



# Bringing Power to Life



We are a leading supplier of innovative electrical and lighting products that bring **Power to Life** for our customers.



### Strategic Report

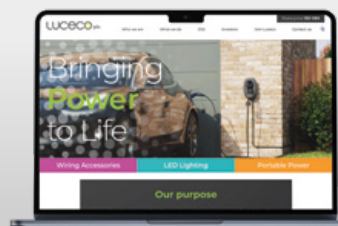
Our Highlights	1
Our Identity	2
What We Do	3
Chair's Statement	8
Chief Executive Officer's Review	10
Our Attractive Markets	14
Our Advantaged Business Model	16
Our Competitive Advantage	17
Our Strategy	18
Strategy in Action	19
Measuring our Performance	25
Chief Financial Officer's Review	26
Environment, Social and Governance	32
Our Stakeholders	60
Principal Risks and Uncertainties	64
Viability Statement	69
Non-financial and Sustainability Information Statement	71

### Governance

Chair's Introduction	73
Compliance with the 2018 UK Corporate Governance Code	74
The Board at a Glance	75
Board of Directors	76
Corporate Governance Report	78
Nomination Committee Report	83
Audit Committee Report	87
Remuneration Committee Report	92
Directors' Report	110
Statement of Directors' Responsibilities	114

### Financial Statements

Independent Auditor's Report	116
Consolidated Income Statement	124
Consolidated Statement of Comprehensive Income	125
Consolidated Balance Sheet	126
Consolidated Statement of Changes in Equity	127
Consolidated Cash Flow Statement	129
Notes to the Consolidated Financial Statements	130
Company Balance Sheet	169
Company Statement of Changes in Equity	170
Notes to the Company Financial Statements	171
Glossary	176
Company Information	178
Advisers and Other Information	180



Find us  
online:

[www.lucecopl.com](http://www.lucecopl.com)

Despite challenging market conditions, 2024 was another year of **strong, profitable growth** powered by our superior channel access and innovative product portfolio.

### Financial highlights

#### Revenue

£242.5m

2023: £209.0m | ↑ 16.0%

#### Adjusted<sup>1</sup> Operating Profit

£29.0m

2023: £24.0m | ↑ 20.8%

#### Adjusted<sup>1</sup> Earnings Per Share

12.5p

2023: 11.1p | ↑ 12.6%

#### Adjusted<sup>1</sup> Free Cash Flow

£3.5m

2023: £18.0m | ↓ -80.6%

#### Operating profit

£23.0m

2023: £22.2m | ↑ 3.6%

#### Bank Net Debt Ratio

1.6x

2023: 0.6x | ✓ In target range

### ESG highlights

#### ESG – emissions

Carbon neutral<sup>2</sup>

✓ operations in 2024

#### ESG – low carbon product<sup>2</sup> sales

34%

✓ revenue from low carbon products<sup>2</sup> in 2024

#### Read more



Read more about our ESG strategy on pages 32 to 59

You can find our full Sustainability Report on our website at:  
<https://www.lucecoplc.com/esg/>

1. The definitions of the adjustments made and reconciliations to the statutory figures can be found in note 1 of the consolidated financial statements on page 130 and are used throughout this document. The measures provide additional information for users on the underlying performance of the business, enabling consistent year-on-year comparisons.

2. Carbon neutral is defined on page 51 and low carbon products are defined on page 53.

# Our Identity

## Our purpose

To help people  
**harness power  
sustainably** in  
everyday life.



## Our culture

Find out more on pages 55 to 59



Customer-driven



Bold and innovative



Team-focused



Principled

## Our strategy

### Innovate

Designing and manufacturing  
market-leading products for  
our customers

Find out more on page 19

### Grow

Maximising sales to an  
increasing customer base

Find out more on page 21

### Sustain

Promoting sustainable choices to  
enhance our competitive advantage

Find out more on page 23

## Reasons to invest

### 1. We operate in attractive markets

That are supported by  
long-term growth drivers

### 2. We have an advantaged business model

Which offers unique advantages  
to our customers and over our  
competition

### 3. We deliver compelling financial outcomes

Which are consistently stronger  
than our wider markets



# We Bring Power to Life

With decades of experience, we have grown from a trusted manufacturer of wiring accessories into a market leader offering a diverse portfolio of products through our trusted brands, which are driving sustained, profitable growth.

## Wiring Accessories

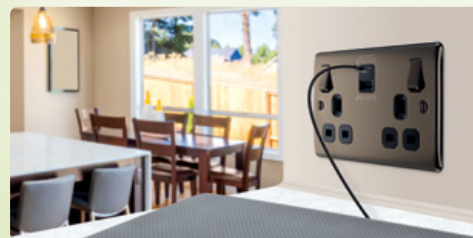
45%

Our brands:



D-LINE

cmd.



## LED Lighting

32%

Our brands:



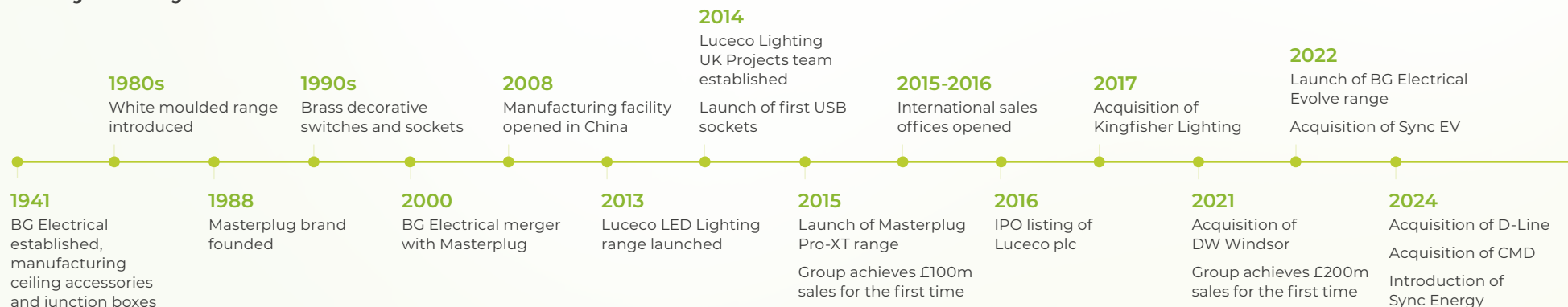
## Portable Power

23%

Our brands:



## Our journey



# Wiring Accessories

Our Wiring Accessories segment is a cornerstone of our portfolio. With a long history of delivering innovative and high-quality products under our trusted BG Electrical brand, in 2024 this segment has been further enhanced through the acquisitions of D-Line and CMD.

Through our own well-invested manufacturing facilities, which specialise in the design and manufacture of wiring accessories products, we can bring new products to market quickly which meet the growing demands of modern electrical installations. Through our innovative approach and strong customer relationships, the Wiring Accessories segment continues to grow ahead of the market whilst still delivering strong margins through our lean control of the design and manufacturing process.

## Who we sell to:



UK Professional	35%
UK Hybrid	30%
UK Retail	23%
International	12%

## Revenue

£108.9m

## Revenue growth since 2019

55.3%

## Adjusted Operating Profit growth since 2019

50.4%

## Brand focus:

**BG Electrical**



With a heritage spanning decades, BG Electrical offers an extensive range of products, including switches, sockets, circuit protection and smart home solutions. Where project deadlines are tight and time is an incredibly valuable commodity, electricians place a high value on our products which are easy to install, reliable and have excellent availability. As a result, many electricians have been using our BG Electrical products throughout their entire careers. We are incredibly proud of their loyalty, but we never take it for granted. In 2024 we continued to develop our range through the introduction of variable charging technology, which delivers fast charging whilst also protecting battery life.





## What We Do continued

### Wiring Accessories acquisitions in the year:

#### D-Line

D-Line

In February 2024, we were delighted to acquire D-Line, a leading brand in cable management solutions, renowned for their innovative, user-friendly products that combine practicality with aesthetics. Supplying a range of products including decorative cable trunking and accessories, fire-rated cable supports, floor cable protectors and cable organisers, D-Line supplies Retail, Wholesale and eCommerce customers mainly in the UK, Europe and North America.

D-Line's product range is a natural fit alongside our existing categories. The business has developed a strong brand in the UK and internationally, and we are particularly excited about the opportunity to leverage D-Line's operation in North America to support our growing business in the territory. The integration of the business is on track, and we are beginning to deliver product development, sales and sourcing synergies.



### Wiring Accessories acquisitions in the year:

#### CMD

cmd.

CMD, the market-leading manufacturer of wiring accessories for the workplace, joined our Group in September 2024. Founded in 1984, CMD designs and manufactures a comprehensive range of wiring accessories for commercial premises, where it holds a leading position in the UK. Products include under-floor and under-desk power distribution solutions, on-desk and in-desk sockets, and a range of ergonomic products including the award-winning Miro monitor support arm.

CMD's approach aligns with Luceco's already well-established position as a leading supplier of wiring accessories to the Residential market in the UK. Our expertise in product development, manufacturing and sourcing will enable us to accelerate range innovation and improve margins for CMD. We also see an opportunity to offer Luceco's professional lighting range to CMD's customer base of specifiers and contractors.



# LED Lighting

A key segment of the Group, LED Lighting specialises in energy-efficient and innovative LED lighting solutions for a broad customer base.

Since being established in 2013, the segment has seen significant growth both in the UK and also internationally through expansion into Europe, Mexico and the Middle East. In addition to this organic expansion, we have supplemented this segment with the targeted acquisitions of Kingfisher Lighting in 2017 and DW Windsor in 2021.

## Who we sell to:



UK External Project Lighting	42%
Luceco Lighting International	24%
Luceco Lighting UK RMI	18%
Luceco Lighting UK Projects	16%

### Revenue

£78.4m

### Revenue growth since 2019

44.6%

### Adjusted Operating Profit growth since 2019

241.7%

### Brand focus:

## Luceco Lighting



Our Luceco Lighting brand boasts a market-leading portfolio of lighting products, developed by our design team in the UK, that is able to serve a broad customer base from the largest retailers to bespoke non-residential projects. Renowned for its commitment to quality and sustainability, Luceco Lighting's portfolio includes cutting-edge products like the award-winning Titan All-in-One Highbay, designed to provide flexibility, performance and reduced energy consumption. By focusing on advanced technologies, such as wireless controls and smart lighting systems, Luceco Lighting continues to deliver solutions that enhance energy efficiency and align with global sustainability goals, solidifying its reputation as an industry leader.

### Brand focus:

## External Project Lighting



Both DW Windsor and Kingfisher Lighting are leading providers of high-performance external lighting solutions. DW Windsor specialises in architectural and urban lighting, offering innovative designs that enhance public spaces while prioritising energy efficiency and durability. Kingfisher Lighting focuses on delivering robust and reliable solutions for sports, industrial and large-scale outdoor projects. Since acquisition, both businesses have benefited from the resources of the wider Group, accessing our advantaged business model, sharing design expertise and creation of back-office synergies. We are excited by the future of both of these excellent brands.





# Portable Power

Our Portable Power segment comprises both our trusted Masterplug brand as well as our dynamic, high-growth Sync Energy brand.

Through holding enviable market positions across the Retail, Hybrid and Wholesale sectors, the segment has seen continual above-market growth in the UK. In recent years this success has been supplemented with growth into international markets including the USA and the Middle East. Following the acquisition of Sync EV in 2022, the segment has expanded through the provision of EV chargers and clean energy solutions sold under what is now known as our Sync Energy brand.

## Who we sell to:



Masterplug UK	61%
Masterplug International	21%
Sync Energy	18%

## Revenue

£55.2m

## Revenue growth since 2019

15.5%

## Adjusted Operating Profit growth since 2019

41.5%

## Brand focus:

## Masterplug



First established in 1988, Masterplug delivers innovative and reliable solutions for power distribution and connectivity. The product range includes extension leads, cable reels, surge-protected devices and USB power solutions designed for both residential and commercial use. Known for their durability, safety features and modern designs, these products cater to the evolving needs of consumers and contractors alike. Recent innovations, such as USB-C wall chargers, highlight the business's commitment to staying ahead of technology trends. With a focus on quality and convenience, the Portable Power segment plays a vital role within our diverse portfolio.

## Brand focus:

## Sync Energy



Our dynamic Sync Energy brand focuses on delivering innovative solutions for the growing clean energy market. Originally established as BG Sync EV, in 2024 the brand has evolved to encompass a broader range of sustainable energy products beyond EV charging. Sync Energy now specialises in advanced, energy-efficient technologies, including EV chargers, power management systems, and solutions designed to optimise energy usage. With a strong emphasis on sustainability and smart integration, Sync Energy is poised to take a leading position in the development of all-in-one Home Energy Management systems. The brand embodies our commitment to driving innovation in renewable energy solutions.



# The progress the Group has made in executing its strategy has powered a resilient financial performance and laid strong foundations for future success

### Giles Brand Chair

I am pleased to introduce the Company's results for the year ended 31 December 2024, a year in which Luceco displayed excellent strategic progress, including the completion of two key acquisitions, while achieving a strong financial performance despite ongoing market challenges.

#### Performance

Last year, I reflected on the progress the Group had made in executing its strategy and the strong foundations that have been laid for future success. I am pleased to see these efforts translate into the Group's 2024 results, which demonstrate resilience and continued strategic progress.

Although we remain confident that the fundamental drivers within our industry will generate growth in our markets over the long term, underlying demand has been a headwind over the last two financial years. In the short term, elevated living costs have constrained discretionary consumer spending, placing pressure on our markets.

Despite these challenges, Luceco once again demonstrated the strength of the business's operating model by growing like-for-like revenue by 5.8% and like-for-like Adjusted Operating Profit by 20.8%. This profitable growth has been driven by key product innovations, particularly in EV charging, where momentum is accelerating. Our international businesses continue to gain market share, and our Wiring Accessories segment has delivered another strong performance, underpinned by a reputation for quality, reliability and innovation built over decades.

In markets where product availability is critical, the business continues to be incredibly detailed in its management of working capital. Following the events in the Red Sea at the start of 2024, management quickly identified the risk to global supply chains and worked to increase inventory levels accordingly.

Although this has led to a temporary reduction in free cash generation, it has put us in a strong strategic position, with market confidence and demand increasing towards the end of 2024.

Our Bank Net Debt remains within our target range, and we are well positioned to continue to invest in our strategic priorities to generate further value for our stakeholders.

#### Strategy

The Group's key strategic priorities to Innovate, Grow and Sustain drive our delivery of the Group's purpose to help people harness power sustainably in everyday life.

Key strategic highlights for the year include the acquisitions of D-Line and CMD, both of which align naturally with our existing categories and provide opportunities for enhanced design, manufacturing and distribution synergies. The integration of these businesses is on track and both will be earnings enhancing within their first year of ownership.

#### Adjusted Earnings Per Share

# 12.5p

2023: 11.1p |  12.6%

#### Dividend payout

# 40%

2023: 43% |  In guided range

The business continues to find new ways to innovate, enhancing its product portfolio and the services it offers to customers. In 2024, further strides have been taken, through the release of our first commercially focused "Pro Charge" EV chargers, developing our own Home Energy Management system and winning awards for our new Titan All-in-One LED Highbay Light. We focus on enhancements that customers need and are pleased to see this innovation supporting the underlying growth of the business.

Importantly, alongside our ability to innovate and grow, we are investing in our business model to sustain our performance over the long term. This year, the business has made further investments in optimising our production and procurement processes in China and I am delighted to see the resulting improvement in the Group's Adjusted Operating Margin.



## Environment, Social and Governance ("ESG")

As a Group, we believe we have a significant opportunity to create a lasting positive impact on the world around us.

The Group remains dedicated to our Science Based Targets initiative ("SBTi") validated goals of reducing operational emissions by 46.2% and reducing value chain emissions by 27.5% by 2031. These put Luceco's overall CO<sub>2</sub> emissions on a reduction pathway consistent with the Paris Agreement.

Further steps have been taken in 2024 through the installation of a second solar PV array at our manufacturing facility in China and we remain carbon neutral having extended our commitment to 100% renewable electricity to our acquisitions. We continue to focus on delivering targeted emission reductions elsewhere in the value chain, and the business's evolving product portfolio is offering more sustainable choices to consumers.

## Dividend

The Group's dividend policy has a payout ratio of 40-60% of Adjusted Profit After Tax.

The Board is recommending a final dividend of 3.3p per share which, with the interim dividend of 1.7p, is consistent with a 40% payout, payable on 22 May 2025 to shareholders on the register on 11 April 2025.

## Conclusion

As a Board, we believe Luceco's purpose is to help people harness power sustainably in everyday life, making it easier for customers to make sustainable choices.

The strategic progress made in recent years has enabled the Group to outperform its markets and stay true to this purpose. None of this would be possible without our employees, whose expertise and dedication have been instrumental in positioning the Group for continued success. I would like to extend my sincere thanks for their unwavering commitment.

**Giles Brand**

Chair

25 March 2025

## Key achievements in the year

### Innovate

We have developed new products and enhanced our existing range

Further strides have been taken through the release of our first commercially focused "Pro Charge" EV chargers, developing our own Home Energy Management system and launching the Sync Energy App. We further enhanced our existing range, winning awards for our new Titan All-in-One LED Highbay Light and launching Superfast USB-C sockets under the BG Electrical brand.

**20**

New product marketing campaigns

**£5.1m**

R&D expenditure



### Grow

We have complemented our organic growth with key acquisitions

We completed the acquisitions of D-Line and CMD, both of which align naturally with our existing categories and provide opportunities for enhanced design, manufacturing and distribution synergies. The integration of these businesses is on track and both will be earnings enhancing within their first year of ownership.

**5.8%**

Like-for-like revenue growth

**£37.8m**

M&A investment



### Sustain

We are taking significant steps towards our sustainability goals

We installed our second solar PV array at our manufacturing facility in China. When fully operational, we anticipate that 13% of the site's electricity consumption will be self-generated. Ensuring we use energy efficiently across heating and manufacturing processes will play an important role in reducing our use of fossil fuels.

**£82.6m**

Revenue for low carbon products

**Carbon neutral**

Operations





# 2024 was a further year of progress, marked by strategic acquisitions, innovation and sustainable growth despite challenging market conditions

**John Hornby**  
Chief Executive Officer

### Revenue

# £242.5m

2023: £209.0m | **↑ 16.0%**

### Adjusted Operating Profit

# £29.0m

2023: £24.0m | **↑ 20.8%**

### Performance highlights

I am pleased to report that in 2024, we generated strong momentum, achieving meaningful growth despite a lacklustre macroeconomic environment in the UK. Revenue increased to £242.5m (2023: £209.0m) and strong profit conversion resulted in Adjusted Operating Profit reaching £29.0m (2023: £24.0m).

We outperformed a market which remains soft, taking market share and growing revenue by 5.8% on a like-for-like basis. Our performance was driven by our broad product portfolio offered to the DIY Retail sector, which is showing early signs of recovery, and the impressive growth of our emerging range of excellent EV chargers.

I have also been pleased by the sustained improvement we are seeing in our Adjusted Operating Margin, made even more impressive when we consider the year-on-year increases in copper and sea freight, linked to the events in the Red Sea.

Our margin improvement has been delivered through internal initiatives such as continually improving factory efficiency, lean practices and competitive supplier sourcing.

Our Bank Net Debt position moved to £68.6m, having increased following the successful acquisitions of D-Line and CMD, nevertheless our balance sheet remains robust with Bank Net Debt leverage of 1.6x being comfortably within our target range of 1.0-2.0x. Our free cash generation has been lower than we have seen in previous years, as at times we have needed to carry additional inventory to counter potential supply issues linked to the events in the Red Sea. This strategy proved successful in the fourth quarter, when our excellent product availability meant we were able to capitalise on improving market conditions and grow organic revenue 20.8% over this period.

### Macroeconomic factors

In 2024, like many businesses, we navigated an environment shaped by more dynamic macroeconomic and geopolitical influences than we have seen historically. For different reasons, these sometimes rapid changes have been a recurring theme of recent years, so I am pleased with the way we have embraced these shifts to consistently outperform a volatile backdrop.

Shipping costs, which stabilised at relatively low levels in 2023, began to rise in early 2024 following the events in the Red Sea. Although shipping costs have been a headwind in 2024, they appear to have peaked in July and have returned to lower levels since this time. Importantly, despite fluctuation, shipping costs in 2024 remained significantly below the unprecedented heights seen during the pandemic, both in scale and duration. The peak in July 2024 was approximately 80% lower than October 2021 and lasted one month compared to the elevated levels we experienced between May 2021 and August 2022.



## Macroeconomic factors continued

We continue to mitigate the full effect of changes in shipping costs through our Free On Board ("FOB") arrangements with our major Retail and Hybrid customers, who take delivery in China and manage their own shipping processes. This arrangement provides us with a degree of insulation from broader market volatility.

Material costs have also been a moderate headwind as we have moved through 2024, where rising demand and supply constraints have increased commodity prices. Although this has been particularly prevalent to the price of copper, we have hedging arrangements in place that offered short-term protection against this exposure, helping to manage cost pressures effectively. We are comfortable with the rates at which our 2025 hedges have renewed.

In spite of these macroeconomic factors, we are pleased to deliver a 50 basis points increase in our Adjusted Operating Margin. With our own selling prices being kept relatively stable to support consumer demand, this improvement has been driven by excellent work both in the UK and China to drive down cost with both suppliers and in our own well-invested factory, which is built to deliver further benefits as we scale as a business. Overall, I am delighted to see our Adjusted Operating Margin return to through-the-cycle levels.

## Underlying demand

A key driver for our 5.8% like-for-like revenue growth was 26.6% like-for-like growth within our international businesses. When we first entered these markets less than a decade ago, we anticipated it would take time to establish a strong foothold. It is therefore particularly rewarding to see the hard work of our international sales teams paying off this year.

All our international businesses delivered year-on-year top-line revenue growth, with standout performances in Dubai and Ireland. Dubai grew 28.0% and has cemented its position as a leading provider of LED Lighting and Wiring Accessories for large-scale projects in the region. Meanwhile, Ireland achieved 55.0% growth, driven by robust demand in both the Retail and Professional Wholesale sectors.

As our international businesses continue to scale, we anticipate further improvements in margins, which is an encouraging prospect for the Group overall.

Our like-for-like revenue growth of 2.1% in the UK is put into context when we compare ourselves to the wider UK construction market, with data from the Construction Products Association ("CPA") indicating that output of our addressable markets reduced 2.4% in the same timeframe.

