

# LPA Group Plc

## Final Results for the year ended 30 September 2024

---

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 2024.

### Final Results key points:

- Order book reduced to £25.3m (2023: £31.6m)
- Order entry at £17.3m (2023: £25.5m)
- Revenue at £23.5m (2023: £21.7m)
- Underlying operating loss \* of £0.2m (2023: £0.1m)
- Loss before tax of £0.6m (2023: profit £0.8m)
- Basic loss per share of 2.46p (2023: earnings per share of 6.52p)
- No proposed dividend (2023: 1p)
- Net debt at year end of £2.1m (2023: £1.2m)

\* Operating Loss before Share Based Payments, Exceptional Items and in FY 2023 Negative Goodwill.

### The year to 30 September 2024, included the following highlights and operational developments.

- Successful acquisition and integration of Red Box International range of ground power equipment, giving access to new markets including general aviation and B2C sales.
- Highly successful implementation of new ERP system into both manufacturing sites.
- Increased revenue from Aviation and Defence to 25% (previously 20% in 2023 and 13% in 2022).
- Refocussed global market expansion with the first international office set up for the DACH market and reassessing the distributor partner network for new and existing products around the world.
- And, post year-end, new CEO – started 2 January 2025.

## LPA Group Plc

### Final Results for the year ended 30 September 2024

---

***Robert B Horvath – Chairman commented:***

“During the year we started restructuring and resizing the business including making management changes that will make us more agile moving forward. Adjusted profit after tax for FY 2024 is in line with market expectations as confirmed in the Company’s year-end trading update announcement of 22 November 2024. We reported an underlying loss before tax of £0.2m, primarily as a result of the slippage of three major contracts which as previously announced will continue to effect the business through 2025. The planned growth thereafter is encouraging.

We have bought three major product lines in the last two years, the most recent announced this week. Our reasoning remains to get more balance into our factory workload, to increase added value and ultimately improve margin. These will also help to rebalance volumes of activity which have most recently been more skewed towards the second half of the year. Whilst we expect to deliver a much stronger operating performance in the second half of the year compared to the first half in 2025, we should see more even weighting in the years thereafter.

Our order entry remains robust though it will naturally fluctuate as we develop product lines and rebalance away from a high dependency on large projects. Large projects are still targets for us and we secured some good order wins post the year-end. The deep tube programme is a good example where we are supporting the new investment in rolling stock for TfL’s Piccadilly Line and we anticipate the opportunity to support other deep tube lines as we move through to 2030. We have invested in our sales teams especially for our new product lines and we will continue to do this with our new power supply acquisition.

On 2 January 2025 I was delighted to welcome our new CEO Dr Philo Daniel–Tran into the business. Philo has a wealth of global experience covering Europe, Asia and beyond and has worked in many of our sectors and more. As I have commented before 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 including the USA. We will manage growth in line with our capabilities and remain agile and responsive as our management teams know this is our core strength.

Our gearing remains a modest 13.1% (2023: 7.7%) 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 retains in a healthy surplus.

We anticipate an overall operating profit in FY 2025 and will look to re-establish our dividend distribution thereafter. The Board has confidence in the prospects for the Group, supported by high quality customers, order book, increasing visibility of sustainable new business and our overall strategy and agility to diversify into other markets and grow.”

# LPA Group Plc

## Final Results for the year ended 30 September 2024

---

For further information, please contact:

**LPA Group plc**

Tel: +44 (0) 1799 512800

Robert B Horvath, Chairman

[www.lpa-group.com](http://www.lpa-group.com)

Philo Daniel, Chief Executive Officer

Stuart Stanyard, Chief Financial Officer

**Cavendish Capital Markets Limited** (Nominated Adviser & Broker) Tel: +44 (0) 20 7220 0500

*Corporate Finance*

Ed Frisby / Isaac Hooper / Elysia Bough

*Corporate Broking*

Tim Redfern

**Hudson Sandler** (Financial PR)

Tel: +44 (0) 20 7796 4133

Dan de Belder

Nick Moore

Francesca Rosser

### Share and company information

The information contained within and on the LPA website is not an invitation to invest in shares or other securities, or any other products or services or otherwise deal in these or enter into a contract with LPA or any other company. The information provided should not be relied upon in connection with any investment decision. You should always seek appropriate professional investment advice in relation to such.

The past performance of LPA or any other company referred to within or on the Website cannot be relied upon as a guide to its future performance. The price of shares and the income derived from them can go down as well as up and investors may not recoup the amount originally invested. Any reference to any product or service which has been or may be provided by LPA or any other company does not amount to a promise that such product or service will be available at any time. Changes to or improvements in such products or services may be made at any time without notice.

## **Chairman's Statement**

### **Introduction**

I am delighted to welcome Philo Daniel-Tran as our new Chief Executive Officer. Philo only joined us on the 2 January 2025 and accordingly it is appropriate that I write the bulk of the commentary in this year's annual report. I should like to thank Gordon Wakeford for his support during the last 6 months as he has undertaken some Executive responsibilities; notably Chairing the Executive Management Board, working with the subsidiary Managing Directors and helping to formulate the Business plans for the current year. Gordon and I are supporting the handover process to Philo as she takes up her responsibilities.

### **Overview**

The Group prides itself in being an innovation led engineering specialist in electric and electromechanical componentry. Much of its expertise also sits in the software skills that underly much of what we do. To be innovative we need to continually re-examine our markets and our customer's needs, we need to be alert to change, and we need to be responsive in recognising the direction of travel vis a vis our existing products. An essential criterion when recruiting our new Chief Executive was to broaden our market penetration and enhance our global customer relationships.

