26 March 2024

LUCECO PLC – 2023 FULL YEAR RESULTS

Profitability at the upper end of expectations despite challenging markets.
Continued growth and strong cash generation.

Luceco plc, the supplier of wiring accessories, EV chargers, LED lighting, and portable power products, today announces its audited results for the year ended 31 December 2023 ("2023" or "the year").

2023 Summary results

Year ended 31 December 2023 (£m unless otherwise stated)	2023	2022	Change (%)
Revenue	**209.0**	206.3	+1.3%
Adjusted Results[1]			
Adjusted operating profit	**24.0**	22.0	+9.1%
Adjusted profit before tax	**21.2**	19.4	+9.3%
Adjusted profit after tax	**17.3**	17.2	+0.6%
Adjusted basic earnings per share	**11.1p**	11.1p	-
Statutory Results			
Operating profit[2]	**22.2**	13.7	+62.0%
Profit before tax	**18.9**	11.7	+61.5%
Profit after tax	**16.7**	11.0	+51.8%
Basic earnings per share	**10.8p**	7.1p	+52.1%
Metrics			
Adjusted[1] operating margin %	**11.5%**	10.7%	+0.8ppts
Covenant net debt	**18.4**	23.8	(22.7%)
Covenant net debt : Covenant EBITDA[3]	**0.6x**	0.8x	(25.0%)
Adjusted[1] free cash flow	**18.0**	30.7	(41.4%)
Full year dividend per share	**4.8p**	4.6p	+4.3%

1. The definitions of the adjustments made and reconciliations to the reported figures can be found in note 1 of the consolidated financial statements
2. Re-presented for 2022 – see note 1 of the consolidated financial statements
3. Includes pro-forma adjustment for EBITDA of acquired businesses, as shown in note 1 of the consolidated financial statements

Performance highlights

- **2023 results at the upper end of market expectations:**
  - Revenue: up 1.3% to £209.0m and like for like revenue up 1.7% versus the prior year
  - Adjusted operating profit: up 9.1% to £24.0m reflecting a return to strong gross margins, with overall Adjusted operating margin up 80 basis points to 11.5%
  - Adjusted EPS: 11.1p – equal to the prior year due to higher UK tax impact
  - Covenant Net Debt reduced by 22.7% year on year and Covenant Net Debt : EBITDA ratio at 0.6x remains well below the target range of 1.0-2.0x (FY 2022: 0.8x)
  - Full year dividend of 4.8p up 4.3% with a 43% payout ratio, with a final dividend of 3.2p

- **Luceco's innovative products and diverse channel mix provide growth, despite challenging markets:**
  - Secured market share gains with revenue growth despite falling markets
  - Performance supported by our key strategic positions within our Hybrid sales channel
  - Outstanding growth in our LED Lighting projects, benefitting our environmental achievements

- **Strong free cash flow generation of £18.0m with post year end acquisition of D-Line for £8.6m:**
  - Free cash generation of £90.2m since 2019 has provided optionality for acquisitions and a strong dividend strategy
  - Earnings enhancing acquisition of D-Line for £8.6m (contingent consideration of £3.8m) – cable solutions provider with a presence in the US/Europe which provides synergies for our UK and international territories

Outlook

- Our strong 2023 performance has continued into the start of 2024 and we are achieving further growth
- Our order book, especially in the Retail and Trade channels, is ahead of where it was this time last year
- We are monitoring the situation in the Red Sea, the headwind we are seeing from additional freight costs has so far been mitigated by other savings
- Whilst we remain mindful of the uncertain macroeconomic environment and the potential impact it may have on our markets in 2024, the outlook for the current financial year remains unchanged thanks to our attractive market positions, strong business model and robust strategy
- Luceco is well positioned to benefit from operational leverage given its integrated, resilient and agile business model

Commenting on the results, Chief Executive Officer, John Hornby said:

"Luceco has delivered a strong set of results across all key performance metrics in the year, despite ongoing macroeconomic headwinds. With Adjusted operating profit up 9% to £24.0m and strong free cash flow generation of £18m, we are pleased with the Group's progress during the year.

"These results are testament to the strength of the Group's market positions, clear strategy and business model. As a result of the team's constant hard work, the Group is exceedingly well placed for growth through organic and further M&A activity in 2024 with its strong operational leverage and strong balance sheet.

"Whilst we are mindful of the economic environment in 2024, we have a number of exciting product developments in progress, which provide us with good medium and long-term opportunities for growth together with our bolt on acquisition strategy, including the exciting recent acquisition of D-Line."

Results information

A meeting for analysts will be held at 9:30am GMT today, Tuesday 26 March 2024 at the offices of Liberum, 25 Ropemaker Street, London EC2Y 9LY. To register to attend please email luceco@mhpgroup.com. To register to watch a live webcast of the meeting, please follow this link:

https://stream.brrmedia.co.uk/broadcast/65d76c35994661e3abf8ad45

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This announcement is released by Luceco plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (MAR). It is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this information is considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, this announcement is being made on behalf of Luceco plc by Will Hoy, Chief Financial Officer.

Note to Editors

Luceco plc - Bringing Power To Life

Luceco plc (LSE:LUCE) is a supplier of wiring accessories, EV chargers, LED lighting, and portable power products. Luceco plc ("Luceco", "the Group" or "the Company").

For more information, please visit www.lucecoplc.com.

Forward-looking statements

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Use of alternative performance measures

The commentary in both the Chief Executive Officer's and Chief Financial Officer's Reviews uses alternative performance measures, which are described as "Adjusted". Definitions of these measures can be found in note 1 of the consolidated financial statements. The measures provide additional information for users on the underlying performance of the business, enabling consistent year-on-year comparisons.

Performance highlights

Last year I highlighted the strategic steps we are taking and how they leave us well positioned for the future, so I am pleased our performance in 2023 demonstrated clear progress. Despite challenging market conditions we achieved revenue of £209.0m (2022: £206.3m) and Adjusted Operating Profit of £24.0m (2022: £22.0m). We outperformed a softer market, taking market share and growing revenue by 1.7% on a like-for-like basis. Our performance was driven by our key strategic positions within the Hybrid sales channel, the cessation of post-pandemic destocking and another outstanding year of growth within our interior LED Lighting Projects team.

I have been pleased by the improvement we have seen in our Adjusted Operating Margin, as material and freight costs eased, albeit partially offset by exchange rate headwinds and increasing wage costs. Our lean operating model means we are well positioned to grow our margins further when market conditions allow. I am also delighted that yet again, we have delivered a strong cash flow performance, achieving Adjusted Free Cash Flow of £18.0m. Careful working capital management and strategic capital allocation, has meant that since 2019 the business has generated Adjusted Free Cash of £90.2m from Adjusted Operating Profit of £115.0m. This sustained cash performance over a four-year period highlights the strength of our business model and underscores the Group's long-term potential.

We end the year with Covenant Net Debt of £18.4m, which gives us good optionality to invest in the business to drive further growth, both organically as well as through our exciting M&A pipeline.

Macroeconomic factors

Like most businesses, since the pandemic we have experienced some rapid changes in macroeconomic and geopolitical influences. I am delighted with the way we have navigated these shifts, to consistently outperform whatever conditions we face. In 2021, the combination of strong end user demand and exceptionally constrained global supply chains caused our distributor customers to materially increase their stock of our products, adding to our sales, as previously reported. In 2022 and in the first half of 2023, they largely unwound the extra inventory added as both demand and supply chain constraints eased, reducing our sales. This temporary period of destocking appears to have concluded in 2023, based on the analysis of EPOS data with our customers who have returned to more normalised purchasing patterns.

The other key theme for us was how global supply and demand imbalances in the wake of the pandemic resulted in significant industry-wide input cost inflation. We identified these trends early and reset selling prices accordingly without impacting our competitive position. Lead times normalised in 2022, following the peaks during the pandemic, and have remained consistent in 2023. This more normalised demand has meant that we have seen cost inflation subside, with material and freight and duty prices easing in 2023. However, as anticipated and despite protection from hedging arrangements, foreign exchange movements have remained a headwind. Overall, our gross margin is beginning to return to through-the-cycle levels, and demand from key customers now more closely reflects end market conditions with consumers.

Underlying demand

Our like-for-like revenue growth of 1.7% in 2023 is put into context when we compare ourselves to the wider construction market, with data from the Construction Products Association ("CPA") indicating that output of our addressable markets reduced 5.8% in the same timeframe. Approximately 60% of our business is focused on delivering residential repair, maintenance and improvement ("RMI") solutions to professional installers and general consumers performing DIY. Using CPA data, we estimate that this market's output reduced 8% in 2023, as it normalises following the RMI boom which peaked during the pandemic. The retail sector in particular remains challenging, with the Barclays Consumer Spending Index reporting a 4.7% average reduction in DIY spending over the course of 2023.

Nevertheless, the strategic positions we hold within the Hybrid sales channel in addition to the work we have done to grow our share of the professional contractor market, has enabled us to outperform this slow market to deliver growth of 0.8% within this sector of our business. I am pleased that the non-residential RMI arm of our business, which makes up approximately 20% of the Group revenue, grew by 8.5% in the year. This is supported by our strategic investment in our Interior LED Lighting Projects team, who continue to take market share by utilising our well-rounded LED Lighting portfolio. This result is even more pleasing when we consider that market output contracted approximately 0.8% in the year, as businesses seek to make temporary cost savings by reducing expenditure on their estates.

Although sales within our Exterior LED Lighting businesses reduced 2.4% in the year, slightly higher than a market output reduction of 1.1%, profitability within these businesses grew. The steps we are taking to drive synergies within the DW

Windsor business and our continued focus on higher margin contracts has meant these businesses have taken another step forwards in 2023. Within the new housing market, rising interest rates have led to challenging market conditions for housebuilders, with the CPA estimating a contraction in output of 17.1% in 2023. However, we estimate this market makes up less than 5.0% of our sales and despite market conditions, we were still able to grow this smaller part of our business by 5.2%, aided by increasing sales of EV chargers.