Approximately 60% of our UK 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 2.8% in 2024.

Housing transactions, which drive improvement work both in the lead-up to a housing sale as well as following it, continue to remain subdued. Retail DIY markets also face challenges with the Barclays Consumer Spending Index reporting a 6.7% average reduction in DIY spending over the course of 2024.

Despite these challenges, our own UK residential RMI businesses grew 7.1%, bolstered by a strong close to the year. Our retail DIY portfolio experienced a robust recovery in 2024, we continue to hold key strategic positions within the Hybrid sales channel and with demand for sustainable solutions growing, our EV charger business is beginning to flourish.

The UK non-residential arm of our business, which accounts for approximately 20% of UK revenue, remained broadly flat year-on-year. This resilient performance followed an exceptionally strong 2023 and outperformed a market where output contracted by 0.5%. Although organisations continue to be mindful of the cost pressures they are facing, we consistently outperform the market in this field as a result of the efficiency savings delivered by our products and the strong end-to-end service we deliver.

After a series of strong performances in recent years, our Exterior LED Lighting businesses had a challenging year with an 11.3% reduction in revenue. Although the CPA estimates that UK infrastructure market output reduced 0.9% in the year, this does not fully reflect the challenges faced by large-scale LED lighting projects in 2024, where uncertainty driven by the UK election and the Autumn budget led organisations to defer significant capital investments.

As we look ahead to 2025, the order books for both DW Windsor and Kingfisher Lighting are encouraging, positioning us well for a recovery as market conditions stabilise.

Within the new housing market, elevated interest rates continue to make market conditions tough for housebuilders, with the CPA estimating a contraction in output of 9.1% in 2024. 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 7.9%, aided by increasing sales of EV chargers.

Whilst it is clear that our markets in more recent years have been challenging as cost of living increases have reduced discretionary spending, there are signs that consumer confidence is returning. Housing transactions in quarter four were 18.2% higher than the prior year and the CPA forecasts a return to growth for the construction industry, supported by falling interest rates and sustained real wage growth.

The fundamental growth drivers supporting our industry and business remain. The drive towards net zero, continuous 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 2024, we remained committed to our purpose of helping people harness power sustainably in everyday life. Alongside delivering strong financial results, I am pleased with the progress we have made in advancing our strategic priorities to Innovate, Grow and Sustain.

## Innovate

Innovation is the foundation of our purpose – to help people harness power sustainably in everyday life. Our ability to see and do things differently creates value for stakeholders, fuels business growth, sustains our competitive advantage, and contributes to the transition to net zero.

We remain focused on developing new products and enhancing our existing range with increased functionality tailored to customer needs. Our global team of over 100 product development specialists drives a customer-centric, rapid and low-risk development process, which has been instrumental in the Group's success.

In 2024, we made significant strides in expanding our product portfolio. To reflect the evolution of BG Sync EV's offering beyond EV charging, we rebranded to Sync Energy – a name that better encompasses our broader range of sustainable energy solutions. A major milestone has been the development of our own Home Energy Management system ("HEMs"), set to launch in early 2025. This system enables energy storage in modular batteries from both the grid and renewable sources, such as solar panels, allowing consumers to use lower-cost energy at optimal times.

With growing demand for EV charging, increasing renewable energy adoption, and persistently high energy costs, home energy management is expected to become a key growth area both in the UK and internationally. This next step for Sync Energy aligns perfectly with our mission to support a more sustainable future.

We have also continued advancing our EV charging solutions with the release of our first commercially focused "Pro Charge" range in 2024. This is complemented by our new EV Balancer, which connects up to 16 chargers, dynamically managing power distribution to ensure safe and efficient charging expansion without exceeding a building's power limits.

Another key milestone has been the launch of our proprietary Sync Energy App, designed specifically for our EV chargers. This app enhances user control through features like "Tariff Sense" which optimises charging times based on energy tariffs, and "Solar Mode" allowing users with solar panels to maximise self-generated energy. Looking ahead, access to charging data will enable us to collaborate with energy suppliers to recommend tailored tariffs, further improving the customer experience.

Beyond EV solutions, one of our most exciting innovations in 2024 has been the launch of the award-winning Titan All-in-One LED Highbay Light, sold under the Luceco Lighting brand. Designed for ultimate flexibility, it features adjustable wattage, colour temperature and beam angle, ensuring optimal lighting within industrial applications such as warehouses, factories and workshops.

We continue to enhance our Wiring Accessories and Masterplug product lines. Our vertically integrated manufacturing model allows us to make rapid, low-cost adjustments to align with evolving market trends. In 2024, we capitalised on this agility by launching Superfast USB-C sockets under the BG Electrical brand and new USB-C wall chargers under the Masterplug brand – both of which cater to the increasing demand for fast-charging solutions.

Our commitment to innovation with purpose is a core driver of our strategy, enabling us to gain market share and create value through differentiated, high-margin products.

## Grow

Despite challenging market conditions, we continue to grow the business both organically as well as through targeted M&A in line with our capital allocation policy.

Our range of Wiring Accessories had another very strong year. In an industry where project deadlines are tight and time is an incredibly valuable commodity, electricians place a high value on our products which are easy to install, reliable and have excellent availability. As a result, many electricians have been using our Wiring Accessories products throughout their entire careers. We are incredibly proud of their loyalty, but we never take it for granted.

Once again, this year we have invested in our industry, providing over 8,500 online electrical courses via Luceco Academy, focusing in particular on trainee electricians who we hope will become the next generation of BG Electrical users.

The long-standing deep relationships we have with our customers means we can work together to ensure the right products are being made available to the end consumer. Our sales teams continue to work closely with our R&D teams to extend existing product ranges to generate new business wins. In 2024, we released our first EV chargers sold under the Masterplug brand. This product extends our reach by utilising our existing strong customer relationships and leveraging our strong Masterplug brand.

We are delighted by the progress our range of EV chargers have made during the year and we are now seeing consistent top-line sales growth. We started the year with revenue from EV charging products typically generating £0.6m per month and ended with the range generating in excess of £1.0m per month.

Ultimately, our customers choose our products as they know they can sell them to the end consumer with confidence in their quality and reliability; this leaves us well placed for future organic growth.

We have complemented the Group's long history of organic growth with acquisitions funded by our consistently strong cash flow, and in February 2024, we were delighted to complete the acquisition of D-Line (Europe) Limited ("D-Line").

## Strategic highlights continued

### Grow continued

Headquartered in Tyne & Wear in the UK, D-Line designs and supplies a range of innovative cable management solutions, including decorative cable trunking and accessories, fire-rated cable supports, floor cable protectors and cable organisers. Employing approximately 60 people, D-Line serves Retail, Wholesale and eCommerce customers across the UK, Europe and North America, with a dedicated sales and distribution facility in Kentucky, USA.

D-Line's product range is a natural fit alongside our existing categories. The business has developed a strong brand both in the UK and internationally, and we see significant potential in leveraging D-Line's North American operations to support our expanding presence in the region.

Following this, in September 2024, we were pleased to announce the acquisition of CMD Limited ("CMD"). Founded in 1984, CMD designs and manufactures a comprehensive range of wiring accessories for commercial premises, where it holds a leading position in the UK. Products include under-floor and under-desk power distribution solutions, on-desk and in-desk sockets, and a range of ergonomic products including the award-winning Miro monitor support arm. CMD has an experienced senior management team which will remain with the business, continuing to operate from its headquarters in Rotherham.

With Luceco already well-established as a leading supplier of Wiring Accessories to the UK Residential market, CMD's strong presence in the commercial sector makes it a highly complementary addition. Our expertise in product development, manufacturing and sourcing will enable us to accelerate range innovation and improve margins for CMD. Additionally, CMD's well-established relationships with specifiers and contractors present a valuable opportunity to introduce Luceco's professional LED Lighting range to a broader customer base.

Both D-Line and CMD are strong businesses with significant potential. We look forward to unlocking the opportunities these acquisitions present while continuing to drive organic growth that outperforms our markets.

### 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.

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. This is our third year of reporting to the platform, so we are delighted our progress integrating climate-related factors into our business operations has been reflected with a strong grade.

We remain committed to our validated targets from the SBTi of reducing operational emissions by 46.2% and reducing value chain emissions by 27.5% by 2031.

To help us achieve our targets we will continue to source 100% renewable electricity and extend this commitment to our newly acquired companies. In September 2024, we completed the installation of our second solar PV array at our manufacturing facility in Jiaxing, China. When fully operational we anticipate that 13% of the site's electricity consumption will be self-generated. Ensuring we use energy efficiently across heating, manufacturing processes and transportation will play an important role in reducing our use of fossil fuels.

Together with our SBTi targets, in 2021 we also set ourselves a challenging objective of reaching £100m of revenue from low carbon products by 2025. Whilst we are pleased with the progress we have made, having generated £82.6m of low carbon sales in 2024, we are mindful that consumer uptake of electric vehicles has been slower when compared to market forecasts at the time we set our targets. We hope to make further progress during 2025.

Sustainability remains at the heart of our product innovation. Our new Titan All-in-One LED Highbay Light replaces 72 SKUs with just four, reducing manufacturing, packaging and logistics waste while offering greater flexibility to distributors and contractors. Our Sync Energy portfolio, including EV chargers and the upcoming Home Energy Management system, supports the transition to cleaner energy. Home Energy Management systems enable homeowners to store and manage energy from both the grid and renewables, reducing emissions and optimising energy use.

By enhancing efficiency and promoting low carbon solutions, our products play a key role in driving sustainable progress.

Beyond environmental sustainability, we continue to invest in the next generation of skilled professionals. We are proud to sponsor the highly acclaimed SPARKS Learner of the Year awards, which celebrate the most talented young electricians in the UK – vital contributors to the future of our industry.

To sustain and accelerate future growth, we have also made further investments in optimising our production and procurement processes in China. In 2024, we took key steps to generate cost savings while enhancing our manufacturing capabilities. I am particularly pleased with the progress we have made in expanding and automating the production of EV chargers and DW Windsor products, laying a strong foundation for future scaling and efficiency.

### Outlook

Trading in early 2025 has started well, although consumer confidence remains relatively subdued, we are beginning to see green shoots of recovery within our markets. Whilst the macroeconomic outlook for 2025 remains difficult to judge, I am encouraged by our continued underlying trading momentum which leaves us well positioned to make further progress in the year ahead.

**John Hornby**

Chief Executive Officer

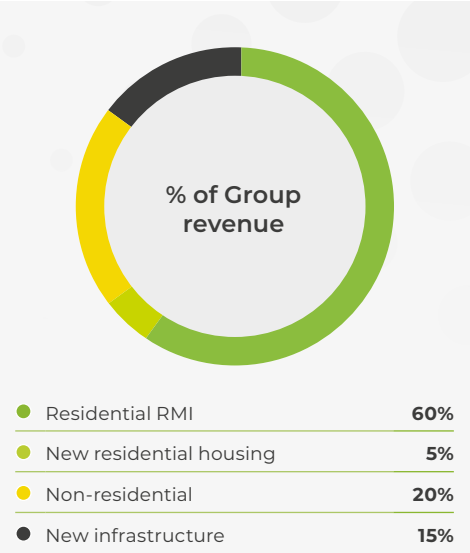
25 March 2025



We operate in attractive markets, with **healthy and stable historic growth** that are poised to benefit from future decarbonisation efforts.

Our enviable market positions

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 broad market offering

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 forward, 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. In 2024, this is well illustrated by the release of our commercial EV charging range for the non-residential RMI market.

Market	Channel	Wiring Accessories		LED Lighting		Portable Power	
		Wiring devices	Circuit protection	Interior	Exterior	Masterplug <sup>1</sup>	EV chargers
Residential RMI	Retail	●	◐	◐	◐	●	◐
	Professional	●	●	◐	◐	●	◐
	Hybrid	●	●	◐	◐	●	◐
New residential housing	Professional	●	●	◐	◐		◐
Non-residential	Professional	●	●	●	●	●	◐
	Hybrid	●	●	●	◐	●	◐
New infrastructure	Professional				●		

Key: ● Full product offer   ◐ Part range

1. Cable reels, extension leads and associated accessories sold under the Masterplug brand.

Our markets are growing

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.



## Trends that are **shaping** our markets

### Regulatory change



#### Driver

The electrical industry undergoes frequent regulatory changes. These are often designed to improve safety or product efficiency and result in both the renewal of installations and increases in value of the electrical products used within the installation.

#### Impact

**3**

Amendments to IET wiring regulations since 2020

#### Every 5 years

Regular EICR electrical inspections required for rented properties

#### Our response

Our advantaged business model allows us to update our designs efficiently to meet these new regulations, manufacture the new product in our own facilities and bring the product to market more quickly and effectively than our competitors.

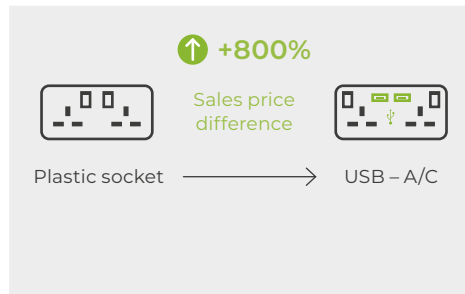
### New technology



#### Driver

Consumers are increasingly demanding greater control and efficiency from their wiring devices and lighting, whilst installers are demanding technologies that simplify installation. This desire for increased functionality drives up product value.

#### Impact



#### Our response

We interact regularly with our consumers, installers and distributors to understand their emerging needs. We ensure these needs are reflected in new product designs.

### Investment in the built environment



#### Driver

A limited stock of new homes, combined with consumers spending more time living and working at home, drives long-term house price appreciation and existing home renovation. These trends sustain demand for our products within repair and remodel projects.

#### Impact

**4 million**

UK homes below Decent Homes Standard

**40%**

of UK retail space needs re-purposing

#### Our response

Whether it is our market-leading Wiring Accessories range, our highly efficient LED Lighting retrofits, or our Portable Power products helping our customers get the job done, our products are helping people invest in their homes and working environments using brands they know and trust.

### Climate emergency



#### Driver

The electrification of household energy and transport is a key driver of future growth within the markets we serve, supported by specific regulatory changes such as phasing out the sale of new gas boilers and internal combustion vehicles over the coming decade.

#### Impact

**£40bn**

per year investment required for UK to meet net zero

**6 million**

additional EV charging vehicles by 2029

**1 million**

homes per year to be converted with low carbon heating solutions

#### Our response

We are extending our reach within the EV charging market. We are increasing our low carbon sales to ensure we are at the forefront as consumers adopt sustainable alternatives.



# Our Advantaged Business Model

## Competitive advantage

High quality, low cost, vertically integrated manufacturing

Strong product development

Strong, well invested and expandable brands

Entrepreneurial, can-do culture

Creating a net zero pathway

[Find out more on page 17](#)

## How we add value



### Design

- We are the innovators within the product categories we serve. Innovation allows us to up-sell and improve profitability
- We bring new ideas to market quickly
- Our designs offer great quality at a great price
- Our designs start with the customer in mind



### Make

- We operate a vertically integrated manufacturing model
- Our production output is able to quickly adapt to changing demand
- Our facilities are well invested, allowing us to make high quality, low cost products
- We have long-established OEM partners
- Our customers know where our products come from and the conditions in which they are made



### Fulfil

- Our supply chain:
  - Is flexible to customer needs
  - Offers high outbound service levels
  - Maintains a breadth of inventory close to the customer
- Uses the best available technology
- Offers products as part of a solution



### Market

- We have been serving our largest customers for many years
- We have a highly skilled and experienced sales team
- We operate in diverse but synergistic sales channels
- We invest in our digital presence and estate
- We invest in the next generation of electrical contractors

## Outcomes

People:

1,669

Number of employees

Customers:

>2,000

Number of customers

Suppliers:

>1,000

Key suppliers

Shareholders:

40-60%

Annual dividend payout

Communities:

Actively supporting

training of electrical contractors

Environment:

34%

Revenue from low carbon products

## Underpinned by our culture

[Find out more on pages 55 to 59](#)



Customer-driven



Team-focused



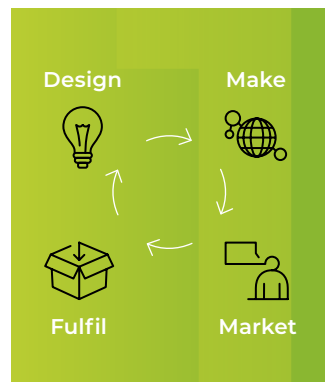
Bold & innovative



Principled

## Our Competitive Advantage

# How we operate creates key competitive advantages that power above market profitable growth



### High quality, low cost, vertically integrated manufacturing

We leverage our fully owned, strategically invested and vertically integrated manufacturing facility to optimise production processes, ensuring strong cost control and maintaining consistently high quality standards. Our in-house capabilities not only facilitate growth, but also enable us to remain agile to changes in supply dynamics and responsive to evolving customer needs.

2024 New product marketing campaigns:

20

2024 R&D expenditure:

£5.1m

### Strong product development

Through decades of experience and expertise, our design team based in the UK have built a market-leading portfolio of products that can be applied to meet a broad range of customer requirements. We are constantly innovating to enhance the performance and functionality of our products to position ourselves for future growth and sustainability.

Adjusted Operating Profit growth since 2019:

Wiring Accessories:

50.4%

LED Lighting:

241.7%

Portable Power:

41.5%

### Strong, well invested and expandable brands

Our enviable range of well-established brands enables us to offer a diverse product portfolio, all sharing the same distinct traits of enhanced functionality, quality and value. This strong brand presence provides us with the platform to operate successfully across multiple market segments from Professional Wholesalers and Projects, Retailers and the fast-growing Hybrid sector.



Customer-driven



Bold & innovative



Team-focused



Principled

### Entrepreneurial, can-do culture

The Group's "can-do" culture propels us forward with a proactive, solution-oriented mindset. This fosters innovation, quick problem-solving and heightened employee engagement. Our culture not only enhances operational efficiency but also positions Luceco as a resilient, customer-focused company, securing a competitive advantage within our markets.

### Creating a net zero pathway

Our product portfolio, combined with our business model and experience, puts us in a strong position to help consumers make sustainable choices. We are proud of the progress we have made following the launch of our Luceco Lighting brand, producing highly efficient, low carbon lighting solutions, and are making further developments within our EV charger range in addition to the exciting development of our Home Energy Management systems. Demand for EV charging and clean energy solutions for homes and commercial premises is set to increase significantly.

Annual investment required for UK to meet net zero

£40bn

Additional EV charging vehicles by 2029

6 million



# Our Strategy

## Our purpose:

To help people **harness power sustainably** in everyday life.

Across the Group we are focused on providing innovative, energy-efficient electrical and lighting solutions. Committed to sustainability and customer satisfaction, the Company aims to enhance lives by delivering high-quality products that contribute to a brighter, more efficient and environmentally conscious future.

## Our strategic priorities:

### Innovate

**Innovation in action**  
Find out more on page 19

We use market-leading innovation to seize our growth opportunities. Our Innovate strategy covers both the products that we design and the services that accompany them.

#### Product

We constantly innovate to meet customer needs. We design high functioning, higher margin devices in both existing as well as new product categories – such as Home Energy Management solutions. Our customer-driven, bold and innovative culture is embodied within the products we develop.

#### Service

We continually innovate the services that accompany our products to improve the customer experience and sell our products as part of a solution. We have well-developed lighting installation design teams to help specifiers turn their concepts into reality.

## Creating positive impact:

Our innovation is enhancing lives by allowing our customers to harness power with efficient and sustainable solutions.

# 20

New product marketing campaigns in 2024

### Grow

**Growth in action**  
Find out more on page 21

Luceco has a proven track record of growth. We have complemented the Group's long history of organic growth with acquisitions funded by our own cash generation.

#### Organic

We are focused on utilising our well-developed infrastructure, innovative product portfolio and strong customer relationships to grow organically.

#### Acquisitions

We have the right foundation for a successful "buy and improve" M&A strategy, carefully selecting opportunities that enable the creation of synergies while aiding our expansion into new markets and sectors.

We are successfully growing our business to deliver our purpose to a larger customer base, for the benefit of all our stakeholders.

# 62%

Adjusted Earnings Per Share growth since 2019

### Sustain

**Sustainability in action**  
Find out more on page 23

Our Sustain strategy ensures we maintain our competitive advantage. We are investing in our people and our industry as well as contributing increasingly to society's sustainability goals.

#### People

Our products are designed, made, distributed and installed by people. We invest in both our people and our industry to ensure they all have the skills they need to help our products shine.

#### Planet

We aim to lead our industry by lowering our environmental footprint, and in doing so help our customers to achieve their own sustainability targets.

The work we are doing today is contributing to society's sustainability goals through the sale of more efficient and lower carbon products.

# £82.6m

2024 revenue from low carbon products



# Innovate

We have a strong track record of innovating to grow our business. We bring our innovations to market quickly and are often the architects of change in our industry.

Our ongoing design philosophy is particularly evident through the release of our award-winning Titan All-in-One LED Highbay Light.

## Key stats

£5.1m

2024 R&D expenditure

20

New product marketing campaigns in 2024



# Innovate

We have a long history of **leading change** within our industry, consistently producing products with enhanced functionality and cutting-edge designs.

Our drive for innovation remains a key part of our strategy, not only differentiating our products from the competition, but also enabling us to up-sell what we manufacture to maintain consistently high margins. Through focus groups, social media interactions and feedback gathered via our sales teams, we are launching new products that meet the contractor's desire for quality, value and ease of installation. In 2024, we made further strides forward in the development of our product range across each of our segments.

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 have been able to continue to do this in 2024 through the release of our Superfast USB-C sockets sold under the BG Electrical brand and our new USB-C wall chargers sold under the Masterplug brand. Both ranges utilise new, variable charging technology, which provide a fast-charging solution whilst also prolonging and protecting battery life.

Our design philosophy is particularly evident through the release of our award-winning Titan All-in-One LED Highbay Light sold under the Luceco Lighting brand. This product has been packed with features to provide ultimate flexibility including wattage change, colour change and beam angle change. This ensures optimal lighting for any industrial environment including warehouses, factories and workshops. Perhaps its greatest innovation though is that, when combined with three accessory SKUs, the Titan All-in-One replaces up to 72 different SKUs, dramatically reducing stock holding for stockists and offering contractors unmatched convenience and flexibility for on-site adjustments.