We have great manufacturing expertise in our two major facilities as well as a highly responsive distribution company in Thatcham that imports product from around the world and sells into our customers and others. Our model is founded on engineering skills and manufacturing as well as the use of distribution agreements that we in turn have with partners around the world for our manufactured products. Our business is therefore highly dependent on keeping LPA products at the forefront of our distributors' business plans. In the last year we have invested in our sales force heavily and in our engagements with our distribution network.

The result is an improved business, a steady growth in our new sales lines and a vision for much profitable performance in the future. As I reported during the year we have suffered in our UK market, which represents 59% of what we sell, by slippage in the call off orders particularly in rail. We have major programmes to deliver for TFL on the Central line and the Piccadilly line, major projects on the refurbishment of the interconnector jumpers on the trains and work to do on HS2. All these projects are challenging to plan a business around when the ultimate customers themselves are challenged by their own budget constraints.

We are determined to look at a more product-based business for the aftercare and new projects so that we can keep the manufacturing units busy and the fixed overhead absorbed into profitable work. During the year we acquired Red Box Aviation and in January this year we acquired a power supply business to supplement our own products. We have also reinvested in our Niphan product range. By moving our model to a better balance between product and project business our order books will look different going forward; but our risk profile should improve. We have suffered from orders secured 4 or 5 years ago which are only now coming into manufacture and while we had the ability to index our costs the level of inflation we witnessed since winning this work has impacted gross margins. Our order book at the end of the year is comfortable, replacing most of what has been delivered this year, strengthened by shorter term call off on aftercare product work rather than large new projects.

It is also worth noting that as we plan with confidence for the future we have been looking very hard at our efficiencies and productivity. To compete on a global stage, as we do, we must invest and this year it was in a new ERP system that now serves both of our manufacturing units and will help us control and plan better. It will enable us to look at other ways we can get efficiencies in procurement, contract management and better agility in pricing of subcontract work for new customers. The new ERP system went live on 1 October 2024 and I commend our staff for the work they put in to make this happen whilst still doing their day jobs. Giving our leaders better control of our outputs; to know the cost of every process, to get it right

## LPA Group Plc

### Final Results for the year ended 30 September 2024

---

on time first time and to deliver a quality experience to our customers is what a good business does to continuously improve.

**LPA Connection Systems** based in Saffron Walden has had a good year considering it had over £2m of rail call off orders pushed back to October 2025. It was a blow to their business planning and they have particularly worked hard on their aviation markets to cover a large part of the set back. In the segment information later in this report it is becoming clearer how much good work has gone into rebalancing the business away from rail. The management team at Connection Systems has only been with us for 2 years and I am pleased by the energy, attitudes and cultural shift being made in the business.

**LPA Lighting Systems** in Normanton has an order book with a number of extant lighting projects that were in development and secured 3 and 4 years ago and in most cases deferred by 24 to 36 months. Our challenge in Normanton is to re market ourselves to our key strengths of electrical engineering, software and systems design. We will seek out other product lines for what is a first-class electronic engineering design and manufacturing facility and part of the reasons for the latest acquisition of power supply inverters is to redesign their boards, enhance the product and to sell into wider markets.

**LPA Channel Electric** The completion of the executive team during the year has seen the business restored back to its former pre-pandemic level and growing. The prospects for the business are strong in aerospace, defence and for niche industrial products. The business received its AS/EN9120 certification this year.

We have increased our distributor partners across the globe, notably in aviation. Our sales and marketing team continue to be busy at a number of exhibitions in Europe and North America; a good example was a strong presence at GSE Expo in Lisbon this year. We have recently been in India with our distributors there as well as exploring low cost manufacturers for products we could make more efficiently. We also attended Aero Friedrichshafen General Aviation Show in Germany. There are encouraging conversations with potential partners keen to work on our Red Box products globally.

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 key that the exec team visit them and specifically our distributors ensuring that LPA remains integral to their business plans; much of what we do is solutions based and flows from personal interactions.

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 as part of their recruitment. Our innovation committee is developing connections with academia, having already established relationships with universities and colleges, and this will continue. A current opportunity to work with the Institute for Manufacture IfM - a Cambridge University programme, has led to young students working with us on capacitor optimisation to support our aviation business products. Another example is where 15 MPhil Industrial Systems students from the IfM visited Saffron to talk innovation.

Being a small business we strive to get the balance right we are rebasing our reward mechanisms to retain more moderate salaries and to increase the performance related elements in our remuneration packages. We have a programme of recruitment especially of apprentices and young engineers.

## **LPA Group Plc**

### **Final Results for the year ended 30 September 2024**

---

#### **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.

#### **Dividends and Pension Fund**

The planned growth in our revenue will require working capital to fund higher stock levels and increased diversification in our products and solutions. In 2024 we absorbed cash not least because of our small operating loss, some capex and the exceptional items. The Bank facilities were renewed with our Bankers and with profitability returning we will plan for a restoration of some dividend in 2026.

Included in our Balance sheet is an asset representing the actuarial valuation, as at 31 March 2024, and the consequent accounting adjustment, for our (closed) defined benefit pension scheme. The rebalanced investment portfolio put the scheme in a very strong position, and this is continuing. As I am no longer chairman of the Trustees I can 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. The government are recognising that there is work to do in this area and a number of discussion documents are out for consultation in the public domain.

#### **Employees**

As I emphasise each year 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 are working hard on this and I know our new Chief Executive espouses these values. We will see the impact of this in the coming years. The substantial increase by the new Government in National Insurance was not budgeted in the current year and so we will have to carefully ensure that whatever inflation rises were planned can absorb this; the support of the senior management will help us to do this as we move more to a reward-based culture based on results.