Whilst it is clear that the rising cost of living has reduced discretionary consumer spending and placed a headwind on the markets in which we operate, the fundamental growth drivers supporting our industry and business remain. The drive towards net zero, consistent regulatory change, new technology and an underlying need to invest in UK housing stock mean we can be confident that our markets will deliver healthy and stable growth over the long term.

Strategic highlights

Throughout 2023, we have continued to deliver on our purpose to help people harness power sustainably in everyday life. In addition to delivering a robust set of financial results, I am pleased with the work we have done to further progress our strategic priorities to Innovate, Grow and Sustain.

Innovate

The key first step in us carrying out our purpose is to innovate. Our ability to see and do things differently creates value for our stakeholders, driving growth of the business, allowing us to sustain our competitive advantage and contribute towards the transition to net zero. We continually focus on developing new products and enhancing our existing range with increased functionality that fits our customers' needs. Our global team of over 100 product development specialists, drive a development process which is customer-centric, rapid and carries relatively low execution risk. It has been a key driver of the Group's success.

I am delighted by the strides we have made in 2023 to enhance our product portfolio. We continue to make advances in the development of our EV chargers, with 2023 bringing the launch of our second series of chargers sold under the BG Sync EV brand. Building on the platform from our first series of chargers, this new range is available in both 7.4kW, for home use, and 22kW for commercial spaces. The 22kW charger is a key strategic development, enabling vehicles to charge three times faster, and allowing us to sell our chargers within commercial and higher-end residential markets. Furthermore, both products are produced using the same core components and designs, allowing them to be manufactured at scale, using the same tooling and processes, by our team in China.

Within our LED Lighting range, we have refreshed our offering of downlights with the launch of the new F-type range. This new range of low-profile downlights strikes an ideal balance between functionality, design, performance and cost. With its SpeedFit housing design for ease of installation and its availability with colour changing functionality, the F-type range provides practical innovation that our customers actually need. This innovation with purpose, is key to our strategy, enabling us to both take market share and create value through differentiated products that command higher margins.

Following significant new product launches in 2022, we continue to enhance our portfolio of Wiring Accessories and Masterplug products. Thanks to our vertically integrated manufacturing model, we can swiftly make low investment adjustments within our existing ranges to suit changing market trends. We were able to do this again in 2023, with the release of a new matt black finish within our premium Nexus Metal socket range and the release of screwless designs, for a sleeker finish within our core offering. I am also pleased to report that DW Windsor is beginning to benefit from our expertise and manufacturing capacity, both in the UK and China, which will help us transform the business further. Following a year of transition in 2022, DW Windsor made good progress in 2023 and we hope that over time these efforts will deliver similar benefits to those being seen in Kingfisher Lighting.

Our bold and innovative culture extends beyond our development specialists, with the whole business playing a part. A fantastic example of this has been the development of our specialised interior projects customer services team in 2023. Using their expert knowledge, this team manage the implementation of our interior lighting projects from start to finish, allowing our sales experts to focus on what they do best.

Grow

Despite challenging market conditions, we continue to grow the business both organically as well as through targeted M&A. Through years of experience, our excellent sales teams have become adept at using the innovative products we create to extend our market reach. A prime example of this is the success we have had in 2023 through our BG Evolve decorative Wiring Accessories range. Launched in 2022, the modern and stylish switches and sockets of the Evolve range provide consumers with a new premium solution for high-end builds and retrofits. The launch of this new range has enabled us to further extend our product portfolios by entering the adjacent premium Wiring Accessories market. I am delighted that in 2023 we have sold over 500,000 Wiring Accessories products from the Evolve portfolio, with strong interest across our Retailers, Wholesalers and Hybrid channels, generating £2.6m of revenue.

Our ability to grow organically is not just limited to new product launches. The excellent relationships we have with our customers means we can work together to ensure the right products are being made available to the end consumer. As we have moved through 2023, our sales teams have successfully extended existing product ranges to generate £4m of new business wins. Ultimately, our customers choose our products as they know they can sell them to the end consumer, and this leaves us well placed for future organic growth.

We are also taking further steps to increase the speed of growth within our Interior LED Lighting Projects team. Our experience has taught us that, when given the right level of support, a new sales team member can deliver strong annualised sales within three years. We are increasing the pace at which we recruit within this high growth area and as a result we successfully grew sales within this team by 24% to £12.6m in 2023. We have complemented the Group's long history of organic growth with acquisitions funded by our consistently strong cash flow. In 2023 we made a strategic investment of £1.7m in eEnergy Group plc ("eEnergy"). eEnergy is a net zero energy services provider that empowers organisations to achieve net zero by tackling energy waste and transitioning to clean energy. The business is already an important customer for our LED Lighting Projects business. As the economy decarbonises it is well positioned to become an increasingly relevant channel in the non-residential segment, and we look forward to supporting the growth of eEnergy and exploring the potential for increased co-operation between our businesses.

A further year of cash generation, driven by organic growth in addition to synergy creation from previous acquisitions, means we end the year with Covenant Net Debt of £18.4m. With the right foundations for a successful "buy and build" strategy, we continue to explore M&A opportunities that have a strong strategic fit and the potential to deliver future growth.

Sustain

Our sustain strategy is focused on taking action to contribute to society's sustainability goals as well as investing in our people and our industry. Taking these actions now will ensure we sustain our competitive advantage into the future. During 2023 we received validation from the Science Based Targets initiative ("SBTi"), targeting a 42% reduction in operational emissions and a 27.5% reduction in value chain emissions by 2031. Our operations continue to offer one of the lowest operational carbon footprints in our industry and this was reaffirmed with a "B" rating from the Carbon Disclosure Project in the first quarter of 2024 relating to the 2023 year. This is our third year of reporting to the platform, so we are delighted our progress integrating climate-related issues into our business operations has been reflected with a strong grade.

We generated £80m of revenue from low carbon products in 2023 and we continue to focus on this key area as society charts its path towards net zero emissions. The actions we are taking today to invest in our EV charging portfolio and high efficiency LED lighting solutions, leave us well positioned to achieve our goal of £100m revenue from low carbon products by 2025. In the UK, we have held nearly 50 contractor continuous professional development training events in 2023, hosted in conjunction with our major professional wholesale customers. In particular, we have extended the training we provide on the installation of EV chargers, and I am pleased with the positive feedback these have received.

We continue to invest in the next generation of contractors. For the second year running we were proud to sponsor the prestigious eFIXX 30 under 30 awards, aimed at recognising talented, young electricians in the UK. We invest in our business model to sustain and accelerate future growth. As travel restrictions to China have eased, it has been hugely beneficial for me and our team of designers to visit our facility in China more regularly. I am pleased with the progress we have made to extend and automate our production of EV chargers and DW Windsor products, which provide us with a great platform from which to scale as we move forwards.

I am also excited by our £2.5m investment to relocate our Kingfisher Lighting business to an enhanced manufacturing facility in Mansfield. Since our acquisition of Kingfisher Lighting six years ago, the business has grown sales by 49%, and this investment in its manufacturing capability will enable the team at Kingfisher to sustain their competitive advantage supplying low carbon products.

In summary, I am once again hugely proud of the progress the entire Luceco team have made in the year. Our bold and innovative culture continues to drive the business forwards with the right actions being taken now to deliver on our long-term strategy.

How we create value

Our attractive markets

Over the course of the last decade, we have worked hard to grow our share of existing markets as well as entering adjacent markets where we see a competitive advantage. As a result, we now hold enviable positions across a range of industries that are supported by long-term growth drivers.

Our extensive, strategically built product range, combined with our strong sales channel access and vertically integrated model means we are able to successfully compete within multiple markets. Moving forwards, our growing portfolio of EV chargers in addition to innovative new ranges within our core offering will enable us to extend our reach within new and existing markets. Each of our four distinct construction markets has exhibited attractive long-term growth. We are confident that the right fundamental drivers are in place in each of our chosen markets for us to see sustained growth over the coming years.

Although our markets are attractive, the opportunities they create can only be harnessed by those with the correct processes and knowledge. Our advantaged business model allows us to innovate, manufacture new products at our own facilities and bring new ranges to market quickly and efficiently under our trusted brands.

Outlook

Trading in early 2024 has been in line with our expectations, with improved gross margin and lower input costs balancing less residential RMI activity. Whilst the macroeconomic outlook for 2024 remains difficult to judge, I am encouraged by our healthy underlying trading momentum which leaves us well positioned to progress further during the year ahead.

JOHN HORNBY
Chief Executive Officer

25 March 2024

Chief Financial Officer's review

Summary of reported results

Summary results (£m)	Reported 2023	Reported 2022
Revenue	**209.0**	206.3
Operating profit	**22.2**	13.7
Profit before tax	**18.9**	11.7
Taxation	**(2.2)**	(0.7)
Profit for the period	**16.7**	11.0

Operating profit of £22.2m was £8.5m higher than 2022 due to improving revenue and gross margin in the year partly offset by operating cost increases. In 2022, we have re-presented the results to show the impact of currency hedging aligned with the associated cost of sales. This has the effect of changing gross profit and operating profit, however, revenue, profit before tax, profit after tax and earnings per share all remain unchanged.

Adjusting items

Certain alternative performance measures ('APMs') have been included within this report. These APMs are used by the Board to monitor and manage the performance of the Group, in order to ensure that decisions taken align with the Group's long-term interests. A table summarising the reconciliation of adjusted measures to statutory measures is included in note 1 of consolidated financial statements.

The following adjusting items were applied in the year:

- Amortisation of acquired intangibles: £1.9m and acquisition-related costs of £0.4m
- Fair value movements of hedging portfolio which have not completed in the period (£0.5m credit) and interest swaps (£0.5m charge)

Adjusted Operating Profit for the year, excluding the items above, was therefore £24.0m (2022: £22.0m).

Income statement

Revenue

Revenue of £209.0m was £2.7m (1.3%) higher than 2022 as business growth returned:

Revenue bridge:	Bridge from 2022 £m	Change %
2022	**206.3**	
Acquisitions/closures	**(1.4)**	**(0.7%)**
Like-for-like (decrease)/increase[1]	**3.6**	**1.7%**
Constant Currency[2]	**208.5**	**1.1%**
Currency movements	**0.5**	**0.2%**
TOTAL	**209.0**	**1.3%**

1. Like-for-like revenue increase excludes the impact of currency movements and acquisitions, see note 10 of the consolidated financial statements
2. 2023 revenue translated at 2022 exchange rates

Like-for-like revenue, excluding the impact of currency, increased by £3.6m in the period, up 1.7%. On a reported basis, revenue grew by £2.7m, or 1.3%. Against the backdrop of a year when Luceco's overall addressable market experienced a 5.8% decline, the Group's performance in 2023 compares highly favourably.