It is this innovation with purpose that our customers truly appreciate, and we have been delighted to receive multiple product awards in 2024, including the Titan All-in-One winning at the Energy Savings Awards and the Professional Electrician Awards.

The future looks set to offer further opportunities. BG Sync EV has been rebranded to Sync Energy and we are now poised to expand beyond EV chargers and into the clean energy market. This strategic rebranding reflects our commitment to innovation and sustainability.



We expect to release our first Home Energy Management system in 2025, marking our entry into this new market poised for significant growth.

Across our Wiring Accessories and Masterplug ranges we are set to release further new additions to our already strong product ranges, including consumer unit updates and products focused on enabling consumers to transition to 3-phase power.

Within LED, we expect wireless controls to be a future area of growth as consumers seek further energy savings in the drive towards net zero. We are excited by planned enhancements to "Platform", our wireless controls offering.

This continual drive for innovation allows us to consistently differentiate ourselves within our markets and underpins our future growth plans.



# Grow

We are focused on growing within our chosen markets by leveraging our successful business model, both in the UK and overseas.

In 2024 we have supplemented our strong organic growth with the key acquisitions of CMD and D-Line.

## Key stats

62%

Adjusted Earnings Per Share  
growth since 2019

£65.7m

Group M&A investment since 2019



Grow

We have a **proven track record** of growth. We have complemented the Group’s long history of organic growth with acquisitions funded by our own cash generation.

In addition to delivering a further year of above-market organic growth, we were delighted to complete the key acquisitions of CMD for £29.7m and D-Line for £7.8m in 2024.

Both CMD and D-Line are strong businesses with significant potential for improvement as part of the Luceco Group. Headquartered in Tyne & Wear in the UK, D-Line designs and supplies a range of innovative cable management solutions, including decorative cable trunking and accessories, fire-rated cable supports, floor cable protectors and cable organisers. Also based in the UK, operating from Rotherham, CMD designs and manufactures a comprehensive range of wiring accessories for commercial premises.

A key part of our “buy and improve” strategy is to identify targets that illustrate synergy with our existing product categories and sales channels.

D-Line’s product range is a natural extension of our existing portfolio into a new category within our channels. Their innovative approach to design, including their signature half-round trunking, resonates with our own design approach to innovate with purpose.

Through our strong trading relationships in the UK Retail and Wholesale channels we have the opportunity to unlock the potential of D-Line’s innovative products and support future sales growth.

For CMD, their range of high-quality Wiring Accessories products are closely adjacent to our existing products sold under the BG Electrical brand. By joining the Group, CMD will benefit from access and investment from our experienced in-house design teams to further improve their product offering within a market with high barriers to entry. The CMD brand provides access to this market, which would be challenging to grow into organically.

For both businesses there is the potential to improve margins through utilising our vertically integrated operating model. Procurement savings can be achieved by working with our existing global supply base, presenting the opportunity to lower costs without impacting quality. Product development processes can be streamlined to allow these businesses to move from concept to launch more efficiently. Production of certain product lines can also be performed directly from our facilities in China where it makes commercial sense to do so.



In our assessment of potential acquisition targets we also look for the potential to sell across product categories in new channels and geographies. We are excited by the opportunity to leverage D-Line’s operations in the US to support Luceco’s sales in the territory. In the case of CMD, there is the opportunity to cross-sell with our existing LED Lighting Projects team into office refurbishment projects.

As a result of these key synergies, we foresee that for both businesses we will be able to accelerate sales volume growth, enhance margins and ultimately deliver a strong return on our investment.

Our “buy and improve” growth strategy

We selectively target acquisitions that support our “buy and improve” growth strategy following specific investment criteria.

			1	2	3	4
1	Growth through new market entry	Brand				
2	Growth through new product categories	cmd.	2024	●	○	●
3	Clear design and manufacturing synergies	D-LINE	2024	○	●	●
4	Opportunities to cross-sell	sync energy	2022	○	●	●
		DW Windsor	2021	●	○	●
		Kingfisher Lighting	2017	●	○	●



# Sustain

We invest in both our business and our industry to sustain our competitive advantage and to contribute to society's sustainability goals.

The work we are performing in the development of clean energy products offers huge potential by giving consumers the opportunity to make more sustainable choices.

## Key stats

>8,500

2024 online electrical courses provided by Luceco Academy

Carbon neutral

2024 operations

## Sustain

Our investment in Sync Energy illustrates how we look to the future to ensure we **sustain our competitive advantage** and contribute to society's sustainability goals.

We are delighted by the progress we have made in developing our Sync Energy range, with new products launched and in the pipeline that will provide consumers with greater power to make sustainable choices.

We have made further advances in the development of our EV chargers through the release of our first commercially focused "Pro Charge" range. These products are supplemented by our new EV Balancer, which connects up to 16 EV chargers, dynamically monitoring and communicating with connected chargers to ensure each receives equal power, allowing for easy expansion without exceeding a building's safe power limits.

We have also successfully developed and launched our own Sync Energy App tailored for our EV chargers. This allows us to provide enhanced functionality direct to our customers, giving consumers greater control of when to charge through "Tariff Sense" and specialised "Solar Mode" for those with access to solar panels. Looking forward, access to charging data will allow us to enhance our customer offering by working with energy suppliers to recommend specific tariffs based upon individual customer usage.

Furthermore, as renewable energy penetration increases, balancing the UK grid system will become more challenging and require more flexible solutions. Ownership of our own app will enable us to work with energy providers and customers to stabilise the grid through demand side response ("DSR"), where energy companies are able to use the data made available through our app to incentivise customers to use energy during off-peak periods.

Perhaps our most exciting development though has been the design of our own Home Energy Management system, which is set to launch to installers and wholesalers in early 2025. This system enables the storing of energy in modular batteries, from both the grid and from renewable energy sources such as solar panels. This low-cost energy can then be used at a time which works best for the consumer.

For example, the battery can be charged using cheap energy from the grid overnight, storing energy which can then be utilised during breakfast, a peak time of energy use. Furthermore, the battery can then be used throughout the day to store energy generated from solar panels, which can then in turn be put to use by consumers during peak times during the evening.

### Savings from a typical Home Energy Management system

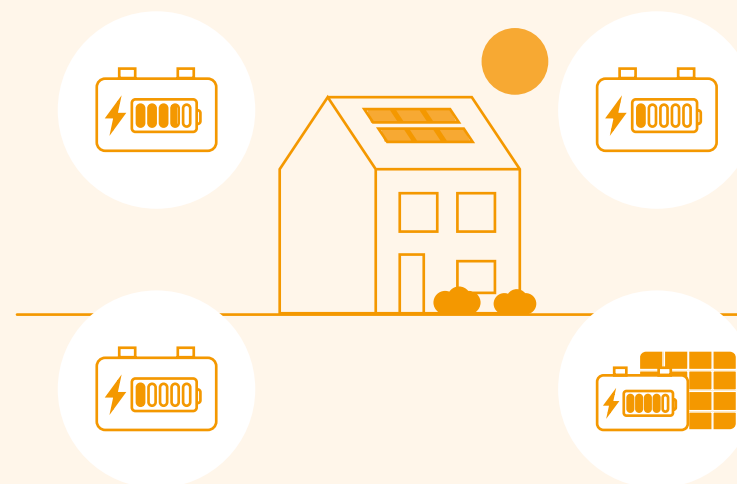
Our HEMs will enable consumers to efficiently control their energy usage.

#### 10pm-6am

Off-peak time, battery charges from grid at off-peak cost (potential saving of up to 75% on electricity bill)

#### 6am-10am

Battery used to offset higher morning peak time costs



#### 3pm-10pm

Battery used to offset higher evening peak time costs


#### 10am-3pm

Battery used to store energy from solar panels (up to 50% faster payback period versus solar panels alone)

Our expectation is that our Home Energy Management system will reduce solar panel payback periods for consumers by up to 50%, with just potentially 25% of the up-front cost.

The transition to net zero relies on the electrification of energy and our Sync Energy brand will enable us to help meet this challenge. We are hugely excited by the increasing range of energy efficient options we will be offering consumers, which not only help them make sustainable choices, but also sustain our own competitive advantage.

Innovate




### Research and development expenditure

- Continue to be at the forefront of innovation in our industry
- Progressively add greater technology, such as controls, smart functions and connectivity, to the Group's products

Research and development expenditure (£m)

2024	5.1
2023	4.1
2022	3.6

Link to risk 5 6



### Increase our sales of EV chargers


- The transition to electric vehicles is accelerating globally
- EV charger innovations will solidify our place in this growing market whilst supporting the shift to cleaner energy

EV charger revenue (£m)

2024	9.8
2023	7.8
2022	5.4

Link to risk 1 3 5 6 8

Grow



### Increase sales to professional customers

- Grow our sales of professional-grade products designed for installation by professional contractors to complement our existing strong presence in the Retail/DIY market
- Leverage the route to market provided by Wiring Accessories to sell other products via the Professional Wholesale channel, e.g. LED Lighting and EV charging
- Sell our products as part of a design

Growth percentage (%)

2024	6.6
2023	6.6
2022	-2.0

Link to risk 1 3 5 6 8



### Increase our Adjusted Earnings Per Share

- Continue our proven track record of both organic growth and growth through acquisitions
- Ensure top-line sales growth is efficiently converted into earnings through lean practices

Adjusted Earnings Per Share (p)

2024	12.5
2023	11.1
2022	11.1

Link to risk 1 2 3 5 6 8

Sustain



### Capital expenditure

- Invest in the agility and efficiency of our vertically integrated manufacturing
- Invest in our fulfilment capabilities
- Invest in our e-commerce offering
- Invest in enabling technology

Capital expenditure (£m)

2024	7.8
2023	8.2
2022	5.6

Link to risk 1 2 3 4 5 6 8



### Carbon associated with our operations

- Keep our operations carbon neutral
- Reduce our value chain emissions by hitting science-based targets

Carbon emissions from operations net of carbon offsets (tCO<sub>2</sub>e)

Net zero

Since 2021

Link to risk 3 7 8

- Key to principal risks
- 1 Operational concentration risk
  - 2 Customers and products concentration risk
  - 3 Macroeconomic, political and environmental
  - 4 Loss of IT/data
  - 5 People and labour shortages
  - 6 Acquisitions
  - 7 Legal and regulatory
  - 8 Finance and treasury





Luceco performed well in 2024, finishing the year strongly against a backdrop of a lacklustre macroeconomic environment in the UK

**Will Hoy**  
Chief Financial Officer

## Revenue

**£242.5m**

2023: £209.0m

## Revenue growth

**+16.0%**

2023: +1.3%

## Adjusted Operating Margin

**12.0%**

2023: 11.5%

## Adjusted Operating Profit

**£29.0m**

2023: £24.0m

## Adjusted Earnings Per Share

**12.5p**

2023: 11.1p

## Bank Net Debt Ratio

**1.6x**

2023: 0.6x

## Summary of reported results

Summary results (£m)	Reported 2024	Reported 2023
Revenue	<b>242.5</b>	209.0
Operating profit	<b>23.2</b>	22.2
Profit before tax	<b>18.9</b>	18.9
Taxation	<b>(4.3)</b>	(2.2)
<b>Profit for the year</b>	<b>14.6</b>	16.7

Operating profit of £23.2m was £1.0m higher than 2023 as a result of strong revenue and gross profit growth from both organic and acquisition activity.

## Alternative Performance Measures and 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 the consolidated financial statements.

The following adjusting items were applied in the year:

- Amortisation of acquired intangibles: £2.3m and acquisition-related costs of £3.8m
- Fair value movements of hedging portfolio which have not completed in the period: a £0.3m credit and interest rate swaps of £0.2m costs

Adjusted Operating Profit for the year, excluding the items above, was therefore £29.0m (2023: £24.0m). See note 1 for further information.

## Income statement

### Revenue

Revenue bridge:	£m	Change %
2023	209.0	
Acquisitions/closures	23.9	+11.4%
Like-for-like increase <sup>1</sup>	12.2	+5.8%
<b>Constant Currency<sup>2</sup></b>	<b>245.1</b>	<b>+17.2%</b>
Currency movements	(2.6)	-1.2%
<b>2024</b>	<b>242.5</b>	<b>+16.0%</b>

1. Like-for-like revenue (see note 1) increase excludes the impact of currency movements and acquisitions, see note 20 of the financial statements for currency rates.

2. 2024 revenue retranslated at 2023 exchange rates.

Revenue of £242.5m was £33.5m (16.0%) higher than 2023 as business growth returned. Like-for-like revenue, excluding the impact of currency, increased by £12.2m in the period, up 5.8%. The Group continues to take market share, with Luceco's overall addressable market experiencing a 2.4% decline, the Group's performance in 2024 compares highly favourably. Within the UK, our infrastructure-related businesses had a more difficult period falling by over 11%, however excluding these businesses UK growth was over 5.7%. Our international businesses had a strong year with like-for-like growth of 27%, with growth across all key international regions.

The Group performed strongly in the Residential RMI DIY market, with results up 15.6% on a like-for-like basis. The Group also grew by 9.3% in the new residential sector and had growth of 6.7% in the residential RMI professional sector. Within the non-residential sector, the Group's result improved by 4.7% on a like-for-like basis, however the infrastructure sector struggled with a decline of 11.0% on a like-for-like basis.

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:	2024 £m	2024 % of total	2023 % of total	Change vs 2023 %
Retail	58.5	26.4%	22.4%	+23.4%
Hybrid	48.4	21.9%	23.9%	-1.8%
Professional Wholesale	57.8	26.1%	25.2%	+6.5%
Professional Projects	56.5	25.6%	28.5%	-2.6%
<b>Like-for-like revenue (see note 1)</b>	<b>221.2</b>	<b>100.0%</b>	<b>100.0%</b>	<b>+5.8%</b>
Currency impact	(2.6)			
Acquisitions/closures	23.9			
<b>Total revenue</b>	<b>242.5</b>			<b>+16.0%</b>

Our Hybrid and Retail channels represent just under half of the Group's like-for-like revenue in the year and combined grew by 10.5%, with strong volume growth in Portable Power, LED and EV products. The Professional channel, including Wholesale and Projects, grew by 1.8% overall in the period, reflecting a more difficult channel to market, largely as a result of declines in LED impacted by the infrastructure market.

The Group is particularly encouraged by the EV charger performance, which has grown by over 26% in the year. We are beginning to see traction in the commercial markets which will provide a strong growth opportunity for 2025 and beyond, together with our retail proposition.

Revenue by geographical location of customer:	2024 £m	2023 £m	Change vs 2023 %
UK	184.2	173.6	+6.1%
Americas	22.5	8.6	+161.6%
Europe	21.5	12.9	+66.7%
Middle East and Africa	10.3	8.3	+24.1%
Asia Pacific	4.0	5.6	-28.6%
<b>Total revenue</b>	<b>242.5</b>	<b>209.0</b>	<b>+16.0%</b>

Revenue by geography and location of the customer highlights the strong international progress we have seen across the Middle East, Europe and Americas. European sales in Spain were encouraging in 2024 as the business began to get traction in the Spanish market. Sales improved in the Americas, largely as a result of stronger sales from Portable Power in North America and our growing South American LED offering. Sales in the Middle East and Africa surpassed expectations with a strong second half in 2024.

## Income statement continued

### Profitability

Adjusted Operating Profit of £29.0m for 2024 was £5.0m ahead of 2023. The key drivers were as follows:

	Bridge from 2023 £m	Bridge from 2022 £m
Adjusted Operating Profit bridge:		
Adjusted Operating Profit		
2023/2022	24.0	22.0
Acquisitions/closures	1.9	0.6
Like-for-like increase <sup>1</sup>	3.0	3.5
Currency movements	0.1	(2.1)
<b>2024/2023</b>	<b>29.0</b>	<b>24.0</b>

1. Like-for-like profit movements exclude the impact of currency movements and acquisitions/closures, see note 20 of the notes to the financial statements for currency rates.

The net impact of acquisitions and closures was £1.9m, which reflects the acquisitions of D-Line and CMD during the year. Overall Adjusted Operating Profit, excluding acquisitions/closures and at Constant Currency improved by £3.0m, driven largely by the stronger performance across the UK channels.

The currency tailwind in the year was £0.1m on Adjusted Operating Profit, which was a combination of favourable RMB on Chinese products and adverse USD on the sales of products.

Adjusted Operating Costs increased by £10.2m at Constant Currency. The majority of the increase came from wage increases and associated costs. Excluding the impact of acquisitions, costs increased by £4.3m, which was a 7.4% increase on a Constant Currency basis.

Overall Adjusted Operating Margin of 12.0% is a strong result, up 50 basis points on the prior year. We continue to believe the Group's strong operating leverage can improve operating margins further within the range of 12%-15%.

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

	Adjusted 2024 actual <sup>1</sup> £m	Currency impact		Adjusted 2024 at Constant Currency <sup>2</sup> £m	Constant Currency variance to 2023		Adjusted 2023 actual £m
		£m	%		£m	%	
Revenue	242.5	(2.6)	(1.2%)	245.1	36.1	+17.2%	209.0
Cost of sales	(145.3)	2.4	(1.9%)	(147.7)	(21.0)	+16.6%	(126.7)
<b>Gross profit</b>	<b>97.2</b>	<b>(0.2)</b>	<b>(0.2%)</b>	<b>97.4</b>	<b>15.1</b>	<b>+18.3%</b>	<b>82.3</b>
Gross margin %	40.1%		+0.4ppts	39.7%		+0.3ppts	39.4%
Operating costs	(68.2)	0.3	(0.5%)	(68.5)	(10.2)	+17.5%	(58.3)
<b>Operating profit</b>	<b>29.0</b>	<b>0.1</b>	<b>+0.4%</b>	<b>28.9</b>	<b>4.9</b>	<b>+20.4%</b>	<b>24.0</b>
Operating margin %	12.0%		+0.2ppts	11.8%		+0.3ppts	11.5%

1. Year ended 31 December 2024 translated at 2024 average exchange rates.

2. Year ended 31 December 2024 translated at 2023 average exchange rates.



## Income statement continued

### Net finance expense

Adjusted Net Finance Expense increased by £1.3m, reflecting an increase in our facility, which is in place to support the Group's acquisitions and working capital requirements as the Group grows.

### Taxation

The effective tax rate on Adjusted Profit Before Tax increased by 4.5ppts to 22.9% in 2024 following some advantageous tax rates in 2023 and a higher proportion of the Group on a UK tax rate of 25%.

## Adjusted Free Cash Flow

Adjusted <sup>1</sup> Free Cash Flow (£m)	Adjusted <sup>1</sup> 2024	Adjusted <sup>1</sup> 2023
Operating profit	29.0	24.0
Depreciation and amortisation	7.9	7.4
EBITDA	36.9	31.4
Changes in working capital	(17.2)	0.2
Other items	2.0	1.0
<b>Operating cash flow</b>	<b>21.7</b>	<b>32.6</b>
Operating Cash Conversion <sup>2</sup>	74.8%	135.8%
Net capital expenditure	(7.8)	(8.2)
Interest paid	(4.1)	(2.8)
Tax paid	(6.3)	(3.6)
<b>Free cash flow</b>	<b>3.5</b>	<b>18.0</b>
<b>Free cash flow as % revenue</b>	<b>1.4%</b>	<b>8.6%</b>

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's Adjusted Free Cash Flow of £3.5m in the period was impacted by a strong final quarter which resulted in a year-end timing difference on trade and other receivables. Trade and other receivables were a cash outflow of £17.1m in 2024 compared to a £3.1m outflow in 2023. Our expectation is that this will reverse in 2025.

## Capital expenditure

The Group's net capital expenditure consists of capitalised product development costs and the purchase of physical assets. Capex was £7.8m (2023: £8.2m) and represented 3.2% of revenue (2023: 3.9%) 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 lower than the prior year at 20.2% (2023: 20.6%) which remains above our target range of 20% or higher. As previously flagged, our returns will naturally moderate 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.

	2024	2023	Change %
<b>Reported net debt</b>	<b>£75.1m</b>	£22.8m	+229.3%
Less: IFRS 16 finance leases	(£7.2m)	(£5.1m)	+41.5%
Finance leases – pre-IFRS 16	£0.7m	£0.7m	—
<b>Bank Net Debt</b>	<b>£68.6m</b>	£18.4m	+272.6%
<b>Bank Net Debt : Bank EBITDA</b>	<b>1.6</b>	0.6	166.7%

During the year, the Group acquired two businesses for a total of £37.5m including cash received on acquisition which has impacted the reported net debt in the period together with a timing issue on trade and other receivables at the end of the year of £17.1m. The Group's non-utilised facilities totalled £54.3m. The Group's existing revolving credit facility was expanded by £40m in the period, via the accordion facility available under the terms of its syndicated bank facilities. The Group is currently in discussions regarding a new banking facility in order to replace the existing facility; these discussions are progressing in line with expectations.

The Company's covenant position and headroom at 31 December 2024 was as follows:

2024 full-year covenant	Covenant	Actual	Headroom
Bank Net Debt : Bank EBITDA	3.0 : 1	1.6 : 1	Bank Net Debt headroom: £56.5m Bank EBITDA headroom: £18.8m
Bank EBITDA : Adjusted Net Finance Expense	4.0 : 1	10.2 : 1	Bank EBITDA headroom: £25.3m Net finance expense headroom: £6.3m

## Capital structure and returns continued

### Capital structure continued

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

	2024	2023
Adjusted <sup>1</sup> Earnings Per Share (pence)	12.5	11.1
Bank Net Debt : Bank EBITDA (times)	1.6	0.6
Adjusted <sup>1</sup> Free Cash Flow (£m)	3.5	18.0

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 and this is outlined on page 130. The Group has a strong balance sheet and significant facility headroom under even a 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 3.3p, taking the full-year dividend to 5.0p, representing a payout of 40% of earnings. The final dividend will be paid on 22 May 2025 to shareholders on the registrar on 11 April 2025.

## 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 <sup>1</sup>			Reported		
	2024	2023	Change	2024	2023	Change
Revenue	£108.9m	£82.6m	+31.8%	£108.9m	£82.6m	+31.8%
Operating profit	£19.1m	£15.0m	+27.3%	£14.9m	£15.3m	-2.6%
Operating margin %	17.5%	18.2%	-0.7ppts	13.7%	18.5%	-4.8ppts

1. Further details of adjustments are in note 1 of the consolidated financial statements.

Wiring Accessories is the Group's most profitable segment, generating 66% of the Group's operating profit and 45% of its revenue, under a brand established over 80 years ago.

