510	14,756
Profit for the Year	-	-	-	-	-	859	859
Other Comprehensive Income	-	-	-	-	-	85	85
Total Comprehensive Income	-	-	-	-	-	944	944
Share based payments	-	-	-	13	-	-	13
Transactions with owners	-	-	-	13	-	-	13
At 30 September 2023	1,348	(324)	943	62	230	13,454	15,713

2022	**Share Capital £000**	**Investment in Own Shares £000**	**Share Premium Account £000**	**Share Based Payment Reserve £000**	**Merger Reserve £000**	**Retained Earnings £000**	**Total £000**
At 1 October 2021	1,345	(324)	929	60	230	11,479	13,719
Profit for the Year	-	-	-	-	-	1,185	1,185
Other Comprehensive Income	-	-	-	-	-	(170)	(170)
Total Comprehensive Income	-	-	-	-	-	1,015	1,015
Proceeds from issue of shares	3	-	14	-	-	-	17
Share based payments	-	-	-	13	-	-	13
Tax on share-based payments	-	-	-	-	-	(8)	(8)
Transfer on exercise of share options	-	-	-	(24)	-	24	-
Transactions with Owners	3	-	14	(11)	-	16	22
At 30 September 2022	1,348	(324)	943	49	230	12,510	14,756

Consolidated Cash Flow Statement

For the year ended 30 September 2023

	2023	**2022**
	£000	**£000**
Profit Before Tax	759	1,074
Finance Costs	149	88
Finance Income	(201)	(78)
Operating Profit	707	1,084
Adjustments for:		
Amortisation of Intangible Assets	192	95
Depreciation of Tangible Assets	404	497
Depreciation of Right of Use Assets	285	202
Loss on Sale of Plant and Equipment/(Profit) on Sale of Land	4	(1,496)
Negative Goodwill	(941)	-
Equity Settled Share Based Payments	13	13
Operating cash flow before movements in working capital	664	395
Movements in Working Capital:		
Decrease in Inventories	264	135
Increase in Trade and Other Receivables	(775)	(984)
Increase in Trade and Other Payables	87	372
Cash generated from operations	240	(82)
Income Taxes Received	45	159
Net cash inflow from operating activities	285	77
Purchase of Business (Note 7)	(250)	-
Purchase of Property, Plant & Equipment	(196)	(88)
Proceeds from Sale of Property, Plant and Equipment	-	1,666
Expenditure on Capitalised Development Costs	(120)	(163)
Net cash (outflow) / inflow from investing activities	(566)	1,415
Repayment of Bank Loan	(175)	(190)
Principal elements of Lease Liabilities	(392)	(390)
Interest Paid	(149)	(88)
Proceeds from Issue of Share Capital	-	17
Net cash outflow from financing activities	(716)	(651)
Net (Decrease)/Increase in Cash and Cash Equivalents	(997)	841
Cash and Cash Equivalents at start of the year	2,199	1,358
Cash and Cash Equivalents at end of the year	1,202	2,199

Consolidated Cash Flow Statement (continued)

For the year ended 30 September 2023

Net Debt

An analysis of the change in net debt is shown below:

	Bank Loan £000	Lease Liabilities £000	Cash and Cash Equivalents £000	Net Debt £000
At 1 October 2022	2,124	596	(2,199)	521
New Lease Obligations	-	253	-	253
Interest Costs	131	18	-	149
Repayment of Borrowings/Lease Liabilities	(306)	(410)	716	-
Other Cash Expenditure	-	-	281	281
At 30 September 2023	1,949	457	(1,202)	1,204

	Bank Loan £000	Lease Liabilities £000	Cash and Cash Equivalents £000	Net Debt £000
At 1 October 2021	2,314	677	(1,358)	1,633
New Lease Obligations	-	309	-	309
Interest Costs	64	24	-	88
Repayment of Borrowings/Lease Liabilities	(254)	(414)	668	-
Other Cash Generated	-	-	(1,509)	(1,509)
At 30 September 2022	2,124	596	(2,199)	521

Notes

1. Information

In accordance with Section 435 of the Companies Act 2006, the Group confirms that the financial information for the years ended 30 September 2023 and 2022 are derived from the Group's financial statements and that these are not statutory accounts and , as such, do not contain all information required to be disclosed in the financial statements in accordance with UK adopted International Accounting Standards. The statutory accounts for the year ended 30 September 2022 have been delivered to the Register of Companies. The statutory accounts for the year ended 30 September 2023 have been audited and approved but have not been filed. The Group's audited financial statements for the year ended 30 September 2023 received an unqualified audit opinion and the auditor's report contained no statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information contained within this full year results statement was approved and authorised for issue by the Board on 24 January 2024.