Digging deeper into the results, the Group performed strongly in non-residential markets, up around 8%, and within Residential RMI, up circa 1.1%. This again represents an increase in market share, noting that these two markets fell by 0.8% and 8.0% respectively. Whilst the New Residential market was down significantly, this represents less than 5% of Group revenue so we have been relatively insulated from this market decline. A contributing factor to the Group's strong relative performance has been the softer comparative in 2022 due to significant customer destocking following the exceptional pandemic year of 2021.

We group our customers into the following sales channels:

- **Retail**: Distributors serving consumers only, including DIY sheds, pure-play online retailers and grocers
- **Hybrid**: Distributors serving both consumers and professionals, typically with multi-channel service options
- **Professional Wholesale**: Distributors serving professionals only, largely via a branch network
- **Professional Projects**: Sale agreed by Luceco direct with professionals, but largely fulfilled via Professional Wholesale

Performance by sales channel was as follows:

Like-for-like revenue by sales channel:	**2023 £m**	**2023 % of total**	**2022 % of total**	**Change vs 2022 %**
Retail	**46.4**	22.4%	27.7%	(10.4%)
Hybrid	**49.3**	23.9%	20.2%	29.2%
Professional Wholesale	**52.2**	25.2%	28.9%	(6.3%)
Professional Projects	**59.0**	28.5%	23.2%	2.4%
Like-for-like revenue	**207.1**	100.0%	100.0%	1.7%
Currency impact	**0.5**			
Acquisitions/closures	**1.4**			
TOTAL	**209.0**			1.3%

Our key growth channel was Hybrid, growing revenue by 29.2% during the year, largely resulting from more significant destocking in the 2022 comparative due to pandemic-boosted activity across residential repair and maintenance in DIY and professional markets. Nearly all of the destocking impact experienced in 2022 arose within the Retail and Hybrid channels. These customers hold greater inventory of our products relative to their size because they buy from us on long lead times direct from China on a Free On Board basis and therefore hold the product for longer. The amount of inventory cover they needed rose sharply in 2021 as demand increased and delivery times from China extended. In 2023, the normalisation of stock levels has resulted in more favourable comparatives to 2022.

The slowdown in the Professional Wholesale channel has been reflective of the more challenging market conditions, as traditional electrical wholesalers buy from us on short lead times in the country in which they operate, meaning they had less need to destock in 2022. Our Professional Projects channel grew modestly in the year with 2.4% growth, but the standout performance was from our UK projects business which goes from strength to strength, where the UK has seen growing demand for LED retrofits as a result of rising electricity prices and the growing green agenda.

Revenue by geographical location of customer:	**2023 £m**	2022 £m	Change vs 2022 %
UK	**173.6**	165.3	5.0%
Europe	**12.9**	19.7	(34.5%)
Americas	**8.6**	8.0	7.5%
Middle East and Africa	**8.3**	8.7	(4.6%)
Asia Pacific	**5.6**	4.6	21.7%
Total revenue	**209.0**	206.3	1.3%

Understanding our revenue by geography and location of the customer, we have seen strong growth in the UK, up 5.0%, partly helped by the 2022 destocking creating a lower comparative. European sales reduced in the year following the closure of our operations in Germany and in Spain revenue reduced following a change in market strategy, which should bear fruit in future years.

Sales improved in the Americas largely as a result of stronger sales in the North American market as key customers in the US DIY channel normalised their buying patterns. Sales in the Middle East and Africa fell by 4.6% but increased in Asia Pacific by 21.7% helped by new customers wins.

Profitability

Adjusted Operating Profit of £24.0m for 2023 was £2.0m ahead of 2022. The key drivers were as follows:

Adjusted Operating profit	Bridge from 2022 £m	Bridge from 2021 £m
2022/2021	22.0	39.0
Acquisitions/closures	0.6	1.2
Like-for-like increase/(decrease)[1]	3.5	(17,1)
Currency movements	(2.1)	(1.1)
2023/2022	**24.0**	**22.0**

1. Like-for-like profit movements exclude the impact of currency movements and acquisitions/closures

The net impact of acquisitions and closures is a result of the Germany closure in 2022, giving a £0.6m improvement year-on-year in 2023. Overall Adjusted Operating profitability, excluding acquisitions/closures and at Constant Currency, was an improvement of £3.5m, driven largely by the stronger performance across the UK business channels.

The currency headwind had a £2.1m impact on Adjusted Operating Profit in the year. Excluding the impact of currency, the Adjusted Operating Profit of the Group would have been £26.1m, most of which is due to the impact of the exchange rates of RMB on Chinese products and the USD on the sales of products. Cost inflation for the Group was 11.0%, excluding the impact of currency, which was largely wage related due to the cost of living increases that have occurred in the UK.

Overall Adjusted Operating Margin of 11.5% is a gradual improvement on 2022 which was 10.7%, however we believe the Group's strong operating leverage can further improve the margin to low to mid double-digits once the macroeconomic conditions improve.

The table below provides a more detailed view of the currency impact in the period:

	Adjusted 2023 actual[1]	**Currency impact**		**Adjusted 2023 at Constant Currency[2]**	**Constant Currency variance to 2022**		**Adjusted 2022 actual**
	£m	**£m**	**%**	**£m**	**£m**	**%**	**£m**
Revenue	**209.0**	0.5	0.2%	208.5	2.2	1.1%	206.3
Cost of sales	**(126.7)**	(2.3)	1.7%	(124.4)	7.6	(5.8%)	(132.0)
Gross profit	**82.3**	**(1.8)**	**(2.4%)**	**84.1**	**9.8**	**13.2%**	**74.3**
Gross margin %	**39.4%**		(0.9ppts)	40.3%		4.3ppts	36.0%
Operating costs	**(58.3)**	(0.3)	0.5%	(58.0)	(5.7)	11.0%	(52.3)
Operating profit	**24.0**	**(2.1)**	**(9.5%)**	**26.1**	**4.1**	**18.6%**	**22.0**
Operating margin %	**11.5%**		(1.0ppts)	12.5%		1.8ppts	10.7%

1. Year ended 31 December 2023 translated at 2023 average exchange rates
2. Year ended 31 December 2023 translated at 2022 average exchange rates

Operating costs

Adjusted Operating Costs increased by £6.0m to £58.3m. The majority of the increase came from wage increases and associated costs (approximately £4.0m) plus the further impact of increased travel costs as post-pandemic conditions normalised.

Net finance expense

Adjusted Net Finance Expense increased by just £0.2m reflecting an increase in borrowing and interest rates. In the prior year we entered into swaps to fix the interest rate applicable to approximately 70% of our borrowings on a rolling three-year basis (subject to small changes driven by the impact of debt leverage on lending margin in the future). 30% of our borrowing remains at floating interest rates.

Taxation

The effective tax rate on Adjusted Profit Before Tax increased by 7.1ppts to 18.4% in 2023 following some advantageous tax rates in 2022. Work done over recent years to maximise available tax incentives, particularly those relating to research and development, had lowered this to c.15%, but the increase in the underlying tax rate in the UK to 25% has pushed the overall Group tax charge higher. The rate is expected to increase further in 2024 with the UK corporation tax rate at 25% for the full year.

Adjusted Free Cash Flow

Adjusted Free Cash Flow (£m)	**Adjusted[1] 2023**	Adjusted[1] 2022
Operating profit	**24.0**	22.0
Depreciation and amortisation	**7.4**	7.1
EBITDA	**31.4**	29.1
Changes in working capital	**0.2**	13.4
Other items	**1.0**	1.2
Operating Cash flow	**32.6**	43.7
Operating cash conversion[2]	**135.8%**	198.6%
Net capital expenditure	**(8.2)**	(5.6)
Interest paid	**(2.8)**	(2.7)
Tax paid	**(3.6)**	(4.7)
Free Cash Flow	**18.0**	30.7
Free Cash Flow as % Revenue	**8.6%**	14.9%

1. A reconciliation of the reported to Adjusted results is shown within note 1 of the consolidated financial statements
2. Adjusted Operating Cash Conversion is defined as Adjusted Operating Cash Flow divided by Adjusted Operating Profit

The Group continues to generate strong free cash flow which has been a key feature of the business. Despite the record free cash flow generation in 2022, the Group achieved Adjusted Free Cash Flow of £18.0m which is an outstanding result in 2023, with second half cash generation being particularly strong. This Adjusted Free Cash Flow was an impressive 8.6% of revenue and extremely strong Operating Cash Conversion of 135.8%. We are not expecting this exceptional level of cash conversion to occur going forward.

Capital expenditure

The Group's net capital expenditure consists of capitalised product development costs and the purchase of physical assets. Capex of £8.2m (2022: £5.6m) represented 3.9% of revenue (2022: 2.7%) which is in our target range of 3-4%. We continue to see opportunities to invest in low risk, high return automation projects in our Chinese production facility and continue to invest in R&D projects, particularly in relation to acquired businesses.

Capital structure and returns

Return on capital

Return on Capital Invested was higher than the prior year at 20.6% (2022: 18.2%) and into our target of 20% or higher. As previously flagged, our returns will naturally reduce as Luceco transitions from a Group created organically to one growing via M&A as well (with its required investment in goodwill).

Capital structure

The business continues to consistently generate ample cash flow to support its dividend policy and fund M&A activity.