Sales into the Wiring Accessories segment were £108.9m, which was a significant increase of 32% over 2023, largely driven by the Hybrid and Retail channels. The Adjusted Operating Margin was 17.5% (2023: 18.2%) which remains a key driver for the Group's overall profitability.



## Operating segment review continued

### LED Lighting

	Adjusted <sup>1</sup>			Reported		
	2024	2023	Change	2024	2023	Change
Revenue	<b>£78.4m</b>	£79.0m	-0.8%	<b>£78.4m</b>	£79.0m	-0.8%
Operating profit	<b>£4.1m</b>	£4.7m	-12.8%	<b>£2.7m</b>	£3.2m	-15.6%
Operating margin %	<b>5.2%</b>	5.9%	-0.7ppts	<b>3.4%</b>	4.1%	-0.7ppts

1. Further details of adjustments are in 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 32% of Group revenue.

Revenue was 0.8% behind the prior year as a result of the headwinds we have faced in the Infrastructure channel, however this was nearly all offset by gains in the international businesses and a recovery in the UK markets and channels. Operating profit was behind the prior year, reflecting wage inflation in the UK, with operating margin at 5.2%. Demand remains particularly strong in the Professional Projects space, as demand for energy-saving retrofits within the non-residential and infrastructure sectors continues to grow.

### Portable Power

	Adjusted <sup>1</sup>			Reported		
	2024	2023	Change	2024	2023	Change
Revenue	<b>£55.2m</b>	£47.4m	+16.5%	<b>£55.2m</b>	£47.4m	+16.5%
Operating profit	<b>£5.8m</b>	£4.3m	+34.9%	<b>£5.6m</b>	£3.7m	+51.4%
Operating margin %	<b>10.5%</b>	9.1%	+1.4ppts	<b>10.1%</b>	7.8%	+2.3ppts

1. Further details of adjustments are in 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 Sync Energy brand

The Group enjoys a leading position in the UK portable power market. The business generates 23% of Group revenue and 20% of Group Adjusted Operating Profit. Revenue increased by a significant 16% in the period with strong performance in the Americas and UK regions.

EV charger sales totalled £9.8m, a growth rate of 26% in the period, which was highly encouraging. We remain excited about the opportunities, in both retail and commercial spaces, that this new sector will provide as the vehicle market moves towards electrification.

### Going concern and viability statement

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 Financial Statements. This is considered in more detail in note 1 of the consolidated financial statements. The Group's Viability Statement can be found on pages 69 and 70 and the Group's Going Concern Statement can be found on page 130.

### Will Hoy

Chief Financial Officer

25 March 2025



We believe that through the way we act, Luceco has a significant opportunity to **create a lasting positive impact** on the world around us.

We aim to do this through addressing three key areas of focus:



Creating a sustainable future

[Find out more on page 34](#)



Empowering people

[Find out more on page 55](#)



Working with integrity and transparency

[Find out more on page 58](#)



## Three key areas of focus:



### Creating a sustainable future

Operating sustainably is a key part of the Group's culture and is reflected within our Purpose, Mission and Strategy, where we have made sustainability a central pillar of the Group's success. Our product portfolio, combined with our business model and experience, puts us in a strong position to help create a sustainable future for all. Our immediate targets have focused on realigning our product portfolio to concentrate on the sale of low carbon products, ensuring the plastic we use is recycled and further that the packaging of the products we sell is recyclable.

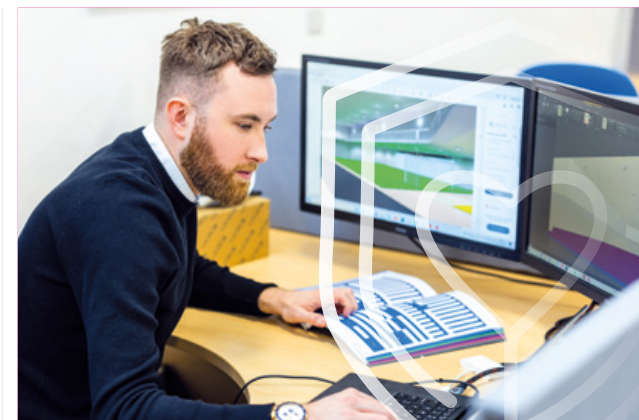
Whilst we recognise there is more to do, we continue to source 100% renewable electricity and offset our Scope 1 and Scope 2 emissions to achieve carbon neutral operations.



### Empowering people

The key to our business model operating effectively is the "can-do" culture created by our fantastic teams. In order for this culture to continue to flourish, we need our people to feel empowered to excel in their work at Luceco. We endeavour to recruit people from a range of backgrounds who are passionate about innovation and customer service. We invest in the training and development of new and existing employees and we make sure we engage with our teams to improve their experience and help them feel part of the business.

Beyond our own teams we also look to empower those who use our products. We provide professionals with access to free training resources and are supporting the development of the next generation of electrical contractors.



### Working with integrity and transparency

We are committed to acting with integrity and transparency at all times, not just because it builds trust with those we work with, but because it is the right thing to do. As a global business, operating in markets and countries with different cultures and practices, we maintain consistently high ethical standards by following our global Code of Conduct.

We follow health and safety best practices and all local regulations, always striving to promote the health of our people and to minimise risks in the workplace. Our approach is supported by strong corporate governance and zero-tolerance policies in relation to behaviour which does not align to our values, and we endeavour to ensure our suppliers share those same values. Finally, we are keen to contribute to the communities we operate in and encourage our people to propose ways we can help.





# Creating a sustainable future

## How we're creating a sustainable future

Objectives/Workstreams	Status	Action in the year	Read more
Task Force on Climate-related Financial Disclosures	●	<ul style="list-style-type: none"><li>Climate working groups</li><li>Review of risks</li><li>Scenario analysis</li></ul>	page 35 pages 36 to 42 page 47
Greenhouse gas emissions	●	<ul style="list-style-type: none"><li>Commitment to measure and reduce greenhouse gas emissions</li></ul>	pages 48 to 53
Sustainability objectives	●	<ul style="list-style-type: none"><li>Preparing for new IFRS S2 Climate-related Disclosure Standards</li><li>Third-party verification of Scope 1 and 2 emissions</li><li>Development of lifecycle carbon footprint assessments</li></ul>	page 53 page 54 page 54

Key to status

- Ahead of target   ● On target   ● Requires improvement

### Climate change

We recognise that climate change poses both risks and opportunities for our business. We have seen a growing mandate from our stakeholders for meaningful action on climate change and to tackle our greenhouse gas emissions. Recognising this, climate change is included within our “Macroeconomic, political and environmental” principal risk. As society transitions towards a net zero future, we are well positioned to make an increasing contribution to society’s climate objectives through our products and services.

#### Task Force on Climate-related Financial Disclosures (“TCFD”)

Luceco Group plc has complied with the requirements of the FCA’s Listing Rule 6.6.6.R(8) by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. Our report is set out under the four TCFD pillars of Governance, Risk Management, Strategy, and Metrics and Targets. In reviewing and approving the Annual Report and Financial Statements, the Board reviewed and approved the TCFD disclosures set out on pages 34 to 53.

### Governance

#### Board-level

The Board has overall responsibility for climate-related matters that affect the Group. The “Matters reserved for the Board” include Environmental, Social and Governance (“ESG”) matters to ensure there is clear oversight of ESG-related considerations, including climate change. The Board’s key responsibilities regarding climate change include:

- Ensuring the Company’s approach to ESG matters remains aligned with the Company’s strategic objectives
- Oversight over TCFD disclosures
- Overseeing the Company’s process for identifying, assessing and managing climate-related risks
- Monitoring the Company’s climate-related risks and opportunities over the short, medium and long term, and actions being taken in response
- Assessing the impact of climate-related risks and opportunities on the Company’s business, strategy and financial planning
- Approving the metrics and targets used by the Company to assess and manage relevant climate-related risks and opportunities and monitor performance against targets

### Governance continued

#### Board-level continued

The Chief Financial Officer (“CFO”) has delegated responsibility from the Board for climate-related matters and is responsible for the implementation of our climate change management strategy. The CFO provides a monthly update to the Board on climate and ESG-related matters within financial reporting and delivers a more detailed update on a quarterly basis. Progress against our climate-related targets is reported annually to the Board.

During the year, the Board reviewed and signed off significant investment in our Home Energy Management system product development which is a key part of our low energy carbon product offering. Additionally, the Board endorsed the installation of a second solar PV array at our manufacturing facility in Jiaxing and we continue to source 100% renewable electricity for our operational sites.

#### Management-level

To support the CFO in the implementation of the strategy, and the effective identification, assessment and management of climate-related risks and opportunities, we have established three working groups. Each working group is chaired by the CFO and meets twice a year. Our external climate advisers attend these meetings to support the development of our strategy and the identification of emerging climate-related risks and opportunities.

**Sustainability Working Group** – comprises senior management from key business areas, including product development, operations, finance and supply chain. They are responsible for the identification and management of climate-related matters within their area of the business and supporting the implementation of carbon reduction measures.

#### Markets & Trends Working Group –

comprises senior management from customer-facing roles representing individual business units (Kingfisher Lighting and DW Windsor) and key sales channels (Retail, Trade and Projects). The group is responsible for monitoring and providing feedback on changes in customer requirements around climate and wider ESG matters, as well as providing regular updates to customers on our climate strategy. Following the acquisition of D-Line, their Chief Operating Officer (“COO”) has joined the group, and we look to include representatives from CMD and Sync Energy over the course of next year.

#### Manufacturing Working Group –

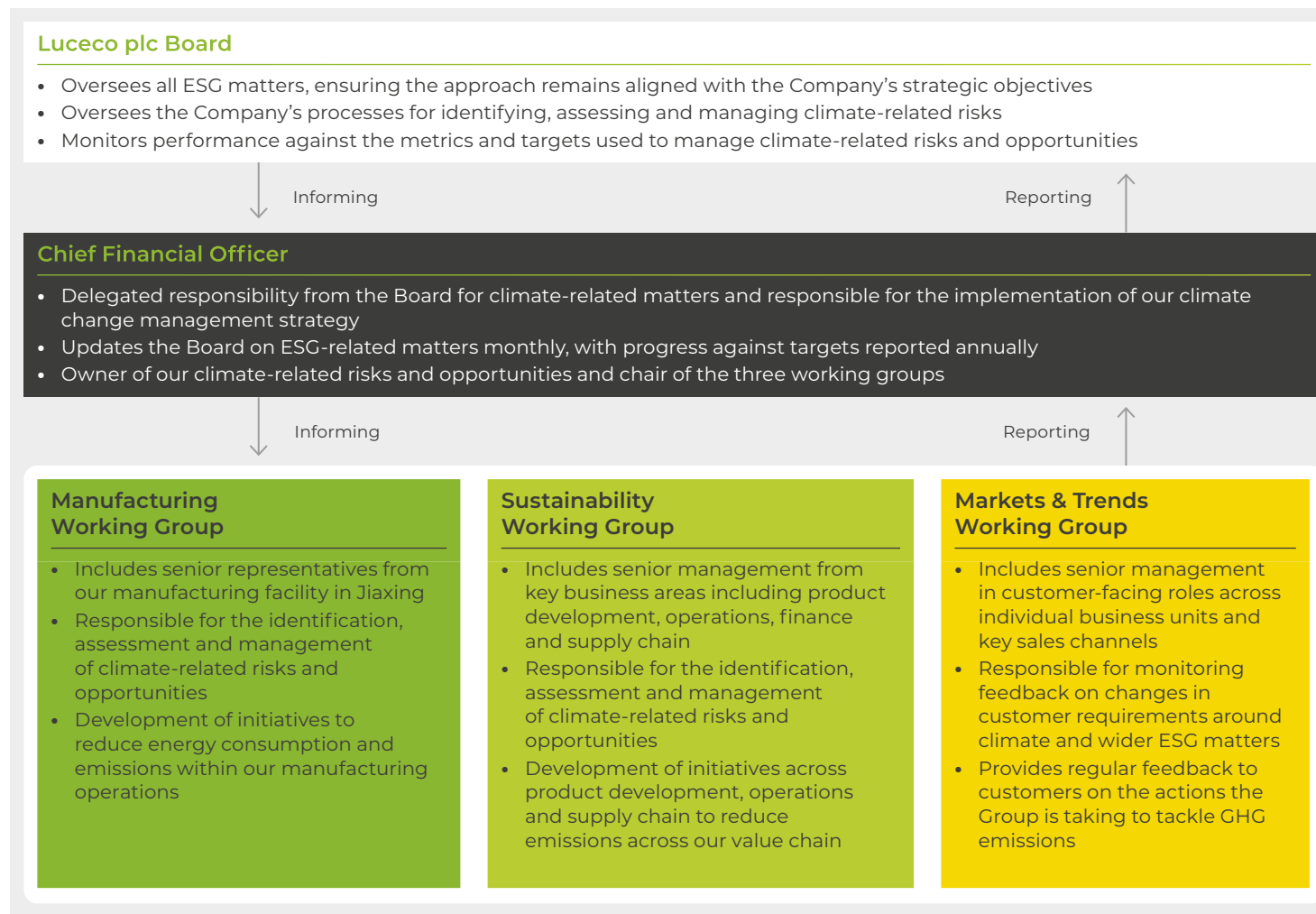
includes senior representatives from our manufacturing facility in Jiaxing, with responsibility for the development of initiatives to reduce energy consumption and emissions. We have been working closely with some of our largest customers towards sustainable packaging.

#### Remuneration

To continually drive progress towards achieving our sustainability agenda, the remuneration for the corporate executive team is linked to the achievement of our ESG objectives. Up to 20% of the annual bonus is allocated to the achievement of strategic objectives including ESG objectives and targets. Further to the corporate executive team, bonuses for the delivery of our ESG objectives are included within the remuneration of Directors and senior management positions across the business. This helps to ensure our climate commitments and goals are continually being driven and executed by senior management. More information of executive remuneration can be found on pages 92 to 109.

### Task Force on Climate-related Financial Disclosures (“TCFD”) continued

#### Governance continued



#### Risk Management

The identification, assessment and management of climate-related risks is fully integrated into our risk management framework and mirrors the approach detailed on pages 64 to 68.

Two sessions are held annually with each of the working groups to appraise our climate-related risks and opportunities and provide an update of how these risks are changing. The outputs from these sessions are integrated into our “Macroeconomic, political and environmental” risk within the principal risk assessment.

The risk assessment process considers a number of categories, such as:

- Current and emerging regulations
- Legal
- Market
- Technology
- Customers
- Physical (acute and chronic)

The following categories are also considered for climate-related opportunities:

- Resource efficiency
- Energy source
- Products and services
- Market
- Resilience


Three principal climate-related risks and two principal opportunities have been identified that impact the Group.



Task Force on Climate-related Financial Disclosures (“TCFD”) continued

Risk Management continued

Climate-related risks

CRI Transition: Changing customer behaviour			
<b>Link to strategy:</b> Products & Services, Supply Chain, Research & Development, and Operations	<b>Change in year:</b> 	<b>Risk and impact:</b> <ul style="list-style-type: none"><li>In 2024, we reviewed our top ten customers in each category and estimate that approximately 46% of total revenue was generated from a customer with some form of public climate commitment (science-based targets or other public commitment to emission reduction targets). This does not include a measure of professional projects with climate or sustainability commitments built into project tenders etc</li><li>We experienced an increased demand for information on the embodied carbon and circular design characteristics of lighting products as part of the tendering process for professional projects (TM65, TM66 and EPDs)</li><li>Emerging interest shown from our larger trade customers in our carbon management strategy and emission reduction targets</li><li>Failure to meet the increasing expectations of our customers on climate action could lead to a loss of revenue</li></ul>	<b>Mitigation:</b> <ul style="list-style-type: none"><li>Management liaises closely with customers to understand their ambitions and requirements relating to climate change</li><li>Development of climate change strategy with an approved near-term science-based target validated by the SBTi</li><li>Responding to external data requests such as the Carbon Disclosure Project (“CDP”) and EcoVadis to increase transparency of our actions to address climate change and wider ESG matters</li><li>Proactive approach to emissions reductions including investment into operational efficiency, sourcing renewable electricity and offsetting residual Scope 1 emissions</li><li>Working with our largest retail customer on the Manufacture 2030 programme to reduce emissions and improve the sustainability of our products and packaging</li><li>31 SKUs have achieved the Green Star rating with leading hybrid retailer Screwfix with a further 175 nominated. Green Star products can help lower environmental impacts because they’re made from lower impact materials or processes, or designed to help reduce impacts when in use</li><li>We have invested in our internal capabilities to develop product information for TM65<sup>1</sup>, TM66<sup>1</sup> and Environmental Product Declarations (“EPDs”) assessments for LED lighting products. Across our lighting business units, we have completed over 100 TM65 and TM66 assessments along with six EPDs</li></ul>
<b>Time horizon:</b> Short, medium and long term	<b>Risk appetite:</b> Risk accepting		
<b>Net risk level:</b> <div><div>Low</div><div>Medium</div><div>High</div></div>			
<b>Metrics:</b> Total GHG emissions  % revenue from customer with GHG emission reduction target or net zero commitment			
<b>Risk owner:</b> CFO			

1. TM65 provides methodology on calculating the embodied carbon of building services equipment and TM66 provides a framework for action and assessment to create a circular economy in the lighting industry.

### Task Force on Climate-related Financial Disclosures (“TCFD”) continued

#### Risk Management continued

#### Climate-related risks continued

##### CR2 Transition: Increased stakeholder concern or negative stakeholder feedback

###### Link to strategy:

Products & Services, Supply Chain, Research & Development, and Operations

###### Change in year:



###### Risk and impact:

- ESG issues, particularly climate change, are a large concern for our key stakeholders, including customers, consumers, lenders, investors and employees
- Shifting focus from investors towards how we seize the opportunities presented by the transition to net zero and how we are addressing our customers' agenda in this area
- Damage to our reputation in relation to climate change could lead to a loss of revenue or negative impact on share prices

###### Mitigation:

- Management liaises closely with customers to understand their ambitions and requirements relating to climate change
- Development of climate change strategy with an approved near-term science-based target validated by the SBTi
- Responding to external data requests such as the Carbon Disclosure Project (“CDP”) and EcoVadis to increase transparency of our actions to address climate change and wider ESG matters
- Proactive approach to emissions reductions including investment into operational efficiency, sourcing renewable electricity, on-site solar PV and offsetting residual Scope 1 emissions
- Working with our largest retail customer on the Manufacture 2030 programme to reduce emissions and improve the sustainability of our products

###### Time horizon:

Short to medium term

###### Risk appetite:

Risk averse

###### Net risk level:

Low

Medium

High

###### Metrics:

Total GHG emissions

% revenue from customer with GHG emission reduction target

Risk owner: CFO

##### CR3 Physical: Increased severity and frequency of extreme weather events

###### Link to strategy:

Operations and Supply Chain

###### Change in year:



###### Risk and impact:

- Following our detailed assessment of physical risks on pages 64 to 68, we have identified that extreme weather events (precipitation and wind risk) could pose a risk to our sites and supply chain, particularly in China
- Severe disruption to our sites or suppliers could result in a loss of revenue

###### Mitigation:

- We have expanded the scope of our physical risk assessment to include newly acquired companies to provide a comprehensive review of physical risk exposures across our operational estate
- Key original equipment manufacturer (“OEM”) suppliers located in China are also included in this assessment to increase visibility of our suppliers' risk exposure
- A buffer stock is held in our UK and China warehouses in the event of supply chain disruption
- All suppliers are provided with visibility of forward orders and supply issues are discussed upfront
- Our production facility in China is spread across multiple buildings on the same site to mitigate site disruptions
- The Group owns its product designs and production tooling, allowing manufacturing activities to be moved between suppliers more easily
- Business continuity plans have been developed and business interruption insurance put in place for our manufacturing facility, as well as key OEM suppliers

###### Time horizon:

Short, medium and long term

###### Risk appetite:

Risk accepting

###### Net risk level:

Low

Medium

High

###### Metrics:

Physical risk exposure rating (EarthScan Rating)

Risk owner: CFO

### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Risk Management continued

#### Climate-related opportunities

##### CO1 Access to new markets

###### Link to strategy:

Products & Services,  
Supply Chain,  
Research &  
Development

###### Change in year:



###### Time horizon:

Short, medium and long term

###### Net opportunity level:

Low

Medium

High

###### Metrics:

Revenue for low carbon products

###### Risk owner: CFO

###### Opportunity and impact:

- The electrification of energy presents a significant opportunity for the Group as new markets emerge through the transition to net zero
- Increased electrification could create opportunities for new product categories that complement our existing offering, such as battery storage, inverters, solar PV and Home Energy Management systems etc
- We expect demand for EV charging solutions for homes and commercial premises to increase, having achieved 26% growth in 2024
- Our Home Energy Management system is a key new market opportunity which will support low carbon sales growth

###### Realising the opportunity:

- Launch of the Sync Energy brand championing eco-power for sustainable living. The brand covers key categories in the eco-power market including EV charging
- Continued investment in R&D enables us to develop innovative products such as EV chargers for commercial premises and Home Energy Management systems for integrating residential batteries, EV chargers, solar PV systems and heating controls
- Our Residential EV Charger division also continued to outperform, with quarterly year-on-year growth of c.50%, reflecting both a strengthening market and successful new product launches
- Dedicated R&D functions in China and the UK employing 130 specialists with an expenditure of £5.1m in 2024
- We will continue to evaluate opportunities to acquire businesses poised to benefit from the electrification of residential and commercial energy use to accelerate our growth strategy

##### CO2 Expansion of existing products and services

###### Link to strategy:

Products & Services,  
Supply Chain,  
Research &  
Development

###### Change in year:



###### Time horizon:

Short to medium term

###### Net opportunity level:

Low

Medium

High

###### Metrics:

Revenue for low carbon products

###### Risk owner: CFO

###### Opportunity and impact:

- The transition to net zero relies on the electrification of energy within homes and commercial buildings, which could increase demand for our existing products and services
- We anticipate an increase in demand for low carbon products and "green home tech" solutions such as smart plugs and controls, extension leads and ultra-efficient LED lighting
- Increased electrification within buildings could create additional demand for wiring accessories as building electrics are upgraded to manage the additional electrical load
- Regulatory and technology changes are another important sales driver. For example, there was a 60% increase in Luceco consumer unit sales during the EICR regulation change

###### Realising the opportunity:

- Expanded our range of LED lighting products and services through the acquisition of two external lighting businesses, DW Windsor (2021) and Kingfisher Lighting (2017)
- Acquisition of CMD (2024) who design and manufacture a comprehensive range of wiring accessories for commercial premises. Opportunity to include LED lighting products as part of their solution
- Continued investment in R&D enables us to bring new and more efficient products to market, helping to maintain competitive advantage and grow market share
- Dedicated R&D functions in China and the UK employing 130 specialists with an expenditure of £5.1m in 2024
- New product innovations include solar-powered off-grid lighting, hybrid lighting solutions as well as more efficient lighting products
- Strategic investment with our long-standing partner, eEnergy Group plc. We are a key supply partner to the company's eLight business who operate within the non-residential segment



Task Force on Climate-related Financial Disclosures (“TCFD”) continued

Risk Management continued

Physical risk: Scenario analysis

To better understand our exposure to the physical impacts of climate change, we have conducted scenario analysis. EarthScan™ allows us to evaluate physical risk on assets critical to our business (manufacturing facilities, warehousing and significant third-party OEMs) for a suite of different hazards, timescales and scenarios. The assessment for direct operations has been updated this year to include new operational sites for the newly acquired companies CMD and D-Line as well as a new warehouse in Telford.