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 the 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 2024 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.

## **LPA Group Plc**

### **Final Results for the year ended 30 September 2024**

---

#### **Board**

Board members' biographies and relevant experience are set out within Company Information in the Annual Report which is published on the Group's website [www.lpa-group.com](http://www.lpa-group.com).

Philo Daniel (CEO) heads up the Executive Team and together with the Group CFO Stuart Stanyard are part of 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 a clear vision and a solid order book to work with in the current year, the underlying value in the balance sheet is strong. Operating cash flow will need to increase to cope with increased working capital requirements as turnover grows. 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 and whilst there is a lag in profit impact, there is discernible shift in momentum coming in the next year or so. I am pleased to say that our outlook is strong with a bright future that will be built on our innovation, capability and great customer relationships.

**Robert B Horvath**

Chairman

## LPA Group Plc

### Final Results for the year ended 30 September 2024

#### 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
<b>LPA Connection Systems</b> Light & Power House Shire Hill Saffron Walden CB11 3AQ, UK Tel: +44 (0)1799 512800	<b>Electro-mechanical systems</b>  A designer and manufacturer of electro-mechanical systems and components to the rail, rail infrastructure, aerospace infrastructure and industrial markets.  Provision of ground power to the aviation market.	<ul style="list-style-type: none"><li>• Hybrid / battery control boxes and systems</li><li>• Control panels &amp; boxes</li><li>• Enclosures, fabrications, laser cut, form &amp; weld</li><li>• Rail, aircraft, ship &amp; industrial connectors</li><li>• Shore supply systems</li><li>• Transport turnkey engineering and manufacturing services</li><li>• Provision of ground power equipment</li></ul>
Email: enquiries@lpa-connect.com		
<b>LPA Channel Electric</b>  Bath Road Thatcham Berkshire RG18 3ST, UK Tel: +44 (0)1635 864866	<b>Engineered component distribution</b>  High value, high level service distributor and added value solutions provider to the rail, aerospace aircraft and defence markets.	<ul style="list-style-type: none"><li>• Circuit breakers</li><li>• Connectors</li><li>• Fans &amp; motors</li><li>• Relays &amp; contactors</li><li>• Switches</li><li>• USB charging units</li></ul>
Email: enquiries@lpa-channel.com		
<b>LPA Lighting Systems</b> LPA House Ripley Drive Normanton West Yorkshire WF6 1QT, UK Tel: +44 (0)1924 224100	<b>LED lighting and electronic systems</b>  A designer and manufacturer of LED lighting and electronic systems which serve the rail and other high reliability markets.	<ul style="list-style-type: none"><li>• Electronic control systems</li><li>• Electronic monitoring systems</li><li>• Fluorescent lamp Inverters</li><li>• Complete rolling stock interior lighting systems</li><li>• Rolling stock interior and exterior door status indication systems</li><li>• Rolling stock seat electronics solutions</li></ul>
Email: enquiries@lpa-light.com		



## LPA Group Plc

### Final Results for the year ended 30 September 2024

---

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](http://www.lpa-group.com).

## **LPA Group Plc**

### **Final Results for the year ended 30 September 2024**

---

#### **LPA Core Values**

- **Leadership** - you do not need to be in a position of power to lead in what you do.
- **Passion** - love what you do, use it to drive both yourself and the business forward.
- **Accountability** -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.

### Financial Review

Set out are the key drivers related to the business performance in the year and position at 30 September 2024, together with explanation of the financial Key Performance Indicators set out later.

#### 2024 Summary

- **Order entry** lagged sales at £17.3m (2023: £25.5m) resulting in the order book reducing to £25.3m (2023: £31.6m), a reduction of 19.9%;
- **Revenue** of £23.5m up 8.4% (2023: £21.7m) with LPA Connection Systems revenues up £0.2m and LPA Channel Electric revenues up £1.7m, LPA Lighting Systems down £0.1m
- **Added Value** reduced by 0.8% at 49.5% (2023: 50.3%) as a result of product mix; and
- **Gross margins** 23.3% (2023: 22.6%), was slightly up due to cost control
- **Underlying operating loss** of £0.2m (2023: loss of £0.1m)
- **Loss before tax** at £0.6m (2023: Profit £0.8m after credit for negative goodwill of £0.9m)
- **Net cash inflow from operating activities** £1.3m (2023: £0.3m).

By comparison to 2023, H1 2024 revenues increased by 27.5% to £11.6m (2023: £9.1m), delivering an underlying operating loss of £0.3m (2023: loss of £0.6m). H2 revenues were adversely impacted due to new project delays and delivered revenues of £11.9m (2023: £12.6m), representing a reduction of 5.5% of against H2 2023 sales. This resulted in an H2 underlying profit of £0.1m (2023: profit of £0.5m).

Pre-exceptional distribution costs and administrative expenses increased by 11% to £5.7m (2023: £5.1m). The main contributors to this were the wider economic cost pressures seen across the industry. Group employment costs increased by £0.6m to £7.3m (2023: £6.7m). The increase was primarily due to strengthening management teams at LPA Connection Systems and LPA Channel Electric.

During the year no new share options were awarded to Directors. The performance hurdles in relation to 125,000 share options issued in 2023 are intended to be adjusted for them to remain attractive. A total cost of £10k was attributed to these options in the accounts in line with current assumptions and will be recognised over three years (2023: 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).