£m	**2023**	2022	Change
Reported net debt	**£22.8m**	£29.4m	(22.4%)
Less: IFRS 16 finance leases	**(£5.1m)**	(£6.3m)	(18.8%)
Finance Leases – pre-IFRS 16	**£0.7m**	£0.7m	-
Covenant Net Debt	**£18.4m**	£23.8m	(22.7%)
Covenant Net Debt : Covenant EBITDA	**0.6x**	0.8x	(25.0%)

Very strong cash generation once again ensured that overall net debt fell and resulted in the Covenant Net Debt leverage falling to 0.6x. The Group's non-utilised facilities totalled £58.6m, with an option (subject to lender consent) to add a further £40.0m under the terms of its syndicated bank facility signed in October 2021. The facility matures in September 2026. The Group's balance sheet remains strong and provides the opportunity for selective M&A activity.

The Company's covenant position and headroom at 31 December 2023 were as follows:

2023 covenant position	Covenant	Actual	Headroom
Covenant Net Debt : Covenant EBITDA	3.0 : 1	**0.6 : 1**	Covenant Net Debt headroom: £78.2m[1] Covenant EBITDA headroom: £26.1m
Covenant EBITDA : Adjusted Net Finance Expense	4.0 : 1	**11.5 : 1**	Covenant EBITDA headroom: £21.0m Net Finance Expense headroom: £5.2m

1. Headroom with increased facility. Current facility headroom is £57.7m.

The key measures which management use to evaluate the Group's use of its financial resources and capital management are set out below:

	2023	2022
Adjusted[1] Earnings Per Share (pence)	**11.1**	11.1
Covenant Net Debt : Covenant EBITDA (times)	**0.6x**	0.8x
Adjusted[1] Free Cash Flow (£m)	**18.0**	30.7

1. Note 1 in the notes to the consolidated financial statements provides an explanation of the Group's alternative performance measures.

The Group complied with its covenant requirements throughout the year with significant headroom on all metrics. The Group has conducted a full going concern review. The Group has a strong balance sheet and significant facility headroom under even a realistic severe but plausible downside scenario. No covenant breaches occur in any of our severe but plausible downside scenarios, all of which are before any mitigating actions, illustrating our financial resilience.

Dividends

The Board is proposing to pay a final dividend of 3.2p, taking the full-year dividend to 4.8p, representing a payout of 43% of earnings. The final dividend will be paid on 17 May 2024 to shareholders on the registrar on 12 April 2024.

Operating segment review

The revenue and profit generated by the Group's operating segments are shown below. Operating profits are stated after the proportional allocation of fixed central overheads.

Wiring Accessories

	Adjusted[1]			**Reported**		
	2023	2022	Change	**2023**	2022	Change
Revenue	**£82.6m**	£73.7m	12.1%	**£82.6m**	£73.7m	12.1%
Operating profit	**£15.0m**	£13.9m	7.9%	**£15.3m**	£11.7m	30.8%
Operating margin %	**18.2%**	18.9%	(0.7ppts)	**18.5%**	15.9%	2.6ppts

1. A reconciliation of the reported to Adjusted results is shown within note 1 of the consolidated financial statements

Wiring Accessories is the Group's most profitable segment, generating 62% of the Group's operating profit and 39% of its revenue, under a brand established over 80 years ago.

Sales into the Wiring Accessories segment were £82.6m, which was over 12% better than 2022, largely driven by the Hybrid channel which had normalised following the destocking in 2022. In particular, UK core electrical switches and sockets have been a stronger driver during the period. The Professional channel was challenging and was behind the prior year by around 5%.

The Adjusted Operating margin was 18.2% (2022: 18.9%) which remains a key driver for the Group's overall profitability.

LED Lighting

	Adjusted[1]			Reported		
	2023	2022	Change	**2023**	2022	Change
Revenue	**£79.0m**	£81.4m	(2.9%)	**£79.0m**	£81.4m	(2.9%)
Operating profit	**£4.7m**	£3.4m	38.2%	**£3.2m**	£0.3m	966.7%
Operating margin %	**5.9%**	4.2%	1.7ppts	**4.1%**	0.4%	3.7ppts

1. A reconciliation of the reported to Adjusted results is shown within note 1 of the consolidated financial statements

The Group entered the lighting market in 2013 as the industry adopted LED technology and it now represents 38% of Group revenue.

Revenue declined marginally in the year by 2.9%, but overall Adjusted Operating Profit increased by £1.3m as Adjusted Operating Margin improved in the period by 1.7 percentage points. The decline versus the prior year is largely due to the impact of the closure of lower margin operations in France and Germany in the prior year, which were LED focused. On a like-for-like basis and at constant exchange rates, LED sales were broadly flat year-on-year. Demand has been particularly strong in the Professional Projects space in the period, as demand for energy-saving retrofits within the non-residential and infrastructure sectors continues to grow.

Portable Power

	Adjusted[1]			Reported		
	2023	2022	Change	**2023**	2022	Change
Revenue	**£47.4m**	£51.2m	(7.4%)	**£47.4m**	£51.2m	(7.4%)
Operating profit	**£4.3m**	£4.7m	(8.5%)	**£3.7m**	£1.7m	117.6%
Operating margin %	**9.1%**	9.2%	(0.1ppts)	**7.8%**	3.3%	4.5ppts

1. A reconciliation of the reported to Adjusted results is shown within note 1 of the consolidated financial statements

The Portable Power segment consists of two main elements:

- Cable reels, extension leads and associated accessories sold under the Masterplug brand
- EV chargers sold under the BG Sync EV brand

The Group enjoys a leading position in the UK portable power market. The business generates 23% of Group revenue and 18% of Group Adjusted Operating Profit. Revenue in the period was 7.4% lower than the prior year due to some final destocking in the first half of 2023, largely relating to cable reel product categories.

EV charger sales totalled just less than £8m, a growth rate of 44.4% in the period, which was highly encouraging despite a slight slowdown in the EV vehicle market in the second half of the year. We remain excited about the opportunities that this new sector will provide as the vehicle market moves towards electrification by 2035 within the UK – our current key marketplace. During the year we launched our 22kW EV charger, which will be utilised in many commercial operations in the future and high-end residential premises.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such have applied the going concern principle in preparing the Annual Report and Accounts. This is considered in more detail in note 1 of the consolidated financial statements. The Group's Viability Statement can be found on pages 72 to 73 and the Group's Going Concern Statement can be found on page 130 of the Annual Report and Accounts.

WILL HOY
Chief Financial Officer

25 March 2024

Environmental, Social and Governance ("ESG") update

We continue to make progress on our ESG workstreams:

- We committed to the Science Based Targets Initiative SBT and this was validated by the SBTi during the first half of the year. This means we have committed to reductions in carbon emissions over the near-term consistent with the Paris Agreement
- Achievement of an improved management-level score ("B") from the Carbon Disclosure Project in both 2023 and 2022 from ("C") previously
- We have delivered significant progress against our low carbon product revenue target and are on track to achieve £100m of such revenue by 2025
- We continue to improve our packaging specifications, particularly around plastic packaging.

Key achievements by area

Products and services

- Acquisition of Sync EV and launch of single-phase Mode 3 EV chargers under the joint BG Sync EV brand
- £80m of revenue from low carbon product categories in full year 2023, delivering significant progress against our £100m low carbon product revenue target for 2025
- 3.5-fold increase in revenue from the sale of lighting control devices into lighting projects in full year 2023

Supply Chain

- Insourcing of EV charger production within our China manufacturing facility with 100% renewable electricity supply
- Evaluation of key suppliers' physical climate risk exposure to understand vulnerabilities within our supply chain

Research and Development

- Specialist R&D function in China and the UK
- Development of higher power, three-phase EV chargers for larger homes and commercial premises
- Investigating on-street EV charging solutions within DW Windsor
- Dedicated optical engineer focusing on improvements to lens design to improve lighting efficiency
- Working towards the development of environmental product declarations (EPD) and industry best practise on circular design in lighting

Operations

- Sourced renewable electricity for all group operations in 2022 and for 2023, bringing our scope 2 emissions to zero.
- Offsetting residual Scope 1 emissions for 2022 and for 2023
- Investment into energy efficiency and automation projects within the China manufacturing facility
- Evaluation of our key locations (manufacturing and distribution centres) to better understand physical climate risk exposure to understand vulnerabilities across direct operations
- All plastic packaging is recyclable with a minimum 30% recycled content

Our ESG objectives for 2024 are as follows:

- Begin the alignment with the IFRS S2 Standard
- Start the development of the transition plan
- Development of TM65 for all new Luceco product ranges
- TM66 Target (DW Windsor)
- Respond to the CDP
- Independent assurance of GHC inventory

Principal risks and uncertainties

The Board is responsible for identifying, reviewing and managing business and operational risk. It is also responsible for determining the level of risk appetite it is prepared to take in the ordinary course of business to achieve the Group's strategic objectives and to ensure that appropriate and sufficient resource is allocated to the management and mitigation of risk.

In addition to the risk management framework, the Board has delegated responsibility to the Audit Committee for reviewing the overall process of assessing business risks and managing the impact on the Group. The Group's risk management process is set out below.

The principal risks identified, and actions taken to minimise their potential impact are included below. This is not an exhaustive list but those the Board believes may have an adverse effect on the Group's cash flow and profitability.

See also pages 66 to 71 in the 2023 Annual Report and Accounts.

In determining whether it is appropriate to adopt the going concern basis in the preparation of the financial statements, the Directors have considered these principal risks and uncertainties. The Viability Statement on pages 72 to 73 of the 2023 Annual Report and Accounts considers the prospects of the Group should a number of these risks crystallise together.