The evaluation completed for OEM suppliers' exposure to physical risk remains relevant and has been updated with the latest climate intelligence from the EarthScan platform.

We used EarthScan's data and insights in our portfolio and asset-level climate risk assessment for the following climate hazards: flooding, heat stress, precipitation, extreme wind, drought and wildfire. Three Intergovernmental Panel on Climate Change (“IPCC”) scenarios have been used to assess physical climate risks:

Business as usual (SSP5/RCP8.5):

Emissions continue to rise over the 21st century, in the worst-case scenario.

Emissions peak in 2040 (SSP2/RCP4.5):

Emissions do not increase beyond 2040. With current commitments, this is the climate scenario that most closely resembles current policy commitments.

Paris aligned (SSP1/RCP2.6): Emissions are aligned with Paris Agreement targets. This is the best-case scenario.

The results from the business-as-usual (“BAU”) scenario are shown below over the historical short, medium and long-term time horizons.

- Short term: present
- Medium term: 2030
- Long term: 2050

Note, the timeline of the Paris Agreement differ to TCFD recognising their own regulation requirements. In conducting both physical and transitional scenario analysis, we have used a more granular assessment of risk exposure, which is important when considering climate-related risks and their implications for long-term strategic planning. The wider range of impacts ratings (very low to very high) compared to the risk assessment process (low, medium and high) helps to capture variations in potential impacts more precisely and their trend over the time horizons. We have also used longer time horizons compared to those used in setting our strategy to better understand and capture the long-term effects of climate change.

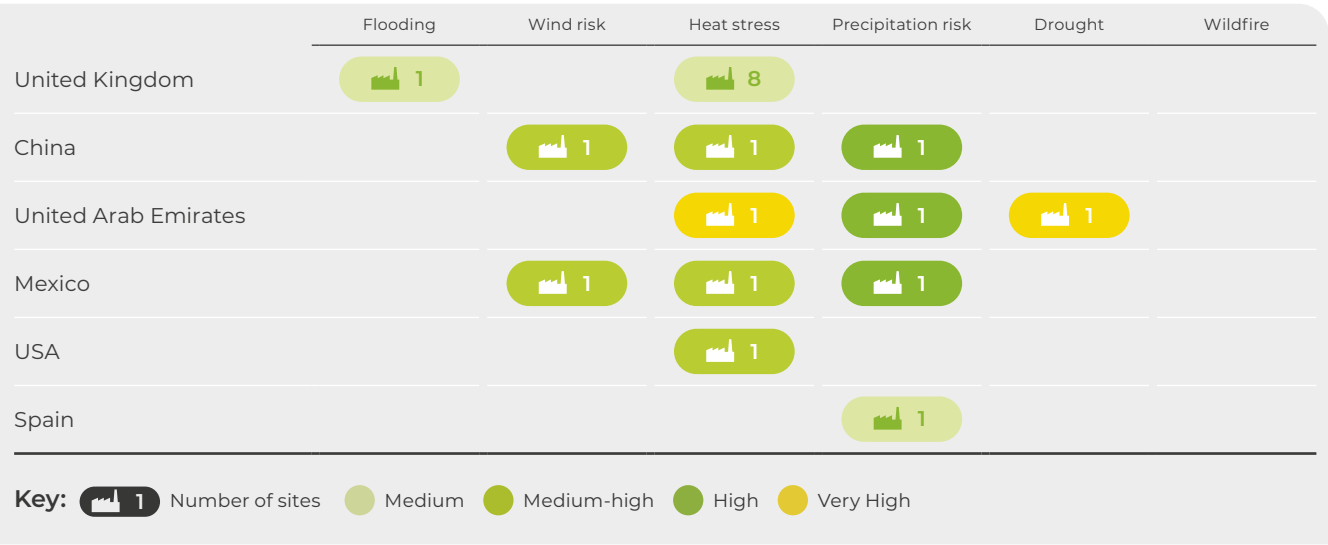
Risk driver	Direct operations			Exposure and potential impact
	Short term	Medium term	Long term	
Flooding	1	1	1	One of our sites in the UK is exposed to a medium risk of riverine flooding. A flood event could cause damage to our facilities or cause disruption indirectly if the local area was impacted. All other sites have been identified as low risk for both riverine and coastal flooding.
Wind risk	1	1	1	Extreme wind events can occur during weather events such as storms, typhoons and tornadoes. These events could cause damage to our facilities or lead to disruption if there are power outages or disruption in the local area. The overall risk is low, however our site located in China is at a medium-high risk.
Heat stress	3	4	4	Most locations are exposed to a medium-high level of heat stress which will increase under the BAU scenario. Increased temperatures over a prolonged period could lead to a loss of productivity and increased costs due to high energy demand for cooling.
Precipitation risk	2	2	2	Precipitation risk refers to the risk caused by exposure to extreme precipitation events or exceptionally high volumes of precipitation. Our sites in China, the UAE and Mexico are exposed to a high risk which could increase the likelihood of flooding, causing damage and disruption to our sites and the surrounding area.
Drought	2	2	2	Droughts are expected to increase under the BAU scenario. Our warehouse located in the UAE has the highest exposure, whilst the manufacturing sites in China and the UK have a low-risk exposure. Droughts would have an immaterial impact on the Group.
Wildfire	1	1	1	All sites are at a low risk from wildfire events.



















Risk exposure 1 Very low 2 Low 3 Medium 4 Medium-high 5 High 6 Very high







Task Force on Climate-related  
Financial Disclosures (“TCFD”) continued  
Risk Management continued

Physical risk: Scenario analysis continued

The table on the right shows the geographic distribution of risks for the different hazards across key operational sites (manufacturing plus warehouse and distribution operations) that have a risk exposure greater than “medium” In each column, the tile number corresponds to the number of sites potentially with a risk exposure rating of medium or above. The colour of the tile represents the average risk exposure for those sites. Grey tiles represent countries where sites achieved a rating of “very low” or “low” for the exposure in that risk category.



Risk driver	Top 15 OEMs			Exposure and potential impact
	Short term	Medium term	Long term	
Flooding				Supplier sites have a low-risk exposure to riverine and coastal flooding events.
Wind risk				Our suppliers are exposed to a high level of wind risk in the form of typhoons and storms. These events could damage supplier factories, affecting their ability to manufacture. Indirect damage: There is also a risk that if the local area is affected, it could lead to other disruptions, such as their ability to bring in raw materials or transport finished goods. This could impact the amount of product we have available for customers.
Heat stress				There is a medium risk of heat-stress events for suppliers. Whilst there could be implications such as productivity loss or high operating costs, the impact for the Group is thought to be immaterial.
Precipitation risk				Our suppliers are exposed to a high level of precipitation risk with heavy precipitation events becoming more frequent and intense across Asia. These events could cause damage and disruption to supplier facilities through surface water flooding. This risk could also impact the ability of suppliers to bring in raw materials or transport finished goods, which could impact the amount of product we have available.
Drought				Droughts are expected to increase under the BAU scenario but still remain at a low risk level. Droughts could cause short-term disruption for manufacturers that are reliant on water within their manufacturing processes. However, given the risk level, the impact on the Group is thought to be immaterial at this stage.
Wildfire				Supplier sites have a low-risk exposure to wildfire events.

Risk exposure     1 Very low     2 Low     3 Medium     4 Medium-high     5 High     6 Very high

### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Risk Management continued

##### Adaptation and mitigation measures

Our physical scenario analysis shows the extent to which our operations and those of our principal OEM suppliers, situated within China, are exposed to the acute and chronic impacts of climate change. Extreme weather events such as extreme precipitation and storm events represent the most significant threat to our facilities and suppliers. During 2024 we experienced no adverse impacts to our operations or our suppliers because of extreme weather events.

In recognition of the potential disruptions posed by extreme weather events, we hold additional stock in our warehouses in both the UK and China. This buffer helps to bolster our resilience to any temporary disruptions within the supply chain. The Group has ownership of product designs and production tooling, allowing manufacturing activities to be moved between suppliers more easily, should any disruptions arise. We have established comprehensive business continuity plans and secured business interruption insurance for our manufacturing facilities and critical OEM suppliers. This ensures our preparedness and financial protection against unforeseen events. Over the medium to long term, we are looking at greater diversification of our supplier base to further mitigate our risk exposure and are planning to have small-scale options outside of China.

#### Strategy

We recognise that climate-related risks and opportunities can manifest themselves over longer time horizons that extend beyond traditional business planning horizons (and hence these timelines are different to our assessment of non-climate-related risks). To develop a resilient business capable of navigating the uncertainties introduced by climate change, we have embedded the management of these climate-related considerations within our business strategy, encompassing our short, medium and long-term time horizons.

- Short term: 0 to 1 year
- Medium term: 1 to 3 years
- Long term: 3 to 10+ years

Our strategic priorities of Innovate, Grow and Sustain help to ensure our work contributes increasingly to society's sustainability goals.

#### Innovate

Through research and development, we will continue to develop innovative products which are more efficient and designed with circularity in mind. As we progressively add greater technology, such as controls, smart functions and connectivity, we can help our customers reduce their energy usage.

#### Grow

Our growth strategy focuses on continued organic growth and targeted acquisitions to gain access to emerging product markets and expand our existing product offering. We aim to leverage the opportunities presented by the electrification of energy which helps drive decarbonisation and the transition to net zero.

#### Sustain

We aim to lead the industry by lowering our environmental footprint, and in doing so help our customers to achieve their own sustainability targets.

#### Transitioning to a low carbon economy

We recognise the UK Government's net zero target for 2050 and the net zero commitments and emission reduction targets that our customers have made. In setting our strategy, we have established near-term science-based emission reduction targets which have been validated by the Science Based Targets initiative ("SBTi"). Delivering progress against our near-term targets is an important step in our transition towards a low carbon economy. To achieve our Scope 1 and 2 target we will continue to source 100% renewable electricity, and in September 2024 we completed the installation of our second solar PV array at our manufacturing facility in Jiaxing, China. When fully operational, we anticipate around 13% of the site's electricity consumption will be self-generated.

Ensuring we use energy efficiently across heating, manufacturing processes and transportation will play an important role in reducing our use of fossil fuels. We have made improvements to the management of our heating system at our main distribution centre in Telford, reducing gas consumption by 6% compared to last year. Kingfisher Lighting have moved into new premises, and we have implemented a state-of-the-art lighting system with modern controls to reduce electricity consumption. We have also installed EV chargers at our sites to support employees with the transition to electric vehicles.



### Task Force on Climate-related Financial Disclosures ("TCFD")

continued

#### Strategy continued

#### Transitioning to a low carbon economy continued

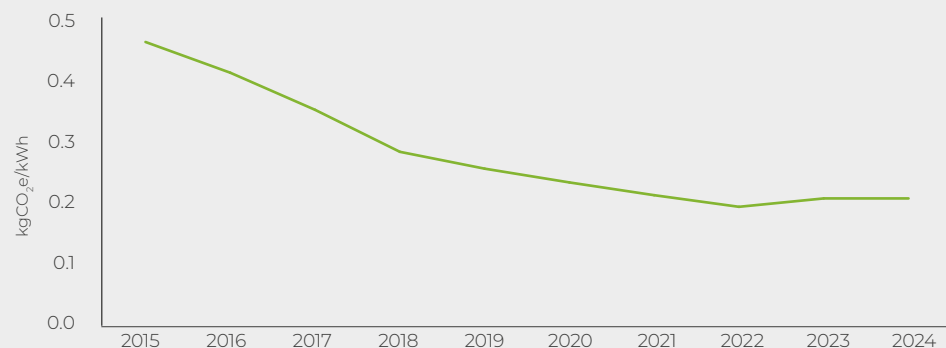
Over the medium term, we will need to continue the transition of company vehicles to electric and low carbon alternatives as well as assessing the use of low carbon heating solutions across our estate.

Our Scope 3 target focuses on emissions from the use of the products we sell. We continue to enhance product efficiency through research and development, integrating energy-saving features such as advanced controls and smart functionality. Our expanding product range, including off-grid solar-powered and hybrid lighting solutions, demonstrates our commitment to innovation and decarbonisation, helping our customers transition to a low carbon economy.

Achieving our Scope 3 target is dependent upon the decarbonisation of electricity grids in the markets where our products are sold. For example, the carbon intensity of the UK electricity grid has halved due to increased renewable energy generation since 2015. While the pace of decarbonisation has slowed in recent years, the UK Government remains committed to delivering a clean power system by 2030.

To strengthen our transition to a low-carbon economy and reduce emissions across our GHG inventory, we have assessed our current practices against the Transition Plan Taskforce ("TPT") Disclosure Framework. This framework defines best practices for credible and robust transition plan disclosures. We are now reviewing the findings alongside the IFRS S2 Climate-related Disclosure Standard to shape our approach, ensuring a clear strategic direction to achieve our targets and comply with forthcoming disclosure requirements.

#### UK electricity grid emissions intensity



### Task Force on Climate-related Financial Disclosures (“TCFD”) continued

#### Strategy continued

 <b>Products &amp; Services</b>	 <b>Supply Chain</b>	 <b>Research &amp; Development</b>	 <b>Operations</b>
<p>Our low carbon product ranges (LED lighting, EV chargers and smart standby products) help customers to reduce their GHG emissions and transition towards a low-carbon future. We strive to develop more efficient products and better controls to improve energy efficiency.</p>	<p>One of our strengths is the relationship we have with our suppliers. We recognise that we must work together to make more sustainable choices across product design, material choices and the manufacturing processes.</p>	<p>Our business is well placed to take advantage of the inevitable electrification of energy as we transition towards a low carbon economy. Opportunities for expansion into electric vehicle charging and other low carbon solutions such as smart home tech.</p>	<p>One of our first priorities is to reduce the emissions from our operations. By implementing efficiency improvements, we can reduce energy use, raw material use, waste and water use to limit our GHG emissions.</p>
<a href="#">Link to strategic priorities</a>			
<b>Innovate, Grow, Sustain</b>	<b>Sustain</b>	<b>Innovate, Sustain</b>	<b>Sustain</b>
<a href="#">Link to climate-related risks and opportunities</a>			
<div> <div>CR1</div> <div>CR2</div> <div>CO1</div> </div>	<div> <div>CR1</div> <div>CR2</div> <div>CR3</div> <div>CO1</div> <div>CO2</div> </div>	<div> <div>CR1</div> <div>CR2</div> <div>CO1</div> </div>	<div> <div>CR1</div> <div>CR2</div> <div>CR3</div> <div>CO1</div> <div>CO2</div> </div>
<b>Achievements during 2024</b>			
<ul style="list-style-type: none"> <li>£82.6m revenue generated from low carbon product categories</li> <li>Strong pipeline of new products including EV chargers for commercial premises, Home Energy Management systems for integrating residential batteries, EV chargers, solar PV systems and heating controls as well as solar-powered lighting solutions</li> <li>Continued development of TM65, TM66 and EPD for LED products in response to increased customer demand for sustainability-related product information</li> <li>Our lighting divisions have been offering CPD sessions focused on sustainable lighting solutions with customers</li> </ul>	<ul style="list-style-type: none"> <li>Continuing to work with our key customers on the Manufacturing 2030 programme to reduce our GHG emissions</li> <li>Worked with our logistics partner to improve our quantification methodology for upstream logistics</li> <li>As part of developing our product sustainability information, our team in China has been engaging with our OEM suppliers to obtain critical data for these assessments</li> </ul>	<ul style="list-style-type: none"> <li>Specialist R&amp;D function in China and the UK employing 130 specialists with an expenditure of £5.1m (£4.1m in 2023)</li> <li>Development focus on EV and Home Energy Management systems which are key growth areas for the business and also a key high market growth opportunity</li> <li>DW Windsor continue to develop innovative hybrid power lighting solutions to help customers reduce their energy consumption and costs</li> </ul>	<ul style="list-style-type: none"> <li>Sourced 100% renewable electricity for all Group operations in 2024, for the third consecutive year</li> <li>Completion of the second solar PV array at our manufacturing facility in China</li> <li>Investment in energy management at Telford site to reduce natural gas consumption</li> <li>Installation of EV charges at Telford site for employees and visitors</li> <li>ESOS audits completed for UK sites</li> <li>Superior packaging solutions implemented</li> <li>Kingfisher Lighting have moved into a new distribution centre fitted out with our energy efficient lighting and controls</li> </ul>
<b>Targets and commitments</b>			
<p>Luceco plc commits to reduce absolute Scope 3 GHG emissions from the use of sold products by 27.5% by 2031 from a 2021 base year.</p>	<p>Luceco plc commits to generating £120m revenue from low carbon product sales by 2030.</p>	<p>Luceco plc commits to reduce absolute Scope 1 and Scope 2 GHG emissions by 46.2% by 2031 from a 2021 base year.</p>	

### Task Force on Climate-related Financial Disclosures ("TCFD")

continued

#### Strategy continued

##### Financial planning

Climate-related matters influence various elements of our financial planning process. The potential financial impact of each risk and opportunity is calculated to better understand its materiality for the Group. Acquisitions have played, and will continue to play, a key role in our sustainable growth strategy. We have acquired three businesses since 2017 to gain access to emerging product markets, such as EV chargers through our acquisition of Sync EV in 2022, and to expand our existing LED lighting product offering through the acquisitions of Kingfisher and DW Windsor. In 2024 we acquired CMD, who design and manufacture a comprehensive range of wiring accessories for commercial premises and offices, which represents an opportunity for the Group to sell our LED lighting solutions to complement their existing offering.

In November 2023, we completed a strategic investment in eEnergy, an important customer within our LED Lighting Projects business. eEnergy is a net zero energy services provider, empowering organisations to transition to net zero by tackling energy waste and consuming clean energy, without the need for upfront investment. They are well positioned to become an increasingly relevant sales channel within the non-residential segment, and we look forward to working in collaboration to explore growth opportunities for our LED lighting and other products.

1. Low carbon products are classified as LED lighting, excluding revenue from lighting columns, and EV chargers, see page 53 for more detail.

Copper is a key raw material for our products, and we anticipate that demand for copper will continue to increase, driven in part by the electrification of energy and transportation. We continue to use forward purchasing strategies and hedging along with short-term fixed price agreements to protect against volatility.

Our aim is to leverage our position as the UK's leading provider of domestic electrical devices to seize opportunities presented by the electrification of energy as society charts its path towards net zero.

We generated £82.6m of revenue from low carbon products<sup>1</sup> in 2024. As we move forward we are going to include our Home Energy Management systems, which will begin delivering sales in 2025, within our low carbon products target. Accordingly, we have revised our target to include these products and have set a target of £120m of low carbon sales by 2030.

Over the course of 2024, we have invested £5.1m in R&D, with a significant proportion attributable to the development of low carbon products. Additionally, we have invested to reduce our GHG emissions, including the second solar PV array at our manufacturing facility in China, installed EV chargers at our Telford site and installed LED lighting and controls at the new Kingfisher site.

### Scenario analysis: Transition risks and opportunities

In 2022, we carried out a detailed assessment of how our main climate-related transition risks and opportunities could evolve under three different scenarios based upon the Network for Greening the Financial System ("NGFS") climate scenarios. Potential impacts and their materiality were considered across short (present), medium (2030) and long-term (2050) horizons. Our medium-term horizon is aligned with our near-term science-based emission reduction target and our long-term horizon aligns with the UK Government's net zero commitment. In 2024, we revisited the risks and opportunities evaluated within our scenario analysis process and are satisfied that there were no new emerging risks or opportunities at this stage which need to be factored into our assessment. Over the course of 2025, we plan to repeat our scenario analysis in line with our three-year planning cycle. Objectives for the next analysis are to incorporate more quantitative assessments of the potential financial impact, taking into consideration the requirements of the IFRS S2 standard.

In the Net Zero ("NZ") scenario, we are likely to be confronted by escalating risks associated with the evolution of customer preferences and increasing stakeholder concern regarding climate change. Should we fail to align with these escalating demands for climate action, our revenue could be impacted by falling customer demand and our share price could be adversely affected. The advent of carbon pricing mechanisms and the surge in raw material costs driven by the global shift towards sustainable energy, may result in higher costs. This scenario also unveils the most substantial opportunities for the Group, especially in the medium to long term. The development of new markets such as EV charging equipment and other emerging technologies, could represent substantial growth opportunities for the Group. Additionally, there is potential within existing product categories for growth, through the electrification of energy and a growing appetite for environmentally conscious products.

In the Delayed Transition ("DT") scenario, the perceived risks appear more subdued in the short to medium term but escalate towards the long-term horizon. This suggests a delayed transition might lead to sudden and more significant changes over a shortened timescale later on. The potential financial impacts from changing customer behaviour and stakeholder concern on revenue and share price could become more significant if we failed to act over the long term.



## Environment, Social and Governance continued

### Creating a sustainable future continued

#### Task Force on Climate-related Financial Disclosures ("TCFD")

continued

#### Strategy continued

#### Scenario analysis: Transition risks and opportunities continued

The Current Policies ("CP") scenario, which assumes there is no expansion in climate policies and lowered expectations from customers and other stakeholders, results in a lower level of transitional risk. We still anticipate growth prospects within this scenario, as advances in energy efficiency and the progression towards the electrification of energy present viable opportunities. However, the magnitude of these opportunities is less pronounced than in the NZ or DT scenarios.