### Trading Performance

#### Markets

**Aerospace (aircraft)** was steady for the period with main manufacture build rates remaining at similar levels to the prior year at 6 aircraft per month. Aspirations for this programme are for a build rate of 10 aircraft per month by the end of 2027. Similarly, the Airbus A220 programme has delivered 367 aircraft from a firm orderbook of 912 leaving a substantial level of product to fulfil as Airbus increases build rates from 8 aircraft a month to 14. This is a strong indication of work for the supply chain including LPA.

LPA is working closely with the emerging EVTOL markets, we are supporting the delivery of new engineered solutions, focussing on driving down weight as well as increasing power delivery from source to propulsion. Supporting and being 'designed in' to the prototypes will support growth for LPA products in the coming years as they get formally certified and go in to production.

**Aerospace (infrastructure)** is the bedrock of our growth strategy and has achieved an excellent year. The focus must remain on building the worldwide sales channels and keeping product fresh and innovative. The Red Box acquisition has enabled us to open new market channels and to keep conversations fresh with our distributors and their customers. Overall order entry significantly increasing by 70% and revenues subsequently increasing 57% in the period. We worked hard to enhance the product range in 2022 and 2023, and this continues to impress our customers and we are openly working in many of the busiest airports around the world. Building on this success our engineers will continue the development of the range and it is envisaged further new products will be released in the coming year.

## LPA Group Plc

### Final Results for the year ended 30 September 2024

---

In support of this sector the Group participated in a number of key trade shows including GSE Expo show in Lisbon, Aero Friedrichshafen (Europe's biggest general aviation show) and a number of other Expos in support of our distributors including HAL Heli-mART and the Dubai Airport Show. These activities drive our marketing effort, as well as creating good interest for individual product range, re-confirming our strategic intent for this market segment and its ability to deliver tangible results.

**Rail** – aftercare has great potential as major newbuild programmes are delayed and impact our production facilities. The "JUMPER" product line acquisition acquired by LPA Connection Systems in 2023 has been smoothly integrated and was planned to deliver significant output through a series of aftercare schedules over the next 4 years. As we announced in 2024 these Schedules were revised substantially for economic reasons and rebased over a longer period. The acquisition has been a success and will prove to be a very valuable product line in the medium to longer term and 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 retrofit alternative. A recent win for SNCF is a good example of this. LPA, 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 and portable devices has also recently been agreed within the EU and UK, with all new devices needing to adhere by the end of 2025. The Group has been a leader in design and manufacture of USB-A charging solutions across the UK and European rail market and is well placed to serve its customers requirements as they move to update their vehicles in compliance with this new requirement.

As stated previously Newbuild projects in the UK have slowed as we await new funding decisions and subsequent investment. It is pleasing however to see some of the existing project wins finally moving into production and output for 2026 and beyond and we will enjoy revenues from the prestigious Siemens DTUP project initially for Piccadilly Line. The deep tube programme (DTUP) is an important infrastructure programme for London that should extend into new fleets for the Bakerloo and Central lines in the years to come. We are working with the new Alstom TGV M as well as new generation projects across Europe (Avelia Horizon platforms).

Export remains an important part of the Group's business at 41%. In support of this we continue to build our sales channels globally and recently successfully exhibited at Innotrans Berlin, a flagship event for our marketplace, where we were able to meet most of our existing and as well as potential partners from around the world.

**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. Niphan, although a niche range, continues to broaden its applicability to modern engineering projects and has gained approvals in infrastructure that over the coming years are expected to lead to modest increases in volume. This is coupled with costing engineering work in supply chain to support margins & capacity as volumes increase.

# LPA Group Plc

## Final Results for the year ended 30 September 2024

---

### Macro-economic factors

During 2024, whilst we saw an improvement in the UK economy, we saw a significant reduction in activity in our main market of Rail evidenced by a reduction in our order intake of 20.9%. In addition, three major projects across our two main businesses moved to the right. Whilst H1 was not affected by these delays, H2 was heavily impacted. On the positive side our recent acquisition of Red Box International was successfully integrated into our LPA Connection Systems business and is now starting to meet its potential.

Inflation continues to become less of an issue with efforts to mitigate any increases have been ongoing and where possible fed through to the market. Added Value reduced slightly during the year and is broadly expected to remain at this level as we move forward.

There has been some improvement in the supply chain and employment markets, although the latter remains tight.

### Exceptional Items and Negative Goodwill

Exceptional items in the year totalled a loss of £0.4m (2023: gain of £0.8m). Key items comprised:

- (i) Non-recurring costs relating to acquisitions of £0.2m (2023: £nil)
- (ii) Reorganisation costs / staff changes of £0.2m (2023: £nil)
- (iii) Negative goodwill following a fair value adjustment on the acquisition of a product line and associated trade of £nil (2023: £0.9m)
- (iv) Write off of obsolete inventory from discontinued product line of £nil (2023: £0.1m).

### Finance Costs

Within finance costs, the interest on borrowings increased to £0.16m (2023: £0.13m). The weighted average interest rate increased by 1.2% from 6.1% to 7.3%. The Group's overdraft facility was utilised three times during the year with an average balance of £100,000. The UK base rate remained relatively stable during the year, reducing once from 5.25% to 5% in August 2024.

### Profit Before Tax, Taxation and Earnings Per Share

After net finance income of £0.03m (2023: net income £0.05m) a loss before tax of £0.6m was recorded (2023: profit before tax of £0.8m). A tax credit of £0.3m (2023: £0.1m) is recognised, reporting a loss after tax of £0.3m (2023: profit after tax £0.9m). This resulted in a basic loss per share of 2.46p (2023: earnings per share 6.52p).

The average UK corporation tax rate for the year was 25% (2023: 22%). The main differences to the standard rate of corporation tax are due to losses and R&D tax credits.