Principal risks

Concentration risks associated with operations

Risk and impact:	Mitigation
• The Group's products are overwhelmingly sourced from one country (China) and a large proportion are made in one location (Jiaxing) • Disruption to our Jiaxing facility could compromise our ability to serve our customers • General disruption, including to shipping routes between China and our selling markets (particularly the UK) could increase our costs or limit our ability to serve our markets. There has been some disruption in the Red sea in the first quarter of 2024 • China could be impacted by events in Ukraine/Russia, which impacts our ability to manufacture products	UK buffer stock is held in the event of supply disruption in China All suppliers are provided with visibility of forward orders and supply issues are discussed upfront Production facilities in China are spread across multiple buildings on the same site to mitigate risk The Group owns its product designs and production tooling, allowing manufacturing to be moved between suppliers more easily Business Continuity Plans are in place for Jiaxing site Business Interruption Insurance is in place for the Jiaxing site, Telford site and our OEM supplier of Portable Power products

Concentration risks associated with customers and products:

Risk and impact:	Mitigation
• The Group has a number of key customers representing circa 50% of Group revenue. A change in demand from these customers could result in reduced sales and profits • The Group's committed order book extends 2-3 months forward. Orders thereafter are uncommitted • Geopolitical instability creates prices changes and shortages of materials and the impact of inflation on input costs from energy and material costs impacting product cost and profitability. This has been prevalent with copper based products due to increasing global demand as electrification escalates in many sectors • A change in energy prices could increase the Group's operating costs, reduce profits and/or price competitiveness • The Group has a material exposure to the purchase price of copper. An adverse move could reduce profits and/or price competitiveness	Key customers typically follow a tender process, providing visibility of business wins and losses Large customers typically take 6-12 months to implement a large range change throughout their networks, giving us time to react The cost of range changes for large customers is high, reducing the likelihood of occurrence Relationships with the Group's large customers are particularly established Capacity at our factory and at our OEM partners in China can be changed quickly and cost effectively The Group hedges its USD:RMB and copper exposures according to a Board-approved policy. The hedging matches the duration of any fixed selling price commitment offered to customers The Group has fixed price gas and electricity contracts covering a significant proportion of its energy use Application of the hedging policy is reviewed by the Board

Macroeconomic, political and environmental:

Risk and impact:	Mitigation
• A deterioration in trade relations between the UK and China could disrupt product supply and/or increase costs • The Group has a concentrated exposure to the UK market. UK economic headwinds could reduce profits. • A failure to respond to governmental, cultural, customer or investor requirements on ESG in the following areas: changing customer behaviour and demands (e.g. electric vehicle charging), increased stakeholder concern, negative feedback or non-compliance on ESG strategy, increased severity and frequency of extreme weather events accelerating ESG progress. All of which could result in reduced profits or a reduced share price	We have clear ESG objectives tied to management compensation plans. Our progress is visible via independent bodies such as CPD and SBTi The Group is expanding and developing its product range of low carbon products (e.g. LED lighting and electric vehicle chargers) The Group is diversified by market segment within the UK, reducing risk The Group is largely exposed to the RMI cycle, which is less susceptible to macroeconomic forces The Group's overseas businesses are expected to grow faster than the UK, diluting the UK exposure UK buffer stock is held in the event of supply disruption in China A "China Plus 1" sourcing strategy is being developed Management liaises closely with investors and customers to understand their future ESG needs and responds accordingly

Loss of IT / data:

Risk and impact:	Mitigation
• Loss of IT functionality would compromise operations, leading to increased costs or lost sales • Loss of sensitive data from our IT environment would expose the Group to regulatory, legal or reputational risk • Increased cloud server usage increases risk of data loss or compromise and cyber risk is on a upward trend impacting operations and reputational risk	Market-leading cyber security tools and monitoring are in place Market-leading data backup tools are in place IT disaster recovery plans are in place throughout the Group We conduct regular penetration testing We conduct regular Group-wide cyber security training for employees IT incidents are reported to the Board

People and labour shortages:

Risk and impact:	Mitigation
• Loss of key employees could damage business relationships or result in a loss of knowledge • A shortage of available labour for key roles could disrupt operations and impact long-term progress • Depending on the job role and team, COVID-19 has changed employee's and employer's work place expectations. A more fluid working environment in both the office and home is more common place. The risk of not adapting to this change in working practices could lead to loss of employees and an inability to attract talent	Key relationships are typically shared between more than one employee The Group's service offering is multi-faceted, reducing the risk that the loss of an employee would result in lost sales Retention of key employees is driven by long-term personal development and incentive plans and ensuring compensation is regularly benchmarked for competitiveness. These plans are reviewed by the Nomination and Remuneration Committees Workforce engagement surveys ensure employee needs are identified and addressed, promoting retention Adoption of hybrid practices within appropriate teams and locations

Acquisitions:

Risk and impact:	Mitigation
• An ill-judged acquisition could reduce Group profit and return on capital • Unable to grow or develop an acquired business in line with expectations, leading to lower profits • The Group's acquisition strategy could compromise/distract the execution of strategy in other areas	Our acquisition strategy is set by the Board Board members possess significant M&A experience The acquisition strategy is implemented by an experienced in-house team The Group's key markets are relatively stable, meaning acquisition targets typically have an established track record Individual acquisitions are typically small relative to the size of the Group, reducing the impact of each deal and reducing potential distraction The Group conducts extensive due diligence prior to acquisition All acquisitions are approved by the Board

Legal and Regulatory

Risk and impact:	Mitigation
• The Group could infringe upon the IP of others, leading to legal claims • The Group's products could fail to meet regulatory requirements or experience quality failures, resulting in legal claims and/or reputational damage • The Group's businesses could fail to meet regulatory requirements in their countries of operation • The Group could fail to comply with local tax laws, particularly regarding transfer pricing	The Group receives IP advice from external experts The Group's products are certified for use prior to launch by external experts The Group has extensive quality assurance resources in the UK and China Suppliers are required to adhere to a strict Code of Conduct Supplier compliance with the Code of Conduct is audited by our in-house teams Product liability claims are reported to the Board Product liability insurance is in place globally The Group's transfer pricing policies are reviewed regularly with the help of external experts

Finance and treasury

Risk and impact:	Mitigation
• The Group could fail to provide sufficient funding liquidity for its operations • The Group has a material exposure to movements in the USD and RMB currency rates. An adverse move could reduce short-term profits and/or long-term competitiveness • The Group could fail to report its financial performance accurately, leading to inappropriate decision-making and regulatory breaches • The Group could suffer fraud across its widespread operations	The Group hedges its currency exposures according to a Board-approved policy. The hedging matches the duration of any fixed selling price commitment offered to customers The Group has a clear Capital Structure policy that is designed to provide sufficient liquidity The Capital Structure policy is implemented by Treasury experts and monitored by the Board The Treasury team prepares regular cash flow forecasts The Group's financial statements require relatively few judgements or estimates, reducing the risk of misstatement The Group's accounting policies and internal accounting manual are approved by the Board The Group operates two main accounting centres in the UK and China, which are overseen closely by the Group Finance team The Group has invested in market-leading financial accounting and reporting software

Statement of Directors' responsibilities

The following statement will be contained in the 2023 Annual Report and Accounts.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

- We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

JOHN HORNBY
Chief Executive Officer

WILL HOY
Chief Financial Officer

25 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	**2023** **£m**	2022[1] £m
Revenue	2	**209.0**	206.3
Cost of sales		**(126.2)**	(138.3)
Gross profit		**82.8**	68.0
Distribution expenses		**(8.6)**	(9.2)
Administrative expenses		**(52.0)**	(45.1)
Operating profit	2,3	**22.2**	13.7
Finance expense		**(3.3)**	(2.0)
Net finance expense		**(3.3)**	(2.0)
Profit before tax		**18.9**	11.7
Taxation	4	**(2.2)**	(0.7)
Profit for the period		**16.7**	11.0
Earnings per share (p)			
Basic	5	**10.8p**	7.1p
Fully diluted	5	**10.7p**	7.0p

1. Re-presented in respect of 2022 is detailed in note 1

Adjusted[1] Results

	Note	**2023** **£m**	2022 £m
Adjusted operating profit	1	**24.0**	22.0
Adjusted profit before tax	1	**21.2**	19.4
Adjusted profit after tax	1	**17.3**	17.2
Adjusted basic earnings per share	5	**11.1p**	11.1p
Adjusted diluted earnings per share	5	**11.1p**	11.0p

1. See note 1 for alternative performance measures

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 **£m**	2022 £m
Profit for the period	**16.7**	11.0
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:		
Foreign exchange translation differences – foreign operations	**(2.5)**	2.4
Other comprehensive income – amounts that will not be reclassified to profit or loss:		
Changes in the fair value of equity investments at fair value through other comprehensive income	**0.6**	-
Total comprehensive income for the year	**14.8**	13.4

All results are from continuing operations.

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2023

	Note	2023 £m	2022 £m
Non-current assets			
Property, plant and equipment	7	**20.0**	21.4
Right-of-use assets		**7.6**	6.1
Intangible assets	8	**40.1**	41.7
Investment		**2.3**	-
Financial assets measured at fair value through profit or loss		**0.4**	0.5
Deferred tax asset		**2.5**	0.8
		72.9	70.5
Current assets			
Inventories		**40.8**	47.5
Trade and other receivables		**55.7**	52.9
Financial assets measured at fair value through profit or loss		**0.3**	0.7
Current tax asset		**2.5**	1.2
Cash and cash equivalents		**4.6**	5.3
		103.9	107.6
Total assets		**176.8**	178.1
Current liabilities			
Trade and other payables		**47.9**	49.8
Financial liabilities measured at fair value through profit or loss		**1.5**	2.3
Other financial liabilities		**2.0**	2.0
		51.4	54.1
Non-current liabilities			
Interest-bearing loans and borrowings	9	**22.3**	28.4
Other financial liabilities		**3.1**	4.3
Deferred tax liability		**3.6**	2.3
Financial liabilities measured at fair value through profit or loss		**0.3**	-
Provisions		**2.3**	2.3
		31.6	37.3
Total liabilities		**83.0**	91.4
Net assets		**93.8**	86.7
Equity attributable to equity holders of the parent			
Share capital		**0.1**	0.1
Share premium		**24.8**	24.8
Othe reserve		**0.7**	2.6
Treasury reserve		**(8.6)**	(8.7)
Retained earnings		**76.8**	67.9
Total equity		**93.8**	86.7