Our strategic approach to sustainable growth continues to focus on organic growth complemented by strategic acquisitions aimed at gaining access to emerging markets and enhancing our existing portfolio. Sustainability is a key pillar of our business strategy, and we are well positioned to seize the opportunities presented by the transition to net zero. We recognise and support the significant commitments our customers are making to reduce their carbon footprint and will work closely with them to help them achieve their climate aspirations.

#### Climate scenarios

**Net Zero 2050** – an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO<sub>2</sub> emissions no later than 2050.

**Delayed Transition** – assumes global emissions do not peak until 2030, followed by strong policies that are needed to limit warming to below 2°C. This scenario explores the impact that a delayed and disorderly transition could have.

**Current Policies** – assumes that only currently implemented policies are preserved, leading to a "hot-house world", a higher degree of physical risk and lower impact of transitional risk.



# Environment, Social and Governance continued

## Creating a sustainable future continued

### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Strategy continued

#### Scenario analysis: Transition risks and opportunities continued

Transition risk/opportunity	Description	Potential financial impact	Scenarios	Short term	Medium term	Long term
Risk						
Changing customer demands	Trend within our retail customer base of ambitious carbon reduction targets that requires suppliers to set similarly ambitious targets.	Failure to respond to increasing customer demand for climate action could lead to a loss of revenue through reduced demand for products and services.	NZ	3	4	6
			DT	2	3	5
			CP	2	2	2
Increased stakeholder concern	ESG issues, particularly climate change, are a large concern for our key stakeholders (investors, customers, employees and consumers).	Damage to our reputation in relation to climate change could lead to a loss of revenue or negative impact on share prices.	NZ	3	4	6
			DT	2	3	6
			CP	2	2	2
Increased pricing of GHG emissions	To achieve the ambitious goal of net zero emissions by 2050, the policy landscape around GHG emissions will need to evolve to create the necessary environment to enable the transition to a low carbon economy.	More ambitious climate policies could increase direct and indirect operating costs. Failure to comply with reporting obligations could have a negative impact on our reputation.	NZ	4	4	4
			DT	2	2	5
			CP	1	1	1
Increased cost of raw materials	Demand for critical materials, such as copper, is projected to rapidly grow as sustainable technologies are deployed (renewable energy, electrification, EVs etc.) in pursuit of net zero. Rapid growth in demand and the timespan to develop new supplies of metals can affect the supply and demand balance.	Increased raw materials costs would inevitably lead to increased product costs, although these costs can usually be passed on. Constrained supply chains could temporarily reduce production output.	NZ	4	4	4
			DT	2	2	5
			CP	2	2	2
Opportunities						
Access to new markets	The electrification of energy presents a significant opportunity for the Group through the net zero transition. This predominantly relates to EV charging solutions but could also extend to new product categories that complement our existing offering (battery storage, inverters, solar PV etc.).	The transition to net zero presents a range of exciting opportunities for the Group to grow revenues from new product categories. For example, the UK EV charging market is estimated to be worth £500m annually by 2025.	NZ	4	6	6
			DT	2	4	6
			CP	2	4	4
Expansion of existing products and services	The transition to net zero relies on the electrification of energy and efficiency gains within buildings which could increase demand for our products. This includes low-carbon products (LED lighting, smart plugs and controls) and wiring accessories as building electrics are upgraded to manage the additional electrical load.	The transition to net zero presents a range of exciting opportunities for the Group to also grow revenues within existing product categories.	NZ	4	6	6
			DT	2	4	6
			CP	2	4	4
Materiality	Low	Medium	High			
Risk	12	34	56			
Opportunities	12	34	56			

# Environment, Social and Governance continued

## Creating a sustainable future continued

### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Metrics and Targets

##### Greenhouse gas emissions

We are committed to measuring and reducing our greenhouse gas emissions ("GHG"), having established 2021 as the baseline for our GHG inventory and emission reduction targets. The Group's emissions have been independently calculated in accordance with the GHG Protocol and PCAF, utilising emission factors published by the UK Government, the International Energy Agency ("IEA") and Exiobase. The table below details our GHG emissions from all Group operations and our value chain across Scopes 1, 2 and 3 for the year ended 31 December 2024, compared to the previous year and our 2021 base year. The table excludes CMD Limited and D-Line due to the timing of these acquisitions. A separate table has been included for D-Line (see following page).

GHG emissions (tCO <sub>2</sub> e)	2024	2023	2022	2021	Change vs 2023	Change vs 2021
<b>Scope 1</b>						
Natural gas	481.8	467.0	380.1	432.7	3%	11%
LPG	7.4	8.4	5.8	5.9	-12%	25%
HFCs	182.4	137.0	57.3	46.8	33%	290%
Company vehicles	328.3	522.1	459.6	483.9	-37%	-32%
<b>Scope 2</b>						
Market-based method ("MBM")	—	—	—	195.3	—	-100%
Location-based method ("LBM")	5,634.6	4,999.1	4,139.8	5,240.9	13%	8%
<b>Scope 3</b>						
Purchased goods and services	75,498.0	69,248.7	60,900.4	83,623.0	9%	-10%
Capital goods	1,581.5	1,777.8	1,596.1	2,418.8	-11%	-35%
Fuel and energy-related activities	2,013.9	1,850.1	1,534.6	1,944.9	9%	4%
Upstream transportation and distribution	11,982.0	7,596.4	14,557.1	10,783.7	58%	11%
Waste generated in operations	221.1	187.3	253.8	208.0	18%	6%

					Change vs 2023	Change vs 2021
GHG emissions (tCO <sub>2</sub> e)	2024	2023	2022	2021		
Business travel	787.0	921.8	628.5	402.0	-15%	96%
Employee commuting	1,122.8	1,149.0	1,053.2	1,386.8	-2%	-19%
Downstream transportation and distribution	13,018.5	7,007.6	13,611.5	20,206.4	86%	-36%
Use of sold products	441,721.7	405,258.0	430,472.0	526,774.6	9%	-16%
End-of-life treatment of sold products	777.1	715.5	763.3	1,077.6	9%	-28%
Investments	142.9	207.6	—	—	-31%	—
<b>Total Scope 1 + 2 (MBM only)</b>	<b>999.9</b>	<b>1,134.5</b>	<b>902.8</b>	<b>1,164.6</b>	<b>-12%</b>	<b>-14%</b>
<b>Total Scope 3</b>	<b>548,866.5</b>	<b>495,919.8</b>	<b>525,370.5</b>	<b>648,825.8</b>	<b>11%</b>	<b>-15%</b>
<b>Total GHG emissions</b>	<b>549,866.4</b>	<b>497,054.3</b>	<b>526,273.2</b>	<b>649,990.4</b>	<b>11%</b>	<b>-15%</b>
Outside-of-scope direct biogenic emissions	11.6	20.0	19.7	27.2	-42%	-57%
<b>Emissions intensity ratio</b>						
<b>£m revenue</b>	<b>218.8</b>	<b>209.0</b>	<b>206.3</b>	<b>228.2</b>	<b>5%</b>	<b>-4%</b>
Scope 1 + 2 (MBM) tCO <sub>2</sub> e/£m revenue	4.6	5.4	4.4	5.1	-15%	-10%
Scope 3 tCO <sub>2</sub> e/£m revenue	2,509.7	2,372.8	2,546.6	2,843.2	6%	-12%

In 2024, we have continued our efforts to improve our emissions quantification methodology and have restated our historic emissions profile to reflect this. We have worked with our main freight forwarder to obtain activity-based calculations, allowing us to improve the accuracy of our upstream transportation and distribution emissions. We have also improved the underlying dataset used in the LED lighting element of our use of sold products calculations. We now have product data for 99% of our sold lighting products, which has increased from 70% in 2021; the implications of this improvement are discussed in more detail as part of our Scope 3 target analysis on page 53.



### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Metrics and Targets continued

##### Greenhouse gas emissions continued

We have continued efforts to improve our emission quantification methodology and have begun work on incorporating the addition of D-Line into the Group's GHG accounting. The Group's reported emissions exclude both D-Line and CMD, with D-Line's 2024 emissions reported below. The emissions profile for both D-Line and CMD will be included in reporting in 2025.

D-Line GHG emissions (tCO <sub>2</sub> e)	2024
Scope 1	24.7
Scope 2 (MB)	—
Scope 3	7,315.1
<b>Total</b>	<b>7,339.8</b>
Outside-of-scope biogenic emissions	0.3
<b>Emissions intensity ratio</b>	
£m revenue	22.9
Scope 1 + 2 (MBM) tCO <sub>2</sub> e/£m turnover	1.1
Scope 3 tCO <sub>2</sub> e/£m turnover	319.9

D-Line energy use (kWh)	2024	2023	% change
Natural gas	132,183	128,764	3%
LPG	13,073	16,773	-22%
Company vehicles	26,572	24,741	7%
Electricity	625,196	630,060	-1%
<b>Total</b>	<b>797,024</b>	<b>800,339</b>	<b>-0.4%</b>

D-Line energy use (tCO <sub>2</sub> e)	2024	2023	% change
Natural gas	15.2	14.3	6%
LPG	2.8	3.6	-22%
Company vehicles	6.7	6.2	7%
Electricity	—	111.5	-100%
<b>Total</b>	<b>24.7</b>	<b>135.6</b>	<b>-82%</b>

The table below details our 2021, 2022 and 2023 GHG emissions reported in the 2023 Annual Report. These values have now been restated following the methodology improvements and restated emissions provided in 2024. Our Scope 1 and 2 emissions and "Use of sold products" emissions for 2021 have remained the same under our SBTi target commitment. A significant change has arisen for upstream transportation emission calculations, which has moved from a financial spend model to incorporating activity data provided by one of our major logistics providers. As a result, we have restated our 2023, 2022 and 2021 emissions profile to it in line with our new methodology.

Our GHG inventory has seen a year-on-year increase, but an overall decrease against the 2021 base year. This was driven primarily by a 9% increase in our largest emission source, the use of sold products. There are numerous factors driving this increase, including a 10% increase in sales volumes compared to 2023 and changes in our product mix (i.e. higher value and more powerful commercial lighting versus residential lighting) in 2024.

Upstream and downstream transportation emissions have increased compared to last year. Emissions in these categories have been calculated using a mixture of activity data from suppliers and spend-based factors, where deflators are used to normalise the financial spend to align with the emission factors. The deflators use a region-specific average which does not capture the significantly higher inflationary pressure that was experienced for shipping costs since the COVID-19 pandemic. For 2024, we successfully moved away from spend-based factors for one of our main freight suppliers; however, a significant proportion remains on a spend-based calculation. As a result, emissions in previous years are likely to be overstated due to higher freight costs over this period. We will continue work in 2025 to obtain more activity data and shift away from the spend-based method.

#### Historic emissions (pre-restatement)

GHG emissions (tCO <sub>2</sub> e)	2023	2022	2021
Scope 1	1,134.5	902.7	969.4
Scope 2	—	—	195.3
Scope 3	496,359.0	531,775.0	656,613.9
<b>Total</b>	<b>497,493.5</b>	<b>532,677.7</b>	<b>657,778.5</b>
Outside-of-scope biogenic emissions	20.0	19.7	27.2

# Environment, Social and Governance continued

## Creating a sustainable future continued

### Task Force on Climate-related Financial Disclosures ("TCFD") continued

#### Metrics and Targets continued

#### Streamlined Energy and Carbon Reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires the Group to disclose its annual energy consumption and greenhouse gas emissions from Streamlined Energy and Carbon Reporting ("SECR") sources for global Scope 1 and 2 emissions. Our emissions intensity per unit of turnover is reported in the GHG inventory table on page 48 and the narrative on energy and emission reduction measures is included in the strategy section on pages 42 to 45. The tables below do not include D-Line or CMD data due to the timing of the acquisitions. D-Line data has been disclosed separately on page 49. Both entities will be included within 2025 reporting.

	2024			2023			Total change (%)
	UK	Non-UK	Total	UK	Non-UK	Total	vs 2023
Energy use (kWh)							
Natural gas	1,502,405	1,131,567	2,633,972	1,491,648	1,061,136	2,552,784	3%
LPG	34,464	—	34,464	39,302	—	39,302	-12%
Company vehicles	1,286,683	116,800	1,403,483	1,914,329	158,186	2,072,515	-32%
Electricity (grid)	1,425,366	7,890,157	9,315,523	1,261,145	6,998,830	8,259,975	13%
Electricity (solar generation)	—	824,039	824,039	—	744,236	744,236	11%
<b>Total</b>	<b>4,248,918</b>	<b>9,962,583</b>	<b>14,211,481</b>	<b>4,706,424</b>	<b>8,962,388</b>	<b>13,668,812</b>	<b>4%</b>

	2024			2023			Total change (%)
	UK	Non-UK	Total	UK	Non-UK	Total	vs 2023
Scope 1 and 2 emissions (tCO <sub>2</sub> e)							
Natural gas	274.8	207.0	481.8	272.9	194.1	467.0	3%
LPG	7.4	—	7.4	8.4	—	8.4	-12%
HFCs	9.2	173.2	182.4	9.2	127.8	137.0	33%
Company vehicles	301.0	27.3	328.3	485.3	36.9	522.1	-37%
<b>Total</b>	<b>592.4</b>	<b>407.5</b>	<b>999.9</b>	<b>775.8</b>	<b>358.8</b>	<b>1,134.5</b>	<b>-12%</b>

### Task Force on Climate-related Financial Disclosures (“TCFD”) continued

#### Metrics and Targets continued

##### Renewable electricity

We have continued our efforts to mitigate our Scope 2 emissions and sourced 100% renewable electricity across all operations for the third year running. Renewable Energy Attribute Certificates (“EACs”) have been sourced to cover grid electricity consumption for all operational locations, accounting for 92% of our total electricity consumption. We were unable to source EACs generated for our operations in Mexico due to the small volume of certificates required and have instead sourced EACs from Guatemala, which shares an electrical interconnector with Mexico. Our second solar PV array at our manufacturing facility in China began operating in September 2024 and our percentage of self-generated electricity will increase in 2025 as the array is fully operational. In 2024, on-site renewable generation accounted for 8% of total electricity consumption.

##### Carbon neutrality

Carbon neutrality (or carbon neutral) is defined as having zero Scope 1 and Scope 2 emissions by a combination of carbon reduction activities together with offsetting measures, such as carbon credits. We have retired 1,025<sup>1</sup> credits this year, sourced from the Weyerhaeuser Afforestation Project in Uruguay. The nature-based project covers over 18,800 hectares of degraded land which is expected to continue to degrade in the absence of this afforestation project.

1. 1,025 credits have been retired for the 2024 reporting period. This covers the Scope 1 emissions arising from the Group excluding CMD.

The certificates have been awarded by the Rainforest Alliance in accordance with the Verified Carbon Standard.

##### GHG data verification

As part of improving our CDP disclosures, we obtained external verification from Lucideon CICS for our 2023 Scope 1 and 2 inventory. The verification findings provide limited assurance that the GHG emissions statement is materially correct and a fair representation of the Group's Scope 1 and 2 GHG emissions. The Group is committed to repeat verification for Scope 1 and 2 for the 2024 period as part of our CDP disclosures and we will review the applicability of verification for Scope 3 emission sources.

##### Calculation methodology

###### Scope 1 and 2

**Natural gas** – Calculated using metered consumption from supplier invoices. Where actual consumption data was not available, consumption has been estimated based on floor areas and published benchmarks or heating degree day regression analysis.

**HFCs** – Refrigeration emissions have been calculated from service records where available. Where records were unavailable, HFC losses have been estimated using the screening methodology which estimates annual refrigerant losses based on equipment type.

**Company-owned vehicles** – Emissions have been calculated using fuel consumption data where available. Vehicle type and mileage have been used to calculate emissions where fuel data is not available. UK Government “SECR” kWh emission factors have been utilised to calculate the underlying energy use.

**Electricity** – Calculated primarily using metered consumption from supplier invoices and half-hourly consumption data. Where actual consumption data is not available, consumption has been estimated based on floor areas and published benchmarks.

**Exclusions** – Emissions from rented sales offices with shared air conditioning services, including our sales offices in the UAE and Spain, have been excluded due to a lack of data, however emissions are immaterial.

##### Scope 3

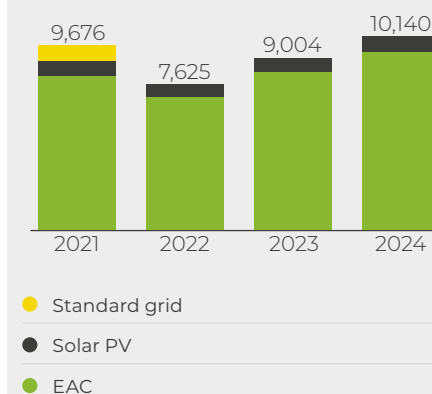
**Financial screening** – Purchased goods and services, capital goods, business travel, waste generated in operations and some aspects of transport and distribution have been calculated using a financial screening methodology which uses high-level environmentally extended input output (“EEIO”) factors to estimate associated GHG emissions from financial spend information. Country or region-specific Exiobase EEIO factors from 2020 have been utilised along with the most up-to-date deflation factors published by the World Bank and UK Government to normalise spend back to the year of the emission factors.

**Upstream transportation and distribution** – We have obtained GHG calculations from our main freight forwarder to improve the calculation and move away from financial screening.

The calculations are completed on a tonne/km basis in line with the GHG Protocol and relevant UK Government emission factors are used. The financial screening is adjusted to exclude the main freight forwarder from that part of the calculation to avoid double counting.

**Use of sold products** – Emissions have been modelled based on sales data and product information and assumptions on the use of our products over their expected lifespan. For LED lighting products, we have taken the quantity of lights sold and their individual wattages and multiplied by 75% of their overall lifetime run hours to estimate their lifetime energy usage. This is then multiplied by the country of sale electricity emission factor, provided by the UK Government for the UK and IEA factors for the rest of the world. Where the product wattage or lifetime run hours is unknown, we uplift the emissions from known products on a revenue basis to estimate emissions from products with missing information.

Electricity sourcing mix (Mwh)





### Task Force on Climate-related Financial Disclosures ("TCFD")

continued

#### Metrics and Targets continued

Calculation methodology continued

Scope 3 continued

#### Use of sold products continued

For EV chargers we have included the standby power rating and charging losses within their energy use calculation. Our EV charger management system provides the annual average energy consumption per sold charger, which we use to approximate the charging losses. We estimate that our chargers have an average lifespan of eight years. We multiply the estimated lifetime energy use per charger by the country of sale electricity emission factor.

For standby power products such as Wi-Fi or USB-enabled wall sockets, we assume a standby power consumption of 0.1w and an estimated lifespan of ten years. We multiply the estimated lifetime energy use per product by the country of sale electricity emission factor.

**End-of-life treatment** – We have calculated the total weight of sold product and packaging for the reporting period. Where there is weight data missing, we have used an average for the product category to estimate the missing product and packaging weight. Around 80% of our products are sold within the UK, therefore we have used UK Government waste treatment statistics for packaging and the Waste Electrical and Electronic Equipment ("WEEE") regulations to estimate the treatment method for each waste stream.

Based on available data, an assumption on packaging types was assumed to be 70% paper and cardboard and 30% plastic and UK Government emission factors were used to estimate emissions.

#### Fuel and energy-related activities –

The underlying energy figures used in the Scope 1 and 2 calculations have been multiplied by the UK Government well-to-tank and transmission and distribution emission factors.

#### Downstream transportation and distribution –

Where our customers have arranged the transportation of our products, we have estimated their shipping costs on the basis of what we have paid in terms of shipping costs. We have then used the Exiobase EEIO factors to estimate the associated emissions.

To account for the retailing and distribution emissions associated with our customers' operations, we have taken a sample of our customers' Scope 1 and 2 emissions per revenue by sales channel. This is multiplied by the revenue from each sales channel, with a multiplier to account for customer margin, to estimate the associated emissions.

**Employee commuting** – For China-based employees, we have created a model based on average commuting distances within major Chinese cities and a survey on modes of transport for commuting within China. Within this model, UK Government emission factors have been utilised as a proxy, and we have applied a 15% uplift to these factors to be conservative. The majority of all other employees are based in the UK and therefore the average commuting emissions per full-time equivalent for a UK worker has been used.

**Investments** – As a result of our investment in eEnergy plc, we need to include this within our GHG inventory. To estimate the associated emissions for eEnergy, we have used the Partnership for Carbon Accounting Financials ("PCAF") Part A guidance for financed emissions and the section on listed equity and corporate bonds. We have calculated our share in eEnergy plc to work out the attribution factor. For their emissions, we have used the associated Exiobase emission factor based on their SIC code and their 2024 annual turnover and multiplied this by the attribution factor to calculate our emissions.

#### Carbon Disclosure Project ("CDP")

We received a management-level score (B) for our response to the CDP Climate Change questionnaire in 2024. This is our fourth year of reporting to the platform, so we are delighted to have achieved a strong grade, reflecting our progress integrating climate-related issues into our business operations. Our CDP response contains further information on our climate governance, risk management processes, climate-related risks and opportunities, GHG emissions and business strategy.

#### Science Based Targets initiative

Our near-term emission reduction targets were successfully validated by the SBTi in April 2023. The SBTi defines and promotes best practice in science-based target setting and establishes how quickly organisations need to reduce their GHG emissions to prevent the worst effects of climate change. Our targets are to:

- Reduce absolute Scope 1<sup>1</sup> and Scope 2 GHG emissions by 46.2% by 2031 from a 2021 base year
- Reduce absolute Scope 3 GHG emissions from the use of sold products by 27.5% by 2031 from a 2021 base year

We will review our near-term science-based targets over the course of 2025 and consider whether the targets need to be recalculated as a result of the acquisitions of D-Line and CMD.