### Treasury

The Group's treasury policy remained unchanged in the year.

### Balance Sheet

- Gearing (net debt as a % of total equity) increased to 13.1% (2023: 7.7%) due to the recent acquisition and investment in a new ERP system;
- Net debt increased by £0.9m to £2.1m (2023: £1.2m);
- Working capital, as defined as inventory, trade & other receivables less trade & other payables, reduced 7% to £5.3m (2023: £5.7m); and
- Pension asset surplus recognised increased by 41% to £3.8m (2023: £2.7m).

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").

## LPA Group Plc

### Final Results for the year ended 30 September 2024

---

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 £0.8m (2023: £1.9m), capitalised development costs and software purchases were £4.3m (2023: £3.2m). Additions in the year increased to £0.7m (2023: £0.1m), mainly the result of the investment in the new ERP system at the two main sites of £0.6m. 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 (2023: £0.1m).

The net book value of property, plant and equipment as at 30 September 2024, including right of use assets, totalled £5.5m (2023: £5.8m), of which property represented £3.7m (2023: £3.8m), plant, equipment and motor vehicles £1.8m (2023: £1.9m). Additions in the year were slightly down at £0.4m (2023: £0.5m). Disposals in the year totalled £0.2m with a net book value of £0.1m including right of use lease terminations (2023: £0.9m with a net book value of £nil including right of use lease terminations). The depreciation charge remained flat at £0.7m (2023: £0.7m).

### Net Debt and Financing

The Group's main bank finance is a bank loan drawn down in 2024 at £2.5m and repayable over 5 years. 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 2024 the amount outstanding was £2.5m (2023: £1.9m). Interest is payable at base rate plus 2.25%.

### Cash Flow

Net cash inflow from operating activities was £1.3m (2023: £0.3m) made up of a trading cash inflow of £0.5m (2023: £0.7m) and a decrease in working capital of £0.7m (2023: increase of £0.4m). Overall, there was a net reduction in the Group's cash position of £0.5m (2023: £1.0m).

During the year £0.25m (2023: £0.25m) was spent on the balance of product line acquisition and £0.55m (2023: £nil) was spent on the acquisition of Red Box International with £0.55m deferred consideration split across the next two years. A new ERP system was implemented with capitalised costs of £0.6m (2023: £nil) and went live in October 2024. These will be depreciated over 5 years starting this financial year. There was no change in capital expenditure outflows on property, plant and equipment £0.2m (2023: £0.2m), excluding the ERP system and assets financed through lease arrangements. Capitalised development expenditure amounted to £0.1m (2023: £0.1m), primarily further product developments focused on smart lighting and electronic systems, including rail seat electronics.

In the year new leasing arrangements led to right of use additions of £0.2m (2023: £0.3m). Interest at 5.3% was charged on fixed rate borrowings (2023: 5.3%). Interest on the Group's overdraft facility is payable at base rate plus 2.0%. The facility was unutilised as at 30 September 2024 and 2023. The composite interest rate across both borrowings and lease liabilities was 6.4% (2023: 5.6%).

The bank loan was refinanced during the year at £2.5m for a further five-year period on similar terms, a small reduction of £0.1m on the previous loan. Excluding the repayment of the previous loan, capital loan repayments of £0.2m were made in the year (2023: £0.2m). Outflows repaying the principal elements of lease liabilities were £0.2m (2023: £0.4m). Interest payments on borrowings amounted to £0.2m (2023: £0.2m).

# LPA Group Plc

## Final Results for the year ended 30 September 2024

---

### 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 (2023: £0.1m).

A full Actuarial valuation of the Scheme was carried out in March 2024 which indicated the Scheme was at a healthy 133% 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 (2023: £Nil). The IAS 19 position 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, significant project delays and to a lesser extent inflationary pressures. The Group continues to witness some price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses.

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 2025; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2024 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 2024 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. Note the covenant test was removed for this year end. 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 extended for a further 5 years in March 2024 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

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**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 and the Financial Review.

<b>KPI</b>	<b>Basis of measurement</b>	<b>2024</b>	<b>2023</b>
<b>Health &amp; Safety</b>			
Riddors	<ul style="list-style-type: none"> <li>reportable incidents of disease or danger occurrences</li> </ul>	None	None
Accidents	<ul style="list-style-type: none"> <li>events that cause impact, damage or injury involving a person or infrastructure, which are not a Riddor</li> </ul>	10	21
Near misses	<ul style="list-style-type: none"> <li>events that occurred which have not caused an Accident (1)</li> </ul>	156	126
<b>Financial</b>			
Orders to revenue	<ul style="list-style-type: none"> <li>orders for the year expressed as a multiple of revenue as a measure of prospective growth</li> </ul>	0.73	1.18
Order entry	<ul style="list-style-type: none"> <li>order intake confirmed</li> </ul>	£17.3m	£25.5m
Order book	<ul style="list-style-type: none"> <li>the measure of opening order book, plus order entry, less revenue</li> </ul>	£25.3m	£31.6m
Revenue growth	<ul style="list-style-type: none"> <li>increase year-on-year as a percentage of prior year</li> </ul>	8.4%	12.4%
Added value	<ul style="list-style-type: none"> <li>the margin generated on revenue after deduction of material costs but before other costs of sale and conversion</li> </ul>	49.5%	50.3%
Gross margin	<ul style="list-style-type: none"> <li>as a percentage of revenue</li> </ul>	23.3%	22.6%
Profitability	<ul style="list-style-type: none"> <li>underlying operating (loss) as a return on trading activities to revenue</li> </ul>	(1.0%)	(0.3%)
Cash generation	<ul style="list-style-type: none"> <li>net decrease in cash and cash equivalents before financing activities</li> </ul>	(£0.4m)	(£0.3m)
Gearing	<ul style="list-style-type: none"> <li>the measure of net debt being borrowings and lease liabilities less cash balances, to net assets</li> </ul>	13.1%	7.7%

(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.