The 2023 accounts, together with notice of the Annual General Meeting, are expected to be posted to shareholders on 1 March 2024 and will be available from the LPA website (www.lpa-group.com) from 2 March 2024. They will be available from the Company Secretary, LPA Group Plc, Light & Power House, Shire Hill, Saffron Walden, CB11 3AQ.

The Group financial statements have been prepared under the historical cost convention and under the basis of going concern. The principal accounting policies adopted are consistent with those disclosed in the financial statements for the year ended 30 September 2022.

2. Operating Segments

All of the Group's operations and activities are based in, and its assets located in, the United Kingdom. The CODM does not review segmental assets and liabilities by segment and therefore no reconciliations are disclosed. For management purposes the Group comprises three divisions / product groups (in accordance with IFRS 8) - LPA Connection Systems (electro-mechanical), LPA Lighting Systems (lighting & electronics) and LPA Channel Electric (engineered component distribution), which collectively design, manufacture and market industrial electrical and electronic products. They operate across three market segments – Rail; Aerospace & Defence and Other. It is on this basis that the board of directors assess Group performance.

All revenue originates in the UK. An analysis by geographical markets and market segments is given below:

	2023 £000	2022 £000
LPA Connection Systems	8,393	6,533
LPA Channel Electric	4,070	3,342
LPA Lighting Systems	9,249	9,450
	21,712	19,325

	2023 £000	2022 £000
Revenue recognised over time	166	97
Revenue recognised at a point in time	21,546	19,228
	21,712	19,325

All revenue originates in the UK. An analysis by geographical markets and market segments is given below:

	2023	2022
Rail	75%	72%
Aerospace and Defence	20%	13%
Other	5%	15%
	100%	100%

	2023 £000	2022 £000
United Kingdom	13,266	12,649
Rest of Europe	5,598	4,607
Rest of World	2,848	2,069
	21,712	19,325

One individual customer (2022: one) represented more than 10% of Group revenue, combined totalling 24% (2022: 23%).

3. Operating Profit

Exceptional Items	**2023 £000**	**2022 £000**
Write-off of obsolete inventory	152	-
Sale of land	-	(1,506)
Reorganisation costs / staff changes	-	173
Dual running management costs	-	10
	152	(1,323)

Write-off of obsolete inventory relates to a review of inventory held in LPA Connection Systems which was no longer able to be sold due to relating to a discontinued product line.

Sale of land relates to the disposal of a piece of surplus land that was valued on the books at £160,000 and realised a net gain of £1,506,000 during 2022.

Reorganisation costs / staff changes of £173,000 in 2022 relate to a Group wide cost base review and loss of office payment.

Dual running costs of £10,000 in 2022 relate to an extended crossover between the appointment and retirement of Board Directors related to the Board rejuvenation process commenced in 2018 and concluded in 2022.

4. Taxation

A. Recognised in The Income Statement	2023 £000	2022 £000
Current Tax Expense		
UK Corporation Tax	(30)	(65)
Adjustment in Respect of Prior Years	(151)	(80)
	(181)	(145)
Deferred Taxation		
Origination and Reversal of Temporary Differences	81	34
Total Corporation Tax Credit	(100)	(111)

B. Reconciliation of Effective Tax Rate	2023 £000	2022 £000
Profit Before Tax	759	1,074
Tax at The Average UK Corporation Tax Rate of 22% (2022: 19%)	167	204
Effects of:		
- Tax Rate Change	21	-
- Enhanced Deduction for Qualifying R&D Expenditure	(48)	(102)
- Prior Period Adjustments	(151)	(80)
- Non–Taxable Negative Goodwill	(192)	-
- Prior Period Losses Recognised	-	(71)
- Losses not Recognised	103	-
- Other Differences	-	(62)
Total Income Tax Credit	(100)	(111)

5. Earnings Per Share

The calculation of earnings per share is based upon the profit for the year of £859,000 (2022: £1,185,000) and the weighted average number of ordinary shares in issue during the year of 13,483m (2022: 13.472m) less investment in own shares of 0.3m (2022: 0.3m), of 13.183m (2022: 13.172m).