1. Scope 1 emissions include the biogenic elements as per the SBTi target requirements.

Task Force on Climate-related Financial Disclosures (“TCFD”) continued

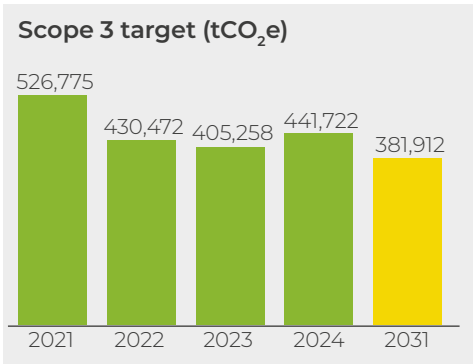
Metrics and Targets continued  
Science Based Targets initiative continued

Scope 1 and 2 target

In 2024, our Scope 1 and 2 emissions decreased by 12% compared to the previous year but have reduced by 14% against our base year. Our gas consumption has increased by 3% on last year, driven by higher manufacturing activity at our site in China and additional sites in Telford and Mansfield coming online during 2024. Mileages for company vehicles have fallen, primarily driven by the decreased HGV activity of the Kingfisher delivery fleet. We have continued to source 100% renewable electricity using a combination of solar PV and Energy Attribute Certificates, maintaining zero Scope 2 emissions. Finally, we have seen a significant increase in emissions from refrigerant gases compared to 2021. There were several air conditioning units that required refrigerant gas top-ups during the year, resulting in a significant increase in our HFC emissions.



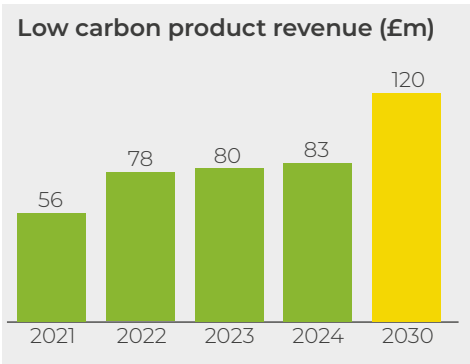
To continue progress with our target, we need to focus on controlling our natural gas consumption over the short term whilst we consider low carbon alternatives. Additional energy management measures have been put in place at the Telford site to help reduce gas consumption. We need to enhance the maintenance of our air conditioning systems to reduce refrigerant gas leaks. For company vehicles, we will continue the transition of our company car and van fleet towards electric and hybrid over the medium term. It will be more challenging to transition the Kingfisher delivery fleet of large goods vehicles, where alternative technologies are still emerging. We purchased a fuel-efficient EURO VI LGV in 2023 to meet the growing demand for Kingfisher products and to improve the overall fuel efficiency of the delivery fleet.



Scope 3 target

We have significantly improved the quality of our underlying LED product data (wattage and lifetime run hours), increasing product coverage from 70% in 2021 to 99% in 2024. To address data gaps, we previously calculated emissions for products with data and applied an uplift to estimate total emissions for all sold LED products. However, with improved coverage, we now recognise that our historical approach may have understated past emissions.

This understatement arose because UK-based product sales, which have a lower emissions intensity, were overrepresented in the uplifted estimate, while more emissions-intensive markets like Mexico and the UAE were underrepresented. A country-specific uplift factor may have been more appropriate, as it would have accounted for variations in grid emissions intensity. However, other factors such as product sales volumes, changes in product mix, and improvements in energy efficiency also impact target performance.



One clear takeaway is that our 2024 sold product emissions represent our most accurate dataset to date, reinforcing the importance of improving data quality and calculation methodologies.

We plan to review both of our science-based targets over the course of 2025 to reflect the acquisitions of D-Line and CMD as well as the improvements we have made to the underlying data used in our Scope 3 target.

Low carbon product revenue

Low carbon products are those products which are enablers to reduce greenhouse gas emissions throughout their entire life, compared to traditional counterparts. Examples would be switching to LEDs from traditional light bulbs or switching to charging an electric vehicle rather than using fossil fuels. Additionally, if the product has better power controllability it enables the use of less electricity, for example smart lighting systems which only operate when required. The definition in 2024 are the following products: LED lighting (excluding revenue from lighting columns) and EV charging.

We generated £82.6m of revenue from low carbon products in 2024 and we continue to focus on this key area as society transitions towards net zero emissions.

As we are beginning to provide Home Energy Management systems at the turn of 2025, it would be appropriate to include these products in the targets. Accordingly, we will be updating our low carbon product revenue target to include these products and revise our target up to £120m by 2030.

### Sustainability objectives

Our progress against our sustainability objectives for 2024 is outlined below, along with our next steps for 2025.

#### Alignment with the new IFRS S2 Climate-related Disclosures Standard and the development of a transition plan

In preparation for the forthcoming IFRS S2 Climate-related Disclosures Standard, we have completed a gap assessment to understand our readiness for when this is introduced as a regulatory requirement. We have identified several improvements that help strengthen our current disclosures including reporting on how executive remuneration is linked to ESG objectives including climate-related goals. As part of the assessment, we also reviewed the requirements of the Transition Plan Taskforce ("TPT") Framework which sets a best practice approach to organisational transition plans. We are considering the findings of the gap assessments and recommended improvements while we wait for the conclusion of regulatory consultations on increasing climate-related disclosure requirements. Over the course of 2025, we will be working towards strengthening our climate-related disclosures and developing our transition plan as we build upon the solid foundations that we have established in line with the TCFD recommendations.

#### Third-party verification of Scope 1 and 2 emissions and improvements in our Scope 3 emissions reporting

Our 2023 Scope 1 and 2 GHG inventory data was independently verified by Lucideon CICS on a limited assurance basis. We are looking to repeat the verification exercise for 2024 in preparation for our CDP disclosures and will look to expand the scope to include select Scope 3 emission sources. In terms of improvements to our Scope 3 emissions reporting, we have obtained activity data from our main freight forwarder back to our 2021 base year. This has enabled us to move away from the financial screening methodology and improve the accuracy of our calculation. We have also made improvements in our use of sold products emissions calculation by improving our underlying product data for LED lighting which has reduced the amount of estimated data feeding into the calculation. We are also working with our team in China to move towards activity-based calculations for purchased raw materials and plan to make improvements over the course of 2025.

#### Development of TM65 lifecycle carbon footprint assessments for all new Luceco project luminaries by the end of 2024

Over the course of 2024, we have completed TM65 assessments on all new Luceco project luminaries. Across our lighting companies we have now completed 83 TM65 assessments, helping our customers understand the embodied carbon within our LED lighting products. We have invested in training and development to develop this capability in-house, so we are able to meet the growing demand for product-related sustainability information. DW Windsor has completed TM65 assessments for the most popular products and we estimate that we have 75% coverage on a revenue basis. Six of the more detailed environmental product declarations ("EPDs") have been completed for Luceco LED lighting products and have been externally verified. We plan to develop a further nine EPDs for Luceco-branded luminaries next year as well as a pilot study for a DW Windsor luminaire.

#### New objectives for 2025

1. Develop our Home Energy Management system
2. Grow EV further in the domestic space and expand into the commercial space
3. Grow LED in our UK Trade and Projects channels and our product proposition
4. Deeper engagement with suppliers and customers
5. Fully incorporate the recent acquisitions of CMD and D-Line into our GHG reporting and our science-based targets





# Empowering people

## How we're empowering people

Objectives/Workstreams	Status	Action in the year	Read more
Luceco culture	●	• Engagement survey	pages 55 and 58
Equality and gender diversity	●	• Ongoing monitoring and improvements	page 57
Learning and development	●	• Utilisation of key L&D tools during the year	page 58
		• Identified L&D gaps for 2025 implementation	page 58

### Key to status

- Ahead of target   ● On target   ● Requires improvement

### Our culture

Our business model is underpinned by the “can-do” culture of our teams. Our people are customer-driven, designing products which we know our customers will love and that will improve the customer experience. We are team-focused, working together to achieve our objectives. We ensure that we reward achievement with opportunity.

We aim to be bold and innovative, thinking differently and trusting each other to create great products for our customers. Finally, alongside all these qualities, we are principled in the way we act with our customers and suppliers. We do what we say and do what is right.

We recognise that in order for this “can-do” culture to continue to thrive, we need to invest in our people. We focus on the training and development of our teams, so they have the skills to innovate and confidence to move quickly. We carefully recruit from all backgrounds to ensure our teams work well together. We engage with our employees and act on their feedback, to ensure our teams feel part of our business and go the extra mile for our customers. Above all else, we treat our teams with the respect and recognition that their hard work deserves and apply the same principled mindset to them as they do to our customers.

### Equality and diversity

We understand the importance and benefits of greater diversity, including social and professional background, cognitive and personal strengths, sexual orientation, disability status, gender and ethnicity throughout the organisation. We are committed to ensuring that recruitment and promotion of individuals at all levels of the business is based on merit and objective criteria and that, within this context, each candidate is judged on their unique combination of skills, knowledge and experience, cognitive and personal strengths, and there is no relevance to their social and professional background, sexual orientation, disability status, gender and ethnicity.

This is reflected in our Equality and Diversity Policy, which demonstrates our commitment to:

- Developing an ethos which respects and values all individuals equally
- Eliminating all forms of discrimination
- Ensuring there are no barriers based upon colour, culture, ethnicity, race, religion, disability, gender, sexuality or age which limit or discourage access to promotion, recruitment or training
- Ensuring that all aspects of employment avoid stereotyping based upon colour, culture, ethnicity, race, religion, disability, gender, sexuality or age
- Promoting good understanding of cultural, racial, ethnic and religious diversity, good race relations, disability, gender and age equality
- Taking positive action to encourage the development of a more diverse workforce

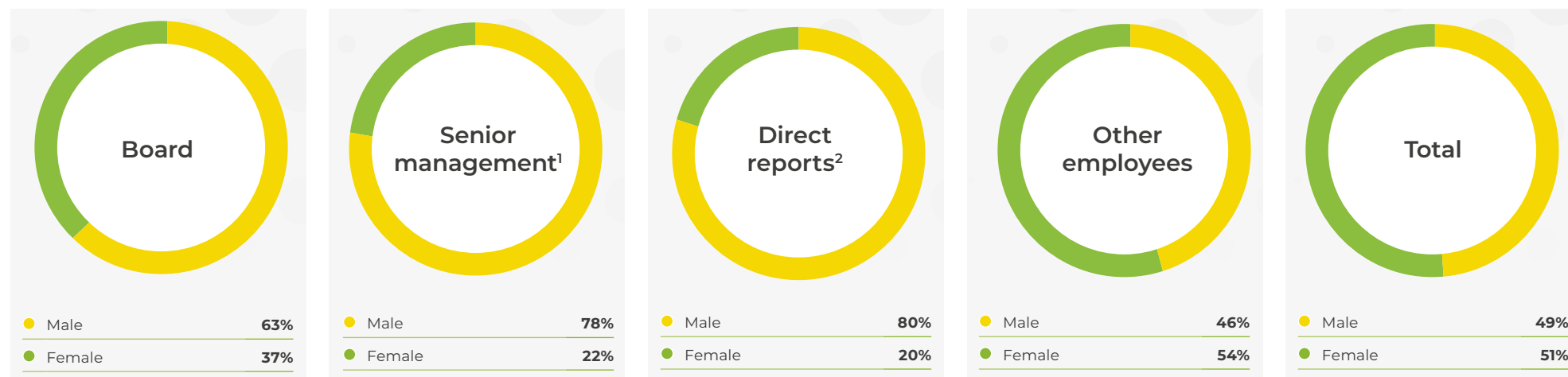
The policy is available on our intranet and all new starters are made aware of it during their induction into the business and are expected to subscribe to it at the time of their appointment.

The policy is reviewed on an ongoing basis and a full review takes place at least annually.

We do not tolerate behaviour which breaches the policy and encourage staff to use our grievance procedure to report any actual or suspected breaches. We are not aware of any breaches during the year.

### Gender diversity

We have taken a number of steps in recent years to promote the retention of female talent, including improving maternity benefits and improving flexible working. The table below shows the gender diversity of our workforce at the year end. With the proportion of females holding Board, senior management or direct report positions in 2024 being in line with 2023, we appreciate there is more to do to create a more diverse team within management positions.



	2024				2023			
	Male		Female		Male		Female	
Board	5	63%	3	37%	5	71%	2	29%
Senior management <sup>1</sup>	14	78%	4	22%	13	76%	4	24%
Direct reports <sup>2</sup>	93	80%	23	20%	75	79%	20	21%
Other employees	785	46%	922	54%	691	46%	813	54%
<b>Total</b>	<b>897</b>	<b>49%</b>	<b>952</b>	<b>51%</b>	<b>784</b>	<b>48%</b>	<b>839</b>	<b>52%</b>

1. Individuals reporting directly to the CEO or CFO.

2. Individuals reporting directly to senior management.

### Flexible working

We appreciate the importance of flexible working in the modern workplace and we empower our employees to work flexibly when possible. We have a stand-alone Flexible Working Policy and employees have a right to make an application from day one of their employment. This policy allows employees to request a change to the number of hours that they work, change the pattern of hours worked or perform some or all of the work from the employee's home. We also endorse hybrid working with our Homeworking Policy and, where circumstances allow, there is a minimum requirement of 40% office attendance with the remaining 60% being home working. We recognise we have a duty of care to employees working from home and we ensure that working from home risk assessments are performed in order to ensure our teams have the correct tools and environment to work comfortably.

### Employee involvement

We know the importance of good internal communication. The Board communicates the strategy to employees each year and we provide regular updates on progress and any changes taking place in the business. Employees are invited to contribute product or operational ideas and are supported by their line managers and HR department if they have any concerns.

### Employee engagement

In February 2025, we conducted an employee engagement survey using Culture Amp, the world's leading employee experience platform. Employees across our UK and international businesses were invited to participate, and we achieved a remarkable participation rate of 87%, significantly exceeding our target of 80% and the industry standard of 70%.

The overall employee engagement score across the Group stood at 71%, with Luceco UK achieving an impressive 76%, which is 7% above the industry average. These results reflect our ongoing commitment to listening to our people and implementing meaningful changes to enhance engagement. In China, we saw an 81% participation rate in a similar survey to last year, along with improved engagement scores, marking positive progress.

Building on feedback from last year's survey, we've worked to enhance and harmonise employee benefits across our UK businesses. New initiatives such as the EV and cycle-to-work schemes, holiday buyback and long-service recognition programmes have been introduced. We have also made a concerted effort to improve communications and engagement, which has seen significant progress, though we remain committed to further improvement in this area.

This year's survey results show high scores in areas such as company confidence, motivation, and work-life balance. Moving forward, our key areas of focus will be learning and development, improving communications, and fostering visible leadership throughout the business, from managers to senior leaders.

### Remuneration arrangements

We ensure that our remuneration policies and practices are aligned to our purpose and values, support the delivery of the Group's strategy and promote long-term sustainable success. We regularly benchmark employee pay against the external market to ensure it is fair throughout the Group and we reward achievement with opportunity.

All UK employees are encouraged to participate in the Company's performance through our Share Incentive Plan ("SIP"), helping them feel part of the business and allowing them to share in the Group's success.

### Learning and development

We know that high quality and sustained learning and development ("L&D") is crucial to the ongoing success of the business. We are also aware that with an increase in flexible working, it is all the more important that we maintain consistency in our training procedures, and this starts on day one of an individual's employment at Luceco. Within their first week of employment, all staff receive a Company induction from their Human Resources Manager, Payroll Manager and a Health, Safety and Facilities Coordinator. This ensures the new team member feels comfortable in their environment and that they know we are available to help should they need assistance.

We also recognise how important the line manager's role is in the induction process and we ensure that all line managers are trained in how to work with new starters, how to identify their initial needs and how to set clear goals and objectives.

Following induction, we continue to develop employees for the long term. Through our Annual Performance Review process, we do not just look to appraise performance in the year, we identify individual training needs and ensure specific personal development plans are in place to tailor to that team member's requirements.

Luceco has invested heavily in our L&D tools in recent years, partnering with Hays Thrive/Go 1 to introduce our first L&D platform, which is available to all employees. This platform covers compulsory training, such as "Anti-money Laundering" to ensure our teams have the knowledge they need to comply with all relevant laws and regulations, but also includes modules related to more personal development and growth.

Importantly, the L&D platform covers learning regarding mental health and general wellbeing, which is something that we have signposted to our employees. Our employees' health, happiness and wellbeing is paramount to us and we are pleased that this platform is providing further support.





# Working with integrity and transparency

## How we're working with integrity and transparency

Objectives/Workstreams	Status	Action in the year	Read more
Health and safety	●	<ul style="list-style-type: none"><li>Very low level of incidents</li></ul>	pages 59 and 60
Key integrity and transparency policy	●	<ul style="list-style-type: none"><li>Anti-bribery and Corruption Policy with zero tolerance</li><li>Whistleblowing for a clean open culture</li><li>Human rights to support fundamental human rights</li><li>Taxation compliance</li><li>Supply chain validation</li><li>Commitment to communities</li></ul>	pages 60 and 61

### Key to status

- Ahead of target
- On target
- Requires improvement

We act fairly in our dealings with fellow employees, customers, suppliers and business partners. Our global Code of Conduct applies to all Group employees and our external business partners. It aims to ensure that Luceco maintains consistently high ethical standards across the globe, while recognising that our businesses operate in markets and countries with cultural differences and practices.

The Code of Conduct is available on our intranet and all new employees are made aware of it during their induction.

### Health and safety

Our Health and Safety Policy sets out our approach to providing attractive working conditions for our people. We aim to prevent harm to, and promote the health of, all employees, by applying health and safety programmes, rules and regulations at all of our sites.

All employees are responsible for complying with health and safety regulations and we have a health and safety champion in each operating unit, who is responsible for ensuring compliance with best practice and all local regulations.

Our Health and Safety Policy is made available in local languages and all new starters must confirm that they have read and understood it. The policy is reviewed in full at least annually and more regularly if required.

We continually monitor our health and safety performance to ensure compliance and to enable us to take any corrective action if issues are identified. During the year, there were ten non-reportable and one reportable accidents in our Telford facility (2023: 15 non-reportable and two reportable) and, in China, three minor accidents were reported (2023: three minor accidents).

### Anti-bribery and Corruption Policy

Our Anti-bribery and Corruption Policy sets out our zero-tolerance approach, which extends to all business dealings and transactions in which we are involved. The policy is widely publicised across all our operations and is also available on our intranet. All new starters are made aware during their induction. It includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings. We routinely review our policy and guidance in this area.

We maintain a log of all hospitality and gifts offered to and by our people, whether or not the hospitality or gifts are accepted. The policy also makes clear how our people can raise concerns or report any issues, which should be raised with the Chief Financial Officer as soon as possible. No concerns were reported during the year.

### Whistleblowing

We encourage an open culture, so any issues can be raised and handled at a local business level. However, we recognise that there may be times when it is uncomfortable or inappropriate for our people to raise a concern through line management.

We therefore have a Whistleblowing Policy ("Speak Up"), which is available on the corporate intranet. The policy is widely publicised across our operations and sets out clearly how colleagues should report whistleblowing concerns.

Whistleblowing contacts are initially received by an independent specialist company, then passed to a nominated Non-Executive Director, the Chief Financial Officer and the HR team for further investigation as necessary.

The Board routinely reviews the whistleblowing process and the reports arising from its operation, and ensures that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action. Matters raised during the year were all investigated and resolved satisfactorily.

### Human rights

One of our business principles is that we will support fundamental human rights, in line with the legitimate role of business. Our Code of Conduct sets out our policies in respect of a range of human rights and related issues, including child labour, forced labour, the right to organise, collective bargaining and participation in political life.

The Group's operations in high-risk countries must perform self-assessments, to make sure they are aware of the human rights impact of their operations. If a negative impact seems possible or likely, they are encouraged to take precautions or find solutions that are beneficial for employees and the communities in which they operate.

Among our international operations, China is the location where people's rights could be most at risk. By owning the facility in China, we can directly control the environment and conditions in which our employees live and work, to ensure they are treated fairly and in accordance with our policies. The Directors and senior leadership regularly visit China and routinely invite customers to the facility, so they can witness the working and living conditions of our employees. This helps our customers to fulfil their own responsibility agendas.

The UK Modern Slavery Act 2015 requires us to outline the steps we take to identify and prevent modern slavery within our organisation and supply chain. The latest statement is available on our website: [www.lucecopl.com](http://www.lucecopl.com).

### Approach to taxation

We are committed to complying with all applicable tax laws; both in the UK and in all countries in which we operate. It is a core principle of the Group that deliberately failing to comply with tax law is unacceptable; our tax affairs are kept in good order and uncertainties are minimised. We have a low tolerance to tax risk, and we plan our taxes with reference to current relevant tax legislation.

When entering into commercial transactions, where appropriate we seek to take advantage of available tax incentives, reliefs and exemptions, in line with local tax legislation, but we do not undertake tax planning unrelated to our commercial transactions. We apply the OECD transfer pricing guidelines to intercompany transactions so as to ensure the prohibition of tax avoidance through transfer pricing. We do not, and will not, have a presence in a country in which we are not commercially operating, simply to minimise the Group's global tax liabilities.

External tax advisers prepare tax benchmarking analysis to support all Group transfer pricing arrangements.

### Supply chain

The Group wants to do business with partners who endorse our values and our social and environmental standards. We regard the application of our business principles as being of prime importance in deciding whether to enter into or to continue relationships with suppliers and contractors.

Our Supplier Code of Conduct is designed to ensure that all of our business partners, suppliers and manufacturing meet our basic expectations of doing business related to legal requirements, ethical practices, human rights and environmental management.

These standards are based on well-respected and recognised international standards, including the International Labour Organization, United Nations Universal Declaration of Human Rights and industry best practices.

We source raw materials and certain products from suppliers in close proximity to the factory in China. The Directors and senior leadership visit suppliers periodically, to inspect their operations and ensure they are satisfied by how the supply process is managed, the quality of products produced and the working environment of the employees.

### Communities

We are committed to contributing to the communities we operate in and our Code of Conduct encourages our people to actively participate and to propose projects to site management or site committees.

In Jiaying, China, we are heavily involved with the local university, establishing a "Luceco class" where students were selected to receive weekly lectures for three terms. These are led by our managers or technical experts and aim to provide students with greater business sense and awareness, career advice and preparation for entering the work environment, with exposure to marketing, management, product knowledge and development and project management.

# Our Stakeholders

Strong relationships with all our stakeholders are important for us to achieve long-term success and fulfil our purpose – to help people harness power sustainably in everyday life.

With regard to more Company-specific stakeholder groups, the Board has identified those key to the Company based on each group's potential to a) be impacted by the Company's activities, and/or b) have an impact on the Company's activities. These key stakeholders, as agreed by the Directors, are set out on pages 60 to 63, together with information about their material issues and methods of engagement.

Whilst Directors engage directly with some stakeholders on certain topics, stakeholder considerations on the whole are included in the reports and presentations from the Executive Directors and senior management. This is an integral element of regular Board reporting and, in the case of certain stakeholders such as the workforce, may be discussed as a separate agenda item.