**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**Consolidated Income Statement**

For the year ended 30 September 2024

	Note	2024 £000	2023 £000
<b>Revenue</b>	2	23,546	21,712
Cost of Sales		(18,068)	(16,646)
Cost of Sales- Exceptional Items	3	-	(152)
<b>Gross Profit</b>		5,478	4,914
Distribution Costs		(2,424)	(1,910)
Administrative Expenses		(3,304)	(3,238)
Administrative Expenses-Exceptional Items	3	(376)	-
Negative Goodwill	7	-	941
<b>Underlying Operating Loss</b>		(246)	(69)
Share Based Payments		(4)	(13)
Negative Goodwill	7	-	941
Exceptional Items	3	(376)	(152)
<b>Operating (Loss) / Profit</b>	3	(626)	707
Finance Income		225	201
Finance Costs		(192)	(149)
<b>(Loss)/Profit Before Tax</b>		(593)	759
Taxation	4	268	100
<b>(Loss)/Profit for the Year</b>		(325)	859
Attributable to:			
- Equity Holders of the Parent		(325)	859
<b>(Loss)/Earnings per Share</b>	5		
Basic		(2.46)p	6.52p
Diluted		(2.46)p	6.51p

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

---

**Consolidated Statement of Comprehensive Income**

For the year ended 30 September 2024

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>(Loss)/Profit for the Year</b>	<u>(325)</u>	<u>859</u>
<b>Other Comprehensive Income</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial Gain on Pension Scheme	767	198
Restriction of Pension Assets	183	(113)
<b>Other Comprehensive Income</b>	<u>950</u>	<u>85</u>
<b>Total Comprehensive Income for the Year</b>	<u><u>625</u></u>	<u><u>944</u></u>
Attributable to:		
- Equity Holders of the Parent	<u><u>625</u></u>	<u><u>944</u></u>

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**Consolidated Balance Sheet**

At 30 September 2024

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Non-Current Assets</b>		
Intangible Assets	4,317	3,156
Tangible Assets	5,018	5,083
Right of Use Assets	518	672
Retirement Benefits	3,782	2,683
	<u>13,635</u>	<u>11,594</u>
<b>Current Assets</b>		
Inventories	5,749	4,303
Trade and Other Receivables	5,389	5,870
Derivative Asset	80	28
Current Tax Receivable	34	30
Cash and Cash Equivalents	715	1,202
	<u>11,967</u>	<u>11,433</u>
<b>Total Assets</b>	<u>25,602</u>	<u>23,027</u>
<b>Current Liabilities</b>		
Bank Loan	(96)	(1,949)
Lease Liabilities	(203)	(214)
Trade and Other Payables	(6,110)	(4,743)
	<u>(6,409)</u>	<u>(6,906)</u>
<b>Non-Current Liabilities</b>		
Bank Loan	(2,359)	-
Trade and Other Payables	(275)	-
Deferred Tax Liabilities	(155)	(165)
Lease Liabilities	(175)	(243)
	<u>(2,964)</u>	<u>(408)</u>
<b>Total Liabilities</b>	<u>(9,373)</u>	<u>(7,314)</u>
<b>Net Assets</b>	<u>16,229</u>	<u>15,713</u>
<b>Equity</b>		
Share Capital	1,351	1,348
Investment in Own Shares	(324)	(324)
Share Premium Account	959	943
Share Based Payment Reserve	62	62
Merger Reserve	230	230
Retained Earnings	13,951	13,454
	<u>16,229</u>	<u>15,713</u>
<b>Equity Attributable to Shareholders of The Parent</b>	<u>16,229</u>	<u>15,713</u>

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**Consolidated Statement of Changes in Equity**

For the year ended 30 September 2024

	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
<b>2024</b>							
At 1 October 2023	1,348	(324)	943	62	230	13,454	15,713
Loss for the Year	-	-	-	-	-	(325)	(325)
Other Comprehensive Income	-	-	-	-	-	950	950
Total Comprehensive Income	-	-	-	-	-	625	625
Share Based Payments	-	-	-	4	-	-	4
Dividends	-	-	-	-	-	(132)	(132)
Transfer on Exercise of Share Options	-	-	-	(4)	-	4	-
Proceeds from Issue of Shares	3	-	16	-	-	-	19
Transactions with Owners	3	-	16	-	-	(128)	(109)
<b>At 30 September 2024</b>	<b>1,351</b>	<b>(324)</b>	<b>959</b>	<b>62</b>	<b>230</b>	<b>13,951</b>	<b>16,229</b>
	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
<b>2023</b>							
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
<b>At 30 September 2023</b>	<b>1,348</b>	<b>(324)</b>	<b>943</b>	<b>62</b>	<b>230</b>	<b>13,454</b>	<b>15,713</b>

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**Consolidated Cash Flow Statement**