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital	Share premium	Translation reserve	Financial Assets at FVOCI	Retained earnings	Treasury reserve	**Total equity**
	£m	£m	£m	£m	£m	£m	**£m**
Balance at 1 January 2022	**0.1**	**24.8**	**0.2**	**-**	**69.3**	**(6.7)**	**87.7**
Total comprehensive income							
Profit for the period	-	-	-	-	11.0	-	**11.0**
Currency revaluations of investments	-	-	2.5	-	-	-	**2.5**
Currency translation differences	-	-	(0.1)	-	-	-	**(0.1)**
Total comprehensive income for the period	**-**	**-**	**2.4**	**-**	**11.0**	**-**	**13.4**
Transactions with owners in their capacity as owners:							
Dividends	-	-	-	-	(10.9)	-	**(10.9)**
Purchase of own shares	-	-	-	-	-	(2.4)	**(2.4)**
Disposal of own shares	-	-	-	-	(0.4)	0.4	**-**
Deferred tax on share-based payment transactions	-	-	-	-	(1.6)	-	**(1.6)**
Corporation tax on foreign currency translation differences on investments in overseas entities	-	-	-	-	(0.5)	-	**(0.5)**
Share-based payments charge	-	-	-	-	1.0	-	**1.0**
Total transactions with owners in their capacity as owners	-	-	-	**-**	**(12.4)**	**(2.0)**	**(14.4)**
Balance at 31 December 2022	**0.1**	**24.8**	**2.6**	**-**	**67.9**	**(8.7)**	**86.7**
Balance at 1 January 2023	**0.1**	**24.8**	**2.6**	**-**	**67.9**	**(8.7)**	**86.7**
Total comprehensive income							
Profit for the period	-	-	-	-	16.7	-	**16.7**
Investment revaluation	-	-	-	0.6	-	-	**0.6**
Currency translation differences	-	-	(2.5)	-	-	-	**(2.5)**
Total comprehensive income for the period	**-**	**-**	**(2.5)**	**0.6**	**16.7**	**-**	**14.8**
Transactions with owners in their capacity as owners:							
Dividends	-	-	-	-	(7.2)	-	**(7.2)**
Purchase of own shares	-	-	-	-	-	(1.6)	**(1.6)**
Disposal of own shares	-	-	-	-	(1.7)	1.7	**-**
Deferred tax on share-based payment transactions				-	0.2		**0.2**
Share-based payments charge	-	-	-	-	0.9	-	**0.9**
Total transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**(7.8)**	**0.1**	**(7.7)**
Balance at 31 December 2023	**0.1**	**24.8**	**0.1**	**0.6**	**76.8**	**(8.6)**	**93.8**

The accompanying notes form part of theses financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

	Note	2023 £m	2022[1] £m
Cash flows from operating activities			
Profit for the period		**16.7**	11.0
Adjustments for:			
Depreciation and amortisation	7,8	**9.3**	8.9
Finance expense		**3.3**	2.0
Taxation	4	**2.2**	0.7
Loss on disposal of tangible assets		**0.2**	0.1
Increase in provisions		**-**	0.1
Share-based payments charge		**0.8**	1.0
Other non-cash items		**(0.5)**	6.8
Operating cash flow before movement in working capital		**32.0**	30.6
(Increase)/decrease in trade and other receivables		**(3.1)**	19.2
Decrease in inventories		**5.9**	12.0
(Decrease) in trade and other payables		**(2.2)**	(18.5)
Cash from operations		**32.6**	43.3
Tax paid		**(3.6)**	(4.7)
Net cash from operating activities		**29.0**	38.6
Cash flows from investing activities			
Acquisition of property, plant and equipment[2]	7	**(6.4)**	(4.1)
Acquisition of other intangible assets	8	**(1.8)**	(1.7)
Disposal of tangible assets	7	**-**	0.2
Acquisition of subsidiary		**-**	(7.8)
Investment		**(1.7)**	-
Net cash used in investing activities		**(9.9)**	(13.4)
Cash flows from financing activities			
(Repayment) of borrowings		**(6.1)**	(8.9)
Interest paid		**(2.8)**	(2.7)
Dividends paid		**(7.2)**	(10.9)
Finance lease liabilities		**(2.1)**	(2.2)
Purchase of own shares		**(1.6)**	(2.4)
Net cash from financing activities		**(19.8)**	(27.1)
Net (decrease)/increase in cash and cash equivalents		**(0.7)**	(1.9)
Cash and cash equivalents at 1 January		**5.3**	6.9
Effect of exchange rate fluctuations on cash held		**-**	0.3
Cash and cash equivalents at 31 December		**4.6**	5.3

1. Re-presented in respect of 2022 is detailed in note 1
2. Includes £2.5m of Land and Buildings relating to a long lease (999 year) property shown in Right of Use Assets

The accompanying notes form part of theses financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Basis of preparation

Luceco plc (the “Company”) is a company incorporated and domiciled in the United Kingdom. These consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the manufacturing and distributing of high quality and innovative wiring accessories, LED lighting and portable power products to global markets (see note 2).

The financial information is derived from the Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared on the going concern basis in accordance with UK adopted international accounting standards (UK adopted IFRS) in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for certain financial instruments which are carried at fair value.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2023 and 31 December 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies, and those for 2023 will be delivered in due course. The Auditors have reported on the 2023 statutory accounts; their report was (i) unqualified and (ii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditors' report can be found in the Company's full 2023 Annual Report and Accounts on pages 117 to 123.

The 2023 Annual Report and Accounts and the Notice of the 2023 Annual General Meeting will be published on the Company's website at http://www.lucecoplc.com as soon as practicable. They will also be submitted to the National Storage Mechanism where they will be available for inspection at:

https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The Group's accounting policies can be referred to in note 1 of the consolidated financial statements in the 2023 Annual Report and Accounts.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts and our cash flow forecasts support this. The Group has reported a profit before tax of £18.9m for the year to 31 December 2023 (2022: £11.7m), has net current assets of £52.5m (2022: £53.5m) and net assets of £93.8m (2022: £86.7m), net debt of £22.8m (2022: £29.4m) and net cash from operating activities of £29.0m (2022: £38.6m). The bank facilities mature on 30 September 2026 as detailed below:

The capital resources at the Group’s disposal at 31 December 2023 and 29 February 2024:

- A revolving credit facility of £80.0m, £22.3m drawn at 31 December 2023 and £28.4m drawn at 29 February 2024

The revolving credit facility requires the Group to comply with the following quarterly financial covenants:

- Closing Covenant Net Debt of no more than 3.0 times Covenant EBITDA for the preceding 12-month period
- Covenant EBITDA of no less than 4.0 times Covenant Net Finance Expense for the preceding 12-month period

The Directors ran scenario tests on the severe but plausible downside case. The assumptions in this scenario were as follows: concentration risks with associated operations (25% reduction in revenue for three months followed by 50% reduction for three months and 20% increase in shipping costs during the period) and macroeconomic, political and environmental risks (18-month recession with a 10% reduction in revenue and gross profit). These severe but plausible downside scenarios do not lead to any breach in covenants nor any breach in facility. All modelling has been conducted without any mitigation activity. There have been no changes to post balance sheet liquidity positions.

The Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statutory and non-statutory measures of performance – adjusted measures

The financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the Group.

The Group's performance is assessed using a number of financial measures which are not defined under IFRS (the financial reporting framework applied by the Group). Management uses the adjusted or alternative performance measures (APMs) as a part of their internal financial performance monitoring and when assessing the future impact of operating decisions. The APMs disclose the adjusted performance of the Group excluding specific items. The measures allow a more effective year-on-year comparison and identification of core business trends by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities such as a corporate acquisition. The Group separately reports acquisition costs, other exceptional items and other specific items in the consolidated income statement which, in the Directors' judgement, need to be disclosed separately by virtue of their nature, size and incidence in order for users of the financial statements to obtain a balanced view of the financial information and the underlying performance of the business.

In following the guidelines on Alternative Performance Measures (APMs) issued by the European Securities and Markets Authorities, the Group has included a consolidated income statement and consolidated cash flow statement that have both Statutory and Adjusted performance measures. The definitions of the measures used in these results are below and the principles to identify adjusting items have been applied on a basis consistent with previous years.

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
Adjusted Gross Profit Margin	Gross Profit Margin	Consolidated income statement	Based on the related IFRS measure but excluding the adjusting items. A breakdown of the adjusting items from 2023 and 2022, which reconciles the adjusted measures to statutory figures, can be found later in this document	Allows management to assess the performance of the business after removing large/unusual items or transactions that are not reflective of the underlying business operations
Adjusted Operating Costs	Operating Gross profit less Operating profit	Consolidated income statement		
Adjusted Operating Profit	Operating profit	Consolidated income statement		
Adjusted Basic EPS	Basic EPS	Consolidated income statement		
Constant Currency			Current period reviewed translated at the average exchange rate of the prior period	Allows management to identify the relative year-on-year performance of the business by removing the impact of currency movements that are outside of management's control
EBITDA	Operating profit	Consolidated income statement	Consolidated earnings before interest, tax, depreciation and amortisation	Provides management with an approximation of cash generation from the Group's operational activities
Low Carbon Sales	Revenue	Segmental operating revenue	EV charger revenue and LED revenue less sales from lighting columns and downlight accessories	Provides management with a measure of low carbon sales
Adjusted EBITDA	Operating profit	Consolidated income statement	EBITDA excluding the adjusting items excluded from Adjusted Operating Profit except for any adjusting items that relate to depreciation and amortisation	Provides management with an approximation of cash generation from the Group's underlying operating activities

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
Covenant EBITDA	Operating profit	Consolidated income statement	As above definition of "Adjusted EBITDA" but including EBITDA generated from acquisitions between 1 January and the date of acquisition and excluding share-based payment expense	Aligns with the definition of EBITDA used for bank covenant testing
Contribution profit	Operating profit and operating costs	Consolidated income statement	Contribution profit is after allocation of directly attributable adjusted operating expenses for each operating segment	Provides management with an assessment of profitability by operating segment
Contribution margin	Operating profit and operating costs	Consolidated income statement	Contribution margin is contribution profit, as above, divided by revenue for each operating segment	Provides management with an assessment of margin by operating segment
Adjusted Operating Cash Flow	Cash flow from operations	Consolidated cash flow statement	Adjusted Operating Cash Flow is the cash from operations but excluding the cash impact of the adjusting items excluded from Adjusted Operating Profit	Provides management with an indication of the amount of cash available for discretionary investment
Adjusted Free Cash Flow	Net increase/(decrease) in cash and cash equivalents	Consolidated cash flow statement	Adjusted Free Cash Flow is calculated as Adjusted Operating Cash Flow less cash flows in respect of investing activities (except for those in respect of acquisitions or disposals), interest and taxes paid	Provides management with an indication of the free cash generated by the business for return to shareholders or reinvestment in M&A activity
Adjusted Net Cash Flow	Net increase/(decrease) in cash and cash equivalents	Consolidated cash flow statement	Adjusted Free Cash Flow less cash flows relating to dividend payments and the purchase of own shares	Provides management with an indication of the net cash flows generated by the business after dividends and share purchases
Adjusted Operating Cash Conversion	None	Consolidated cash flow statement and consolidated income statement	Operating Cash Conversion is defined as Adjusted Operating Cash Flow divided by Adjusted Operating Profit	Allows management to monitor the conversion of operating profit into cash
Return on Capital Invested ("ROCI")	None	Operating profit and Net assets	Adjusted Operating Profit divided into the sum of net assets and net debt (average for the last two years) expressed as a percentage	To provide an assessment of how profitability capital is being deployed in the business