As a result of these processes, the Directors have the necessary oversight of the Company's engagement with stakeholders to enable them to discharge their duty under s172(1) of the Companies Act 2006. Set out below are the Company's stakeholders which the Board has concluded are the key stakeholders. Ultimately, understanding the needs of all stakeholders is key to the long-term success of the Company and the Board listens and works through such perspectives during the course of the year.

## Customers

Our customers are at the forefront of all business decisions, from product innovation and development to our superior customer service offering. They can be grouped into the following categories:

- Distributors to retail consumers
- Distributors to professional contractors
- Professional contractors
- Housebuilders
- Installers
- Influencers over the above groups, such as designers, architects and specifiers

The Group engages to ensure customers are satisfied with existing services and it is well positioned to meet their future needs.

### Their material issues

- Product design and innovation
- Product quality
- Adherence to codes of conduct, e.g. ethical treatment of employees
- Product availability
- On-time delivery
- Price
- Guidance and solutions
- Payment terms
- Sustainability considerations in the supply chain

### How we engage

- Salespeople with assigned relationships who are in continuous contact with our customers
- Attendance at trade shows
- Attendance at our customers' supplier events
- Customer visits to our key manufacturing and distribution sites
- Meetings with our customers' senior management teams to discuss long-term strategy
- Regular customer satisfaction surveys

### 2024 outcomes

- Sales growth of 16.0%
- Increasing the proportion of deliveries made on time and in full
- Investment in new software to promote the success of turnkey solutions for customers

### Further information

- Strategy and Measuring our Performance sections on page 25



## Employees

Our people are the source of our competitive advantage. They win new business, take sales orders, develop and manufacture our products and ensure they are delivered to our customers on time. It is paramount to us that we look after our colleagues and recently we have focused on their mental wellbeing just as much as physical.

The Group employs 1,669 people worldwide, with the majority based in the UK and China.

It is critical that we continuously engage with them to learn new ways to improve our business and to develop them as individuals.

### Their material issues

- Learning and development
- Health and safety
- Opportunities for career progression
- Diversity and inclusion
- Reward, including by way of internal Share Incentive Plan ("SIP") for eligible employees

### How we engage

- Completion of annual Group-wide employee engagement survey
- Annual visits by the Board to major Group locations
- Regular visits by the CEO/CFO to all Group locations, which include employee "town hall" meetings
- Regular visits by Julia Hendrickson, our Non-Executive Director responsible for employee engagement, to Group locations to consult with small groups of employees
- Creation of personal development plans for each employee
- Fair remuneration benchmarked against the external market
- Monthly employee newsletter
- Employee access to a whistleblowing helpline
- Monthly meetings with employee representatives to discuss health and safety matters

### 2024 outcomes

- Continuing to endorse hybrid working, together with frequent communication with our employees
- Our Learning & Development platform served as a key development resource for employees throughout the year
- Increasing participation in the SIP
- Presentations by CEO and CFO including Q&A session

### Further information

- Empowering people section of Environment, Social and Governance on pages 55 to 57
- Workforce engagement section in Corporate Governance Report on page 80

## Suppliers

Strong supplier relationships are crucial in ensuring we can fulfil our customers' needs and provide a high level of customer service.

We have the following types of suppliers:

- Raw material/component suppliers
- Original equipment manufacturers ("OEMs")
- Service providers

The Group engages with suppliers to ensure those in its supply chain work collaboratively to meet customer needs.

### Their material issues

- Long-term partnership
- Price
- Fair payment terms

### How we engage

- Site visits by the CEO/CFO to major OEMs and electrical component manufacturers
- Group-wide Supplier Code of Conduct
- Supplier performance audits
- On-site quality testing teams
- Electronic auctioning of supply contracts
- Monitoring of creditor days to ensure payments are being made to terms

### 2024 outcomes

- Adjusted Gross Margin of 40.1%
- Creditor days of 61

### Further information

- Strategy and Measuring our Performance sections on page 25

## Shareholders

We favour a transparent and open conversation with our shareholders.

The Group's largest shareholders are listed on page 112.

Engagement ensures there is a clear understanding of the Group's strategy and performance, allowing shareholders to make an informed investment decision.

### Their material issues

- Transparent strategy and performance
- Adequate return on investment
- Appropriate governance, including ESG matters

### How we engage

- Investor Relations section of [www.lucecoplc.com](http://www.lucecoplc.com)
- Twice-yearly results announcements and subsequent shareholder visits by the CEO/CFO
- Regular trading updates
- Liaison with research analysts
- Regulatory news announcements
- Annual General Meeting

### 2024 outcomes

- Strong shareholder engagement
- Regular investor meetings
- Dividend payments twice a year

### Further information

- [www.lucecoplc.com](http://www.lucecoplc.com)
- Shareholder engagement section in Corporate Governance Report on page 82

## Funding providers

Borrowings allow the Group to invest in future growth and offset borrowing costs against taxable profits.

The Group is currently funded by syndicated bank debt.

Engagement maximises access to sources of funding.

### Their material issues

- Transparent strategy and performance
- Repayment in accordance with loan agreements
- Compliance with loan covenants
- Security

### How we engage

- Regular meetings between the CFO and relationship bank(s)
- Meetings with existing and future lenders ahead of planned refinancing
- Covenant compliance certification

### 2024 outcomes

- Bank Net Debt to Bank EBITDA ratio of 1.6 times in the period
- Bank facilities in place to September 2026

### Further information

- Financial instruments disclosures on pages 157 to 163
- Capital management notes on pages 163 and 164

## Local communities

We aim to have a positive impact on the environment in locations in which we operate. We have a vested interest in the long-term success of each community, from which our workforce is drawn.

We operate in nine locations globally and contribute in each of the local communities.

### Their material issues

- Job creation
- Environmental compliance
- Contribution to the development of the wider community

### How we engage

- The engagement of c.1,700 jobs globally
- Compliant with various recognised environmental standards: ISO 14001, WWF LCMP, ESOS II
- Continued commitment to local university in Jiaxing, China

### 2024 outcomes

- Achieved "B" rating from the Carbon Disclosure Project

### Further information

Environment, Social and Governance on pages 32 to 59

For the coming year, the Board will continue to ensure effective stakeholder engagement, ensuring the frequency of interaction is maintained and reviewed (where appropriate) over matters that are considered material to the Group. In particular, the Company's key stakeholders and methods of engagement will be kept under review and reported on each year in the Company's Annual Report.

### Section 172(1) Statement

Section 172(1) of the Companies Act 2006 ("Act") imposes a duty on Directors to promote the success of the Company for the benefit of the wider Group, shareholders and having regard to its stakeholders.

Decisions by the Board take into account the following matters (collectively referred to as "s172 Matters"):

- The likely consequences and risks of any decision in the long term and the risks to the Group and its stakeholders;
- The interests of all stakeholders including shareholders, employees and local communities;
- The Company's ongoing relationships with its suppliers and customers;
- The impact that the Company's products and business have on the community and the environment; and
- Maintaining the Company's reputation for high standards of conduct.

The Directors confirm that they have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have had regard, amongst other matters, to the s172 Matters.

Consideration is given to s172 Matters in relevant meeting papers, and evaluation of s172 Matters and affected stakeholders form an integral part of Board discussions and decisions through rigorous evaluation, risk management and challenge to promote the long-term success of the Company.

This statement, together with the examples on pages 60 to 62 and those sections of the Annual Report incorporated by cross reference, describe how the Directors have had regard for s172 Matters in respect of the year.



# 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 as described on pages 87 to 91. The Group's risk management process is set out below.

The principal risks identified and actions taken to minimise their potential impact are included on pages 65 to 68. This is not an exhaustive list but those the Board believes may have an adverse effect on the Group's cash flow and profitability.

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 69 and 70 considers the prospects of the Group should a number of these risks crystallise together.

### Risk management process

The senior leadership team maintains a register of identified business risks (financial and non-financial) which it categorises in terms of probability of occurrence and the potential impact on the Group should the risk crystallise. Mitigating actions undertaken and recommendations for further reduction of risk are also included. Recommended actions are put forward to the Executive Directors for consideration.

The Executive Directors review and challenge the content of the risk register and the recommendations. Risk mitigation actions are agreed, and a plan is created. Each action is assigned an owner who is responsible for carrying out the required action within an agreed timescale.

The Executive Directors review the progress made against any actions that have been carried forward.

The Audit Committee regularly reviews risk management and is provided an update in respect of progress made in the reduction of existing risks, summary of newly identified risks and the actions agreed to reduce them to an acceptable level.

These risks are reviewed in conjunction with the Audit Committee's other responsibilities, including the internal control framework, external audit process and financial reporting.

The Audit Committee provides an update and appropriate recommendation to the Board, where required, for the Board to consider in conjunction with the strategic objectives of the Group.

Independent assurance is provided through the annual statutory audit and the periodic internal control reviews and the monitoring of, and adherence to, policies and procedures by an external assurance provider.

### Senior management

Reviews and updates the risk register for new risks, identifies mitigations in place and recommends actions to reduce risk.

### Executive Directors

Review and challenge the risks identified and the actions proposed to mitigate them; approve and monitor agreed actions.

### Audit Committee

Monitors and reviews the risks in conjunction with the internal control framework, audit process and financial reporting.

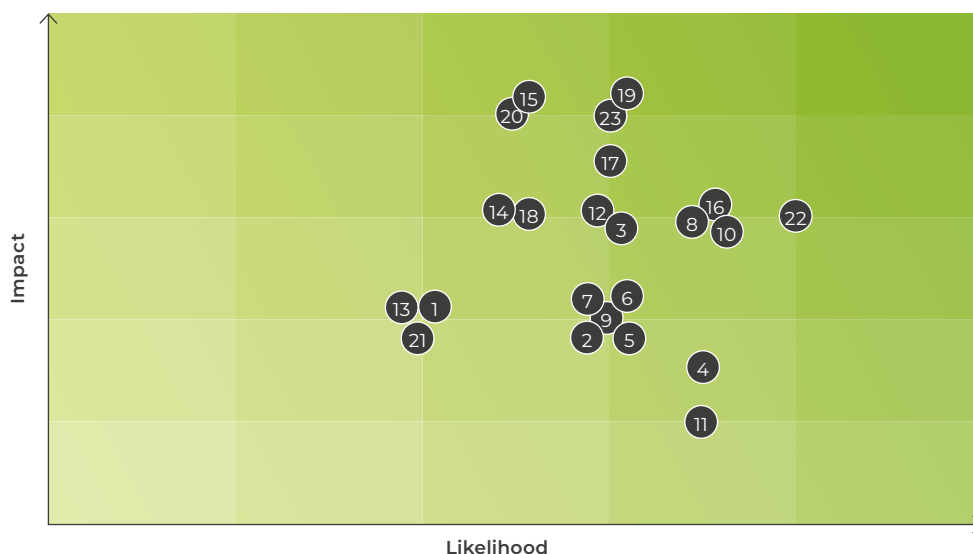
### The Board

Holds overall responsibility for effective internal control, risk management and the risk appetite of the Group.

### Independent assurance

Periodic internal control reviews and monitoring of adherence to policies and procedures by an external audit and assurance provider. Statutory audit by a registered auditor.

## Heatmap



### Key to heatmap

- |   |  |
|---|--|
| 1. China supply chain                           | 13. Accounting error – external or management reporting    |
| 2. Poor quality of supplied or shipped goods    | 14. Disruption to key supplier facility                    |
| 3. Loss or inappropriate release of data        | 15. Disruption to non-China facility                       |
| 4. Transfer pricing                             | 16. UK macroeconomy  |
| 5. Talent                                       | 17. Fail to innovate/market shift/Black Swan               |
| 6. Laws and regulations                         | 18. Supply and transportation disruption                   |
| 7. Intellectual property challenge              | 19. Loss of key customer or material customer stock change |
| 8. Foreign exchange                             | 20. Disruption to production facility in China             |
| 9. Misappropriation of Group assets by employee | 21. Liquidity  |
| 10. Impact of acquisition                       | 22. Investor or customer pressure on ESG                   |
| 11. Increase in energy costs                    | 23. UK/international/China trade relations                 |
| 12. Increase in input costs                     |  |

## Principal risks

### Concentration risks associated with operations:

#### Risk appetite:

Neutral

#### Change in year: —

#### Net risk level:

Medium

#### Risk owner: CEO

#### Risk and impact:

- 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, including issues arising from a constrained global energy market
- 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 throughout 2024
- China could be impacted by events in Ukraine/Russia, which impacts our ability to manufacture products

#### Mitigation:

- 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 the Jiaxing site
- Business interruption insurance is in place for the Jiaxing site, Telford site and our OEM supplier of Portable Power products

## Principal risks continued

### Concentration risks associated with customers and products:

#### Risk appetite:

Neutral

#### Change in year: —

#### Net risk level:

Medium

Risk owner: CEO

#### Risk and impact:

- The Group has a number of key customers representing c.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 two to three months forward. Orders thereafter are uncommitted
- Geopolitical instability creates price 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

#### Mitigation:

- 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 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 some copper exposures according to a Board-approved policy. The hedging is conducted conscious of 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 appetite:

Accepting

#### Change in year: —

#### Net risk level:

Medium

Risk owner: CEO

#### Risk and impact:

- A deterioration in trade relations between the UK and China could disrupt product supply and/or increase costs. Tariff impacts are on the agenda with the USA and China which could have knock-on impacts for other tariff arrangements
- The Group has a concentrated exposure to the UK market. UK economic headwinds and higher interest rates 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

#### Mitigation:

- We have clear sustainability objectives tied to management compensation plans. Our progress is visible via independent bodies such as CDP and SBTi
- The Group is expanding and developing its product range of low carbon products (e.g. LED lighting and EV chargers)
- The Group is diversified by market segment within the UK, reducing risk
- The Group is largely exposed to the RMI cycle, which can be less susceptible to macroeconomic forces
- 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

## Principal risks continued

### Loss of IT/data:

#### Risk appetite:



#### Change in year: —

#### Net risk level:



Risk owner: CFO

#### Risk and impact:

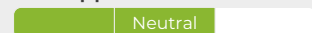
- Loss of IT functionality would compromise operations, leading to increased costs or lost sales
- Loss of sensitive data from our IT environment would expose the Group to regulatory, legal or reputational risk
- Increased cloud server usage increases risk of data loss or compromise and cyber risk is on an upward trend, impacting operations and reputational risk

#### Mitigation:

- 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 appetite:



#### Change in year: —

#### Net risk level:



Risk owner: CFO

#### Risk and impact:

- 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 employees' and employers' workplace expectations. A more fluid working environment in both the office and home is more commonplace. The risk of not adapting to this change in working practices could lead to loss of employees and an inability to attract talent

#### Mitigation:

- 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 Remuneration Committee
- Workforce engagement surveys ensure employee needs are identified and addressed, promoting retention
- Adoption of hybrid working practices within appropriate teams and locations

### Acquisitions:

#### Risk appetite:



#### Change in year: —

#### Net risk level:



Risk owner: CEO

#### Risk and impact:

- 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

#### Mitigation:

- Our acquisition strategy is set by the Board
- Board members possess relevant 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



## Principal risks continued

### Legal and regulatory:

#### Risk appetite:



#### Change in year: —

#### Net risk level:



Risk owner: CFO

#### Risk and impact:

- 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

#### Mitigation:

- 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

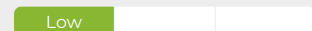
### Finance and treasury:

#### Risk appetite:



#### Change in year: —

#### Net risk level:



Risk owner: CFO

#### Risk and impact:

- 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

#### Mitigation:

- The Group hedges its currency exposures according to a Board-approved policy. The hedging is conducted conscious of 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

# Viability Statement

## Viability Statement – assessing long-term prospects

### Current position

- The Group has a significant share of the UK market, particularly for Wiring Accessories and Portable Power products. It has expert market knowledge, long-established customer relationships and a broad product offering. Its high share of this market generates significant economies of scale
- The Group has successfully penetrated the growing LED market. Its competitive range of high quality, affordable products should sustain future market share gains
- The Group is using its product experience to build profitable businesses internationally
- The Group has a successful track record of new product development
- The Group's own manufacturing facility in China allows high quality products to be brought to market quickly and cost-efficiently
- The Group's policy is to operate with Bank Net Debt between 1.0 and 2.0 times Bank EBITDA to ensure the Group has sufficient cash to reinvest in growth and respond to changing circumstances

## Strategy and business model

### Business model:

- Design: we are the innovators within the product categories we serve. Innovation allows us to up-sell and improve profitability. Our designs, starting with the customer in mind, are brought to the market quickly
- Make: we operate a vertically integrated business model with an agile production capability. We have invested in our facility to ensure we can make high quality, low cost products
- Market: we have been serving our largest customers for many years. We operate in diverse but synergistic sales channels. We are investing in our online marketing and academy for customers and contractors
- Fulfil: we have a supply chain which is flexible to customer needs and offer high outbound service levels using the best available technology

### Strategy:

- Innovate: we are led by our customers to innovate brilliant products in an agile and entrepreneurial manner
- Grow: to maximise sales of both existing and new products to an increasing customer base
- Sustain: we invest across our business from manufacturing to customer service, to sustain our competitive advantage and to contribute increasingly to society's sustainability goals

## Principal risks to strategy and business model (in order of impact on viability)

- **Macroeconomic, political and environmental**  
A UK macroeconomic downturn, due to higher interest rates and living costs and global energy and material price increases, could adversely affect the demand for and pricing of our products. The Group is facing a changing ESG environment which impacts a number of stakeholders from customers to investors that could lead to loss in revenue and profitability, although currently this exposure is low
- **Concentration risks associated with operations**  
Due to an event such as a fire, flood, power outage, or IT failure in China. Shipping and transportation disruption between the Group's end markets and its sources of product supply which are overwhelmingly in China
- **Concentration risks associated with customers and products**  
The loss of a key customer would result in a short-term shortfall in profit and cash whilst sales were replaced by growth elsewhere

## Luceco plc – Viability Statement approach

### ● Viability – assessing long-term prospects

- Current position
- Strategy and business model
- Principal risks

### ● Viability – assessing analysis

- Scenario testing
- Mitigation
- Likely output

### ● Underlying assumptions and assessments

## Viability Statement

## Viability Statement – assessment analysis

Principal risk	Scenario test	Likely output
Macroeconomic, political and environmental	<ul style="list-style-type: none"> <li>Management have modelled the following two scenarios in UK macroeconomic downturn:                             <ol style="list-style-type: none"> <li>Reduction in UK revenue and gross profit for 18 months from April 2025 of 10%. Phased return by 2026, with 2025 10% down reflecting the impact of the year one recession</li> <li>Total loss of the Group's largest customer range from 2025 onwards</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Management have completed these scenario tests and concluded this would not impact compliance with its financial covenants or viability</li> </ul>
Concentration risks associated with operations	<ul style="list-style-type: none"> <li>Management have run a scenario in which the Group loses all of its sales of products sourced from China for which no inventory buffer is held outside of China for six months whilst alternative sourcing arrangements are made</li> <li>Management have also modelled the impact of disruption to shipping and transport. This was modelled as a revenue reduction for three months relating to 27% of revenue (FOB revenue) with shipping costs up 50% for six months starting from Q2 2025</li> </ul>	<ul style="list-style-type: none"> <li>Management have completed these scenario tests and concluded this would not impact compliance with its financial covenants or viability</li> </ul>
Concentration risks associated with customers and products	<ul style="list-style-type: none"> <li>Management have modelled the following scenario:                             <ul style="list-style-type: none"> <li>Total loss of the Group's largest customer from 2025 onwards</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Management have completed this scenario test and concluded this would not impact compliance with its financial covenants or viability</li> </ul>

## The Viability Statement is dependent on the following process and assumptions

### Process:

- The financial forecast on which the Viability Statement is based is aligned with the annual corporate plan for 2025 approved by the Board in December 2024 with input from the Group's senior leadership team
- Progress against financial budgets and key objectives is reviewed on a monthly basis to determine progress and identify any changes to the original detailed plan

### Assumptions:

- Future organic growth assumptions are consistent with those recently achieved by each of the Group's businesses
- Working capital as a percentage of revenue is held broadly flat
- Capex broadly equal to depreciation
- Dividends consistent with the Group's dividend policy
- No additional investment in acquisitions (since these are discretionary and within the control of management)

## The Viability Statement

- The Board considers that it is a reasonable expectation that the Company will be able to meet its liabilities as they fall due over a three-year period to 31 December 2027

This assessment has been chosen for the following reasons:

- A full assessment of prospects and assessment of viability has been completed
- The financial and strategic planning period is currently three years, which is the current level of visibility we have as a Board on the forecasts
- The Company has secured banking facilities over the period, expiring on 30 September 2026. The Group is currently in discussions regarding a new banking facility in order to replace the existing facility and discussions are progressing in line with expectations

# Non-financial and Sustainability Information Statement

The table below sets out where stakeholders can find information in our Strategic Report that relates to non-financial matters detailed under Section 414CB of the Companies Act 2006.

Reporting requirement	Where to read more in this report	Page
Environmental matters	Environment, Social and Governance Statement – Creating a sustainable future	34 to 54
Employees	Environment, Social and Governance Statement – Empowering people, health and safety	55 to 57
	Chief Executive Officer's Review	10 to 13
	Principal Risks and Uncertainties – People and labour shortages	67
Human rights	Environment, Social and Governance Statement – Supply chain, human rights	59
Social matters	Environment, Social and Governance Statement – Communities	59
Anti-bribery and corruption	Environment, Social and Governance Statement – Anti-bribery and Corruption Policy	58
Business model	Advantaged Business Model	16
Principal risks	Principal Risks and Uncertainties	64 to 68
Non-financial KPIs	Strategy and Measuring our Performance	18 to 25

The Strategic Report on pages 1 to 71 was approved by the Board of Directors on 25 March 2025.

**John Hornby**

Chief Executive Officer

**Will Hoy**

Chief Financial Officer



# Governance

Chair's Introduction	73
Compliance with the 2018 UK Corporate Governance Code	74
The Board at a Glance	75
Board of Directors	76
Corporate Governance Report	78
Nomination Committee Report	83
Audit Committee Report	87
Remuneration Committee Report	92
Directors' Report	110
Statement of Directors' Responsibilities	114

## The Group's corporate governance structure is fundamental in ensuring we fulfil our purpose and deliver on our strategy to Innovate, Grow and Sustain

### Giles Brand

Chair

Dear Shareholder,

I am pleased to present the Corporate Governance Report for