For the year ended 30 September 2024

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
(Loss)/Profit Before Tax	(593)	759
Finance Costs	192	149
Finance Income	(225)	(201)
Operating (Loss)/Profit	<u>(626)</u>	<u>707</u>
<i>Adjustments for:</i>		
Amortisation of Intangible Assets	346	192
Depreciation of Tangible Assets	547	404
Depreciation of Right of Use Assets	193	285
Loss on Sale of Plant and Equipment	80	4
Negative Goodwill	-	(941)
Equity Settled Share Based Payments	4	13
<b>Operating cash flow before movements in working capital</b>	<u>544</u>	<u>664</u>
<i>Movements in Working Capital:</i>		
(Increase)/Decrease in Inventories	(986)	264
Decrease/(Increase) in Trade and Other Receivables	511	(775)
Increase in Trade and Other Payables	1,138	87
<b>Cash generated from operations</b>	<u>1,207</u>	<u>240</u>
Income Taxes Received	47	45
<b>Net cash inflow from operating activities</b>	<u>1,254</u>	<u>285</u>
Purchase of Product Line (Note 7)	(250)	(250)
Purchase of Business Net of Cash Acquired (Note 8)	(503)	-
Purchase of Property, Plant & Equipment	(218)	(196)
Expenditure on Intangible Assets	(615)	-
Expenditure on Capitalised Development Costs	(63)	(120)
<b>Net cash outflow from investing activities</b>	<u>(1,649)</u>	<u>(566)</u>
Repayment of Bank Loan	(2,046)	(175)
New Bank Loan	2,500	-
Principal Elements of Lease Liabilities	(241)	(392)
Interest Paid	(192)	(149)
Dividend Paid	(132)	-
Proceeds from Issue of Share Capital	19	-
<b>Net cash outflow from financing activities</b>	<u>(92)</u>	<u>(716)</u>
Net Decrease in Cash and Cash Equivalents	(487)	(997)
Cash and Cash Equivalents at Start of the Year	1,202	2,199
<b>Cash and Cash Equivalents at End of the Year</b>	<u>715</u>	<u>1,202</u>

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**Consolidated Cash Flow Statement (continued)**

For the year ended 30 September 2024

**Net Debt**

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

	<b>Bank Loan</b>	<b>Lease</b>	<b>Cash and</b>	<b>Net Debt</b>
	<b>£000</b>	<b>Liabilities</b>	<b>Cash</b>	<b>£000</b>
		<b>£000</b>	<b>Equivalents</b>	
			<b>£000</b>	<b>£000</b>
At 1 October 2023	1,949	457	(1,202)	1,204
New Bank loan / Lease Obligations	2,500	162	-	2,662
Acquired borrowings / (cash)	52	-	(47)	5
Interest Costs	162	30	-	192
Repayment of Borrowings/Lease Liabilities	(2,208)	(271)	2,479	-
Other Cash Generated	-	-	(1,945)	(1,945)
At 30 September 2024	<u>2,455</u>	<u>378</u>	<u>(715)</u>	<u>2,118</u>

	<b>Bank Loan</b>	<b>Lease</b>	<b>Cash and</b>	<b>Net Debt</b>
	<b>£000</b>	<b>Liabilities</b>	<b>Cash</b>	<b>£000</b>
		<b>£000</b>	<b>Equivalents</b>	
			<b>£000</b>	<b>£000</b>
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	<u>1,949</u>	<u>457</u>	<u>(1,202)</u>	<u>1,204</u>

# LPA Group Plc

## Final Results for the year ended 30 September 2024

---

### 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 2024 and 2023 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 2023 have been delivered to the Register of Companies. The statutory accounts for the year ended 30 September 2024 have been audited and approved but have not been filed. The Group's audited financial statements for the year ended 30 September 2024 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 22 January 2025.

The 2024 accounts, together with notice of the Annual General Meeting, are expected to be posted to shareholders on 14 February 2025 and will be available from the LPA website ([www.lpa-group.com](http://www.lpa-group.com)) from 15 February 2025. 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 2023.

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

---

**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:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
LPA Connection Systems	8,620	8,393
LPA Channel Electric	5,800	4,070
LPA Lighting Systems	9,126	9,249
	<u>23,546</u>	<u>21,712</u>

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Revenue Recognised Over Time	86	166
Revenue Recognised at a Point in Time	23,460	21,546
	<u>23,546</u>	<u>21,712</u>

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

	<b>2024</b>	<b>2023</b>
Rail	69%	75%
Aerospace and Defence	25%	20%
Other	6%	5%
	<u>100%</u>	<u>100%</u>

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	13,843	13,266
Rest of Europe	6,390	5,598
Rest of World	3,313	2,848
	<u>23,546</u>	<u>21,712</u>

One customer (2023: one) represented more than 10% of Group revenue, at 17% (2023: 24%) of revenue.



**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**3. Operating (Loss)/Profit**

	<b>2024</b>	<b>2023</b>
<b>Exceptional Items</b>	<b>£000</b>	<b>£000</b>
Write-off of Obsolete Inventory	-	152
Acquisition Costs	190	-
Reorganisation Costs/Staff Changes	186	-
	<u>376</u>	<u>152</u>

Acquisition costs of £190,000 primarily relate to the non-recurring costs of the Red Box Int Holdings Limited acquisition in January 2024, as note 8, and cover legal, severance and move costs.

Reorganisation costs / staff changes of £186,000 in 2024 relate to a loss of office payment and recruitment costs for a successor.

Write-off of obsolete inventory cost in 2023 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.