	2023			2022		
	Earnings £000	Weighted Average No of Shares '000	Earnings Per Share Pence	Earnings £000	Weighted Average No of Shares '000	Earnings Per Share Pence
Basic Earnings Per Share	859	13,183	6.52	1,185	13,172	8.99
Effect of Share Options		21	(0.01)		7	-
Diluted Earnings Per Share	859	13,204	6.51	1,185	13,179	8.99

6. Going Concern

In assessing going concern, the main considerations have been trading, new financing and to a lesser extent supply chain shortages and inflationary pressures. The Group continues to witness some supply chain delays, aligned with price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses but supply chain delays creates on-shoring opportunities for the Group which we are seeking to exploit.

In assessing the Group's going concern the directors also note that (i) despite reporting a small underlying operating loss in the current year, the Group is expected to return to profitability in 2024; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2023 financial year, with a positive EBITDA and strong cash management; (iii) has a strong order book with significant further opportunities in its market place; and (iv) has proven adaptable in past periods of adversity, as again proven through the 2023 challenges. Therefore, the directors believe that it is well placed to manage its business risks successfully.

The directors continue to develop its strong working relationship with its bank that provides for the funding and working capital facilities. Should there be additional significant delays in our project-based work then there are actions available to management to mitigate any cash need. We expect that if required the bank would remain supportive and a suitable agreement would be reached to provide the Group with sufficient financing. The current loan facility was due to expire in March 2024. This has recently been extended for a further 5 years on the same terms.

After making enquiries including but not limited to compiling updated forecasts; sensitivities; and expectations, reviewing liabilities and risks and following confirmation of ongoing support from the Group's bank, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

7. Purchase of Business

The Group purchased trade and the intellectual property relating to a competitor's product line on 24 March 2023. The book value of assets acquired was £nil and a valuation exercise was performed using the relief from royalty method to determine the fair value of the intellectual property acquired. The fair value of assets acquired along with the related deferred tax adjustment is as follows:

	Fair value £000
Intangible Assets – Intellectual Property	1,754
Deferred Tax Liability on Intangible Asset Uplift	(313)
	1,441
Cash Consideration	(500)
Negative Goodwill	941

The cost of the acquisition was £500,000, of which £250,000 was paid during the year and £250,000 is outstanding at the year end. The negative goodwill arose as the competitor would have had to undertake major investment to support the long -term viability of the product line.

The acquisition has contributed £1,478,000 to revenues and has delivered profit in line with expectations.

8. Post Balance Sheet Event

Acquisition of Red Box International Holdings

The Group acquired the 100% share capital of Red Box International Holdings Ltd on 4 January 2024 for a total consideration estimated and capped at £1.1m, of which £275,000 is being satisfied on completion, and £825,000 payable post-completion.

Red Box is a leading UK manufacturer of aviation ground power equipment with global reach and an established presence in the USA market. The Acquisition will provide a strong addition to LPA Connection Systems, the Group's Saffron Walden-based division, that designs, manufactures and supplies high quality specialist products for the aviation, rail, and infrastructure markets. This acquisition supports our long-term growth strategy whilst also lessening the Group's dependence on rail projects.

Red Box revenues for the year ended 31 December 2022 were £1,677,000, with adjusted EBIT of £81,000. Net assets as at 31 December 2023 were around £750,000.

9. Annual General meeting

The annual general meeting is to be held at 12:00 noon on Wednesday 27 March 2024 at the offices of Cavendish, 1 Bartholomew Close, London, EC1A 7BL. The following resolutions are proposed:

Routine Business

1) To receive the accounts for the year ended 30 September 2023, together with the reports of the directors and the auditors thereon.
2) To re-elect as a director Robert Horvath who retires by rotation, in accordance with the Company's Articles of Association.
3) To declare a final dividend of 1p per ordinary share of 10p each ("Ordinary Share") for the year ended 30 September 2023, payable on 12 April 2024 to shareholders on the register at the close of business on 15 March 2024 (record date) and an ex-dividend date of 14 March 2024.
4) To re-appoint RSM UK Audit LLP as auditors to the Company, to hold office until the end of the next general meeting at which accounts are laid before the Company, and to authorise the directors to fix the auditors' remuneration.

Special Business

5) To authorise the directors to allot shares (as defined in section 551 of the Companies Act 2006) in the Company.
6) To authorise the Company to make market purchases (as defined in section 693(4) of Companies Act) of its own shares.