

22 January 2025

LPA Group plc
(“LPA”, the “Company” or the “Group”)
Acquisition of Power Business

LPA Group plc, the innovation-led engineering specialist in electronic and electro-mechanical components and systems, is pleased to announce that an agreement has been signed to acquire the UK trade and assets of a power supply provider (the “Acquisition”).

LPA has reached agreement with Eaton Electrical Products Limited to acquire Eaton’s Powertron business. The Acquisition includes the UK trading division and assets, including its small manufacturing capability in Cambridgeshire. The Acquisition is complementary to a number of power supply products the Company currently manufactures for the rail industry. Some of the components being outsourced by the business will in future be manufactured by LPA in Yorkshire and given LPA’s existing extensive sales network, the Group anticipates that it will increase these sales volumes over time.

The Acquisition, by way of an asset purchase agreement, results in LPA acquiring fixed assets, current assets and liabilities, the employment of approximately 20 members of staff, and the business including worldwide rights to brands and product designs. The consideration for the Acquisition is in the form of LPA, taking on the obligation to settle lease dilapidation obligations expected to be due in 2026 estimated at £200,000, taking on liability for any customer product warranty claims capped at in total £150,000, and a cash payment to the seller currently estimated at c.£17,000 calculated with reference to net working capital as at 31 January 2025. A fair value exercise will be carried out following completion of the Acquisition, and it is expected that this will show that the assets have been acquired at a discount to their fair value.

The Company anticipates the Acquisition will be broadly neutral to FY25 profit, and that it will make a small and growing contribution to Group profits over time with the expected increase in sales volumes. Importantly it will align with the Company’s strategy of transitioning its factories to manufacture more standardised products with decreasing reliance on New Project delivery sales.

The business the subject of the Acquisition achieved revenues for the year ended 31 December 2023 of £2.1 million, a loss before tax of £77,000, and net assets being acquired are estimated currently at approximately £565,000 (calculation excludes any accrual for lease dilapidation obligations) (all unaudited).

It is expected that completion of the Acquisition will occur in Q1 calendar 2025, subject to TUPE consultations, the transfer of the buildings lease and finalisation of net working capital.

Robert Horvath, Chairman said: “The addition of more stable month on month product is a key part of our ongoing strategy to keep our manufacturing units productive and this Acquisition, importantly will support our delivery against our strategy. This Acquisition, and the acquisition of the Red Box business announced last year, while both small, are going to make a significant

difference to monthly sales volumes that we can build upon, supported by our international distribution network. We are also seeing good progress in increasing the sales in the connector side of our aviation business as well as our Channel distribution business.”

For further information, please contact:

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About LPA

LPA Group plc (AIM: LPA) is an innovation-led engineering specialist in electronic and electro-mechanical components and systems.

Focused on transport (rail and aviation), defence, infrastructure and industrial markets and supplying into hostile and challenging environments, LPA is known for engineering solutions to improve product reliability, reducing maintenance and life cycle costs.

The Group has three sites across the UK, selling to customers in the UK and overseas. Two of these are design and manufacturing sites: LPA Connection Systems - electro-mechanical systems for rail, aviation and industrial, and LPA Lighting Systems - LED lighting and electronic systems for rail and infrastructure. The third site is LPA Channel Electric - a value-added distributor of engineered components for rail, aerospace, and defence.

With over 160 years of UK design and manufacture, and with origins in the first ever light installed in 'Electric Avenue', Brixton; innovation is core to LPA and to the products and services supplied to our customers worldwide.

For more information visit www.lpa-group.com