**4. Taxation**

<b>A. Recognised in The Income Statement</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Current Tax Expense</b>		
UK Corporation Tax	(34)	(30)
Adjustment in Respect of Prior Years	(17)	(151)
	<u>(51)</u>	<u>(181)</u>
<b>Deferred Taxation</b>		
Origination and Reversal of Temporary Differences	(33)	81
Adjustment in Respect of Prior Years	(184)	-
	<u>(217)</u>	<u>81</u>
<b>Total Corporation Tax Credit</b>	<u>(268)</u>	<u>(100)</u>
<b>B. Reconciliation of Effective Tax Rate</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
(Loss)/ Profit Before Tax	<u>(593)</u>	<u>759</u>
Tax at The Average UK Corporation Tax Rate of 25% (2023: 22%)	(148)	167
Effects of:		
- Tax Rate Change	-	21
- Enhanced Deduction for Qualifying R&D Expenditure	(39)	(48)
- Losses Surrendered	85	55
- Prior Period Adjustments	(201)	(151)
- Non-Taxable Negative Goodwill	-	(192)
- Losses Not Recognised	9	48
- Other Differences	26	-
<b>Total Income Tax Credit</b>	<u>(268)</u>	<u>(100)</u>

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

**5. (Loss)/Earnings Per Share**

The calculation of (loss)/earnings per share is based upon the loss for the year of £325,000 (2023: profit of £859,000) and the weighted average number of ordinary shares in issue during the year of 13.503m (2023: 13.483m) less investment in own shares of 0.3m (2023: 0.3m), of 13.203m (2023: 13.183m).

	2024			2023		
	(Loss) £000	Weighted Average No of Shares '000	Earnings Per Share Pence	Earnings £000	Weighted Average No of Shares '000	Earnings Per Share Pence
Basic (Loss)/Earnings Per Share	(325)	13,203	(2.46)	859	13,183	6.52
Effect of Share Options		-	-		21	(0.01)
Diluted (Loss)/Earnings Per Share	(325)	13,203	(2.46)	859	13,204	6.51

Basic and diluted earnings per share are equal for the year ended to 30 September 2024, since where a loss is incurred the effect of outstanding share options is considered anti-dilutive and is excluded for the purpose of the diluted loss per share calculation.

**6. Going Concern**

In assessing going concern, the main considerations have been trading, significant project delays and to a lesser extent inflationary pressures. The Group continues to witness some price pressures from commodities, utilities and wage inflation. These all pose risks to UK manufacturing businesses.

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 2025; (ii) has in place adequate working capital facilities for its forecast needs and was cash generative on an operational level through the 2024 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 2024 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. Note the covenant test was removed for this year end. 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 bank loan facility was extended for a further 5 years in March 2024 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.

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

---

**7. Purchase of Product Line**

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:

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

The cost of the acquisition was £500,000, the residual £250,000 was paid during the year (2023: £250,000) outstanding. 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 contributed £1,478,000 to revenues and delivered profit in line with expectations in the year to 30 September 2023.

**8. Purchase of Business**

On 4 January 2024, the Group acquired 100% of the issued share capital of Red Box Int Holdings Limited.

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.

	<b>4 January 2024 Book Value £000</b>	<b>Adjustments £000</b>	<b>4 January 2024 Fair Value £000</b>
<b>Assets and Liabilities Acquired</b>			
Intangible Assets	-	829	829
Tangible Assets	221	(64)	157
Inventories	657	(197)	460
Trade and Other Receivables	58	(28)	30
Cash	47	-	47
Trade and Other Payables	(164)	-	(164)
Bank Loan	(52)	-	(52)
Deferred Tax on Intangible Assets	-	(207)	(207)
<b>Net Assets Acquired</b>	<u><b>767</b></u>	<u><b>333</b></u>	<u><b>1,100</b></u>
<b>Consideration</b>			
Cash			550
Deferred Consideration < 1 year			275
Deferred Consideration > 1 year			275
			<u><b>1,100</b></u>

## **LPA Group Plc**

### **Final Results for the year ended 30 September 2024**

---

The value of intangible assets has been derived from the new technology that the acquisition brings to the group and that this will open up new markets. The intellectual property rights have been recognised since it is both probable that there will be future economic benefits and the cost of the assets can be measured reliably.

The book value of tangible assets was adjusted to take account of depreciation in 2023 not in the book value on acquisition.

The fair value of acquired trade receivables and other receivables was adjusted for proforma invoices. No provision was required for gross contractable trade receivables.

The book value of inventory was adjusted for missing inventory £98,000 and alignment with the Group's inventory stock provisioning policy £99,000.

Acquisition- related costs have been expensed as exceptional items in note 3.

Red Box contributed £800,000 revenue and a small loss to the Group's loss for the period between the date of acquisition and 30 September 2024. If Red Box had been part of the Group for the full financial year, there would have been an additional £400,000 revenue and a small loss.

## **9. Post Balance Sheet Event**

### **Purchase of Business**

The Group 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. This results in the group 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.

The acquisition is complementary to a number of power supply products the Group currently manufactures for the rail industry and will provide a strong addition to LPA Channel Electric, the Group's Thatcham-based division, that distributes engineered components. This acquisition supports our long-term growth strategy of buying core products.

Revenues for the year ended 31 December 2023 were £2.1m, with a loss before tax of £77,000. Net assets are currently estimated at £565,000 (calculation excludes any accrual for lease dilapidation obligations).

**LPA Group Plc**  
**Final Results for the year ended 30 September 2024**

---

**10. Annual General Meeting**

The annual general meeting is to be held at 12:00 noon on Wednesday 19 March 2025 at the offices of LPA Group Plc (the “Company”) will be held at the offices of LPA Group PLC, LPA House, Ripley Drive, Normanton, West Yorkshire, WF6 1QT. The following resolutions are proposed:

**Routine Business**

- 1) To receive the accounts for the year ended 30 September 2024, together with the reports of the directors and the auditors thereon.
- 2) To re-elect as a director Andrew Jenner who retires by rotation, in accordance with the Company’s Articles of Association.
- 3) To re-appoint as a director Philo Daniel-Tran in accordance with the Company’s Articles of Association.
- 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.