Re-presented prior year comparative

Revenue, profit before and after tax and EPS all unchanged

During the year the Group has amended its presentation of its net finance expense line. In the 2022 Annual report and Accounts the company combined the finance interest together with the impact of re-measurement of the fair value of the hedging portfolio. Given that the impact of the hedging relates to the purchase of goods bought in a foreign currency, the Board believes it is preferable for the reader to show this as a cost of sale item rather than a net finance expense item. This leaves the finance expense line with borrowing and cash interest impacts only. Accordingly, the presentation of the accounts has been restated for 2022 and the impact is as follows from the 2022 Reported numbers:

The revised presentation has no impact on reported profit before tax, cash flows or net assets as reported previously.

	2022 Reported	Presentation restatement	2022 Re-presented
Revenue	206.3	-	206.3
Cost of sales	(132.0)	(6.3)	(138.3)
Gross profit	74.3	(6.3)	68.0
Distribution expenses	(9.2)	-	(9.2)
Administrative expenses	(45.1)	-	(45.1)
Operating profit	20.0	(6.3)	13.7
Finance expense	(8.3)	6.3	(2.0)
Net finance expense	(8.3)	6.3	(2.0)
Profit before tax	11.7	-	11.7
Taxation	(0.7)	-	(0.7)
Profit for the period	11.0	-	11.0
Earnings per share (p)			
Basic	7.1p	-	7.1p
Fully diluted	7.0p	-	7.0p

2. Re-presented 2022 is detailed in note 1

The following is the impact on the cashflow, it has no impact on any subtotal items, just within the Operating cash flow before movement in working capital section.

£m	**2022 Reported**	**Presentation restatement**	**2022 Re-presented**
Cash flows from operating activities			
Profit for the period	11.0	-	11.0
Adjustments for:			
Depreciation and amortisation	8.9	-	8.9
Finance expense	8.3	(6.3)	2.0
Taxation	0.7	-	0.7
Loss on disposal of tangible assets	0.1	-	0.1
Increase in provisions	0.1	-	0.1
Share-based payments charge	1.0	-	1.0
Other non-cash items	0.5	6.3	6.8
Operating cash flow before movement in working capital	30.6	-	30.6
(Increase)/decrease in trade and other receivables	19.2	-	19.2
Decrease in inventories	12.0	-	12.0
Decrease in trade and other payables	(18.5)	-	(18.5)
Cash from operations	43.3	-	43.3
Tax paid	(4.7)	-	(4.7)
Net cash from operating activities	38.6	-	38.6
Cash flows from investing activities			
Acquisition of property, plant and equipment	(4.1)	-	(4.1)
Acquisition of other intangible assets	(1.7)	-	(1.7)
Disposal of tangible assets	0.2	-	0.2
Acquisition of subsidiary	(7.8)	-	(7.8)
Net cash used in investing activities	(13.4)	-	(13.4)

Cash flows from financing activities			
Repayment of borrowings	(8.9)	-	(8.9)
Interest paid	(2.7)	-	(2.7)
Dividends paid	(10.9)	-	(10.9)
Finance lease liabilities	(2.2)	-	(2.2)
Purchase of own shares	(2.4)	-	(2.4)
Net cash from financing activities	(27.1)	-	(27.1)
Net decrease in cash and cash equivalents	(1.9)	-	(1.9)
Cash and cash equivalents at 1 January	6.9	-	6.9
Effect of exchange rate fluctuations on cash held	0.3	-	0.3
Cash and cash equivalents at 31 December	5.3	-	5.3

The following table reconciles all adjustments from the reported to the adjusted figures in the income statement:

	2023 **£m**	Amortisation of acquired intangibles and related acquisition costs[1] £m	Re-measurement to fair value of hedging portfolio[2] £m	2023 Adjustments £m	**Adjusted 2023** **£m**
Revenue	**209.0**	**-**	**-**	**-**	**209.0**
Cost of sales	**(126.2)**	-	(0.5)	(0.5)	**(126.7)**
Gross profit	**82.8**	**-**	**(0.5)**	**(0.5)**	**82.3**
Distribution expenses	**(8.6)**	-	-	-	**(8.6)**
Administrative expenses	**(52.0)**	2.3	-	2.3	**(49.7)**
Operating profit	**22.2**	**2.3**	**(0.5)**	**1.8**	**24.0**
Net finance expense	**(3.3)**	-	0.5	0.5	**(2.8)**
Profit before tax	**18.9**	**2.3**	**-**	**2.3**	**21.2**
Taxation	**(2.2)**	(1.7)	-	(1.7)	**(3.9)**
Profit for the period	**16.7**	**0.6**	**-**	**0.6**	**17.3**

1. Relating to Kingfisher Lighting, DW Windsor and Sync EV
2. Relating to currency hedges/interest swaps

	2022 **£m**	Amortisation of acquired intangibles and related acquisition costs[1] £m	Re-measurement to fair value of hedging portfolio[2] £m	Restructuring[3] £m	2022 Adjustments £m	**Adjusted 2022** **£m**
Revenue	**206.3**	**-**	**-**	**-**	**-**	**206.3**
Cost of sales	**(138.3)**	-	6.3	-	6.3	**(132.0)**
Gross profit	**68.0**	**-**	**6.3**	**-**	**6.3**	**74.3**
Distribution expenses	**(9.2)**	-	-	-	-	**(9.2)**
Administrative expenses	**(45.1)**	3.0	-	(1.0)	2.0	**(43.1)**
Operating profit	**13.7**	**3.0**	**6.3**	**(1.0)**	**8.3**	**22.0**
Net finance expense	**(2.0)**	-	(0.6)	-	(0.6)	**(2.6)**
Profit before tax	**11.7**	**3.0**	**5.7**	**(1.0)**	**7.7**	**19.4**
Taxation	**(0.7)**	(0.6)	(1.1)	0.2	(1.5)	**(2.2)**
Profit for the period	**11.0**	**2.4**	**4.6**	**(0.8)**	**6.2**	**17.2**

1. Relating to Kingfisher Lighting, DW Windsor and Sync EV
2. Relating to currency hedges/interest swaps
3. Relating to the closure of Germany and France operations

The following tables indicate how alternative performance measures are calculated:

Adjusted 12 months rolling EBITDA	2023 £m	2022 £m
Adjusted Operating Profit	**24.0**	22.0
Adjusted Depreciation and Amortisation	**7.4**	7.1
Adjusted 12 months rolling EBITDA	**31.4**	29.1

Covenant EBITDA	2023 £m	2022 £m
Adjusted 12 months rolling EBITDA	**31.4**	29.1
EBITDA from acquisitions from 1 January to the date of acquisition and share based payment expense	**0.8**	1.2
Covenant EBITDA	**32.2**	30.3

Adjusted Operating Cash Conversion	2023 £m	2022 £m
Cash from operations (from consolidated cash flow statement)	**32.6**	43.3
Adjustments to operating cash flow (from consolidated cash flow statement)	**-**	0.4
Adjusted Operating Cash Flow	**32.6**	43.7
Adjusted Operating Profit	**24.0**	22.0
Adjusted Operating Cash Conversion	**135.8%**	198.6%

Adjusted Net Cash Flow as % of revenue	2023 £m	2022 £m
Adjusted Free Cash Flow (see below)	**18.0**	30.7
Purchase of own shares	**(1.6)**	(2.4)
Dividends	**(7.2)**	(10.9)
Adjusted Net Cash Flow	**9.2**	17.4
Revenue	**209.0**	206.3
Adjusted Net Cash Flow as % of revenue	**4.4%**	14.9%

Adjusted Free Cash Flow as % of revenue	2023 £m	2022 £m
Adjusted Operating Cash Flow (see table above)	**32.6**	43.7
Net Cash used in investing activities excluding acquisitions (from consolidated cash flow statement)	**(8.2)**	(5.6)
Interest paid (from consolidated cash flow statement)	**(2.8)**	(2.7)
Tax paid (from consolidated cash flow statement)	**(3.6)**	(4.7)
Adjusted Free Cash Flow	**18.0**	30.7
Revenue	**209.0**	206.3
Adjusted Free Cash Flow as % of revenue	**8.6%**	14.9%

Return on Capital Investment	2023 £m	2022 £m
Net assets	**93.8**	86.7
Net debt	**22.8**	29.4
Capital invested	**116.6**	116.1
Average capital invested (from last two years)	**116.4**	121.0
Adjusted Operating Profit (from above)	**24.0**	22.0
Return on Capital Invested (Adjusted Operating Profit/average capital invested)	**20.6%**	18.2%

Standards and interpretations issued

The following UK-adopted IFRS have been issued and have been applied in these financial statements. Their adoption did not have a material effect on the financial statements, unless otherwise indicated, from 1 January 2023:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting policies - Amendments to IAS 1
- Deferred Tax related to Assets and Liabilities arising from a single Transaction – Amendments to IAS 12
- International Tax Reform – Pillar Two Model Rules, Amendments to IAS 12 (effective 23 May 2023)

The following UK adopted IFRS have been issued but have not been applied and adoption is not expected to have a material effect on the financial statements, unless otherwise indicated, from 1 January 2024:

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current, amendments to IAS 1
- Lease Liability in a Sale Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Lack of Exchangeability – Amendments to IAS 21 (effective 1 January 2025)

2. Operating segments

The Group's principal activities are in the manufacturing and supply of Wiring Accessories, LED Lighting and Portable Power equipment. For the purposes of management reporting to the Chief Operating Decision-Maker (the Board), the Group consists of three operating segments which are the product categories that the Group distributes. The Board does not review the Group's assets and liabilities on a segmental basis and, therefore, no segmental disclosure is included. Inter-segment sales are not material. Revenue and operating profit are reported under *IFRS 8 Operating Segments*.

	Adjusted 2023 £m	**Adjustments £m**	**Reported 2023 £m**	Adjusted 2022 £m	Adjustments £m	Reported 2022 £m
Revenue						
Wiring Accessories	**82.6**	**-**	**82.6**	73.7	-	73.7
LED Lighting	**79.0**	**-**	**79.0**	81.4	-	81.4
Portable Power	**47.4**	**-**	**47.4**	51.2	-	51.2
	209.0	**-**	**209.0**	206.3	-	206.3
Operating profit						
Wiring Accessories	**15.0**	**0.3**	**15.3**	13.9	(2.2)	11.7
LED Lighting	**4.7**	**(1.5)**	**3.2**	3.4	(3.1)	0.3
Portable Power	**4.3**	**(0.6)**	**3.7**	4.7	(3.0)	1.7
Operating profit	**24.0**	**(1.8)**	**22.2**	22.0	(8.3)	13.7

Revenue by location of customer

	2023 £m	2022 £m
UK	**173.6**	165.3
Europe	**12.9**	19.7
Americas	**8.6**	8.0
Middle East and Africa	**8.3**	8.7
Asia Pacific	**5.6**	4.6
Total revenue	**209.0**	206.3

Non-current assets by location

	2023 £m	2022 £m
UK	**57.3**	52.1
China	**15.3**	17.6
Other	**0.3**	0.8
Non-current assets	**72.9**	70.5

3. Expenses recognised in the consolidated income statement

Included in the consolidated income statement are the following:

	2023 £m	2022 £m
Research and development costs expensed as incurred	**2.3**	1.9
Depreciation of property, plant and equipment and right-of-use assets	**5.9**	6.0
Amortisation of intangible assets	**3.4**	2.9

4. Income tax expense

	2023 £m	2022 £m
Current tax expense		
Current year – UK	**2.9**	2.3
Current year – overseas	**-**	(0.9)
Adjustment in respect of prior years	**(0.5)**	(0.3)
Current tax expense	**2.4**	1.1
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**0.9**	(0.2)
Adjustment in respect of prior years	**(1.3)**	(0.1)
Effect of tax rate change on opening balance	**0.2**	(0.1)
Deferred tax (credit)	**(0.2)**	(0.4)
Total tax expense	**2.2**	0.7

Reconciliation of effective tax rate	2023 £m	2022 £m
Profit for the year	**16.7**	11.0
Total tax expense	**2.2**	0.7
Profit before taxation	**18.9**	11.7
Tax using the UK corporation tax rate of 19.0% (2021: 19.0%)	**4.4**	2.2
Effect of tax rates in foreign jurisdictions	**(0.5)**	-
R&D tax credits	**(0.4)**	(0.4)
Non-deductible expenses	**0.1**	0.2
Adjustment in respect of previous periods	**(1.8)**	(0.4)
Transfer pricing adjustments (related to China)	**-**	(1.0)
Effect of rate change in calculation of deferred tax	**0.3**	0.1
Movement in deferred tax not recognised	**0.1**	-
Deferred tax on share-based payments	**-**	0.3
Fixed asset differences related to tax and book value	**-**	(0.1)
Utilisation of unrecognised overseas brought forward tax losses	**-**	(0.2)
Total tax expense	**2.2**	0.7

The adjustment in respect of previous periods of a £1.8m credit relates to differences between the Group's tax provisions at the date of the accounts being signed and the completion of the final Group's tax returns of which £1.2m relates to a tax deduction in respect of shares issued on the acquisition of DW Windsor.

Factors which may affect future current and total tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31 December 2023 and 31 December 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

5. Earnings per share

Earnings per share is calculated based on the profit for the period attributable to the owners of the Group. Adjusted earnings per share is calculated based on the adjusted profit for the period, as detailed below, attributable to the owners of the Group. These measures are divided by the weighted average number of shares outstanding during the period.

	2023 £m	2022 £m
Earnings for calculating basic earnings per share	**16.7**	11.0
Adjusted for:		
Restructuring of European operations	**-**	(1.0)
Amortisation of acquired intangibles and related acquisition costs	**2.3**	3.0
Remeasurement to fair value of hedging portfolio	**-**	5.7
Income tax on above items	**(0.5)**	(1.5)
Other tax items	**(1.2)**	-
Adjusted earnings for calculating adjusted basic earnings per share	**17.3**	**17.2**

Weighted average number of ordinary shares	**2023 Number Million**	2022 Number Million
Basic	**155.2**	154.3
Dilutive effect of share options on potential ordinary shares	**1.3**	2.6
Diluted	**156.5**	**156.9**

	2023 Pence	2022 Pence
Basic earnings per share	**10.8**	7.1
Diluted earnings per share	**10.7**	7.0
Adjusted basic earnings per share	**11.1**	**11.1**
Adjusted diluted earnings per share	**11.1**	**11.0**

6. Dividend

Amounts recognised in the financial statements as distributions to equity shareholders as follows:

	2023 £m	2022 £m
Final dividend for the year ended 31 December 2022 of 3.0p (2021: 5.5p) per ordinary share	**4.7**	8.5
Interim dividend for the year ended 31 December 2023 of 1.6p (2022: 1.6p) per ordinary share	**2.5**	2.4
Total dividend recognised during the year	**7.2**	**10.9**

7. Property, plant and equipment

During the year, the Group purchased assets at a cost of £6.4m (2022: £4.1m); including land and buildings £2.7m (of which £2.5m relates to a long lease (999 year) property shown in Right of Use assets), plant and equipment £2.5m, tooling £1.4m, construction in progress £(0.4)m, and fixtures and fittings £0.2m. Assets with a net book value of £0.2m were disposed of (2022 £0.3m). Total depreciation for the period was £3.9m (2022: £4.1m).

During the year there were lease additions totalling £3.5m (including land and buildings as detailed above) and a depreciation charge of £2.0m. The net book value of right-of-use assets at 31 December 2023 was £7.6m (2022: £6.1m).

The Group has not included any borrowing costs within additions in 2023 (2022: £nil). There were no funds specifically borrowed for the assets and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material.

8. Intangible assets and goodwill

Development expenditure is capitalised and included in intangible assets when it meets the criteria laid out in IAS 38, "Intangible Assets". During the year, the Group incurred internally generated development costs of £1.8m (2022: £1.7m). The Group has not included any borrowing costs within capitalised development costs. There were no funds specifically borrowed for this asset and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material. Amortisation for the year was £3.4m (2022: £2.9m).

In the consolidated income statement these amounts have been included within "adjustments" in calculating the Adjusted Operating Profit/loss (refer to note 1 in the Notes to the consolidated financial statements).

There have been no triggers to necessitate an impairment of goodwill since the review undertaken as part of the year ended 31 December 2023. Goodwill has been allocated to cash-generating units and can be referred to in the Group's 2023 Annual Report and Accounts.

9. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, please refer to note 20 in the 2023 Annual Report and Accounts.

	2023 **£m**	2022 £m
Non-current liabilities		
Revolving credit facility	**22.3**	28.2
Overdrafts	**-**	0.2
	22.3	28.4

Bank loans are secured by a fixed and floating charge over the assets of the Group.

10. Exchange rates

The following significant Sterling exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	**2023**	2022
USD	**1.24**	1.23	**1.27**	1.21
EUR	**1.15**	1.17	**1.15**	1.13
RMB	**8.81**	8.30	**9.00**	8.34

11. Related party transactions

Transactions with key personnel

Key personnel include executive and non-executive Board members and the senior management team. The compensation of key management personnel, including executive directors is as follows:

	2023 **£m**	2022 £m
Remuneration (including benefits in kind)	**5.1**	5.1
Element of share-based payments expense	**0.9**	1.0
	6.0	6.1

12. Post balance sheet events

On the 29 February 2024, the Group acquired the entire issued share capital of D-Line (Europe) Limited ("D-Line") for £8.6m initial cash consideration and up to £3.8m of contingent consideration. D-Line is a supplier of cable management solutions consisting of decorative cable trunking and accessories, fire-rated cable supports, floor cable protector and cable organisers, with headquarters in Tyne and Wear in the UK. The business supplies retail, wholesale and eCommerce customers mainly in the UK, Europe and North America. The business supports its customers in North America from a sales and distribution facility in Kentucky, USA. For the unaudited 12 month period ended 30 November 2023 D-Line generated revenue of £17.0m and underlying operating profit of £1.4m.

13. Annual General Meeting (AGM)

The 2024 AGM will take place on 14 May 2024 at Numis Securities, 45 Gresham Street, London, EC2V 7BF. The notice of AGM and any related documents will be sent to shareholders within the prescribed timescales. Shareholders will be encouraged to submit their proxy votes online.

14. Date of approval of financial information

The financial information covers the year 1 January 2023 to 31 December 2023 and was approved by the Board on 25 March 2024. A copy of the 2023 Annual Report and Accounts will be published on the Luceco PLC investor relations website, www.lucecoplc.com as soon as practicable.

Additional information

Financial calendar

Item	Date
Ex-dividend date	11 April 2024
Dividend record date	12 April 2024
Dividend reinvestment plan final date for election	25 April 2024
Annual General Meeting	14 May 2024
Dividend paid	17 May 2024
2024 Half year end	30 June 2024
2024 Half year trading update	23 July 2024
2024 Half year results	10 September 2024
2024 Q3 Trading update	24 October 2024
2024 Year end	31 December 2024
2024 Year end preliminary statement	March 2025

Contacts

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Financial advisors and brokers	Numis Securities	45 Gresham Street London EC2V 7BF	www.numis.com
	Liberum Capital	Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY	www.liberum.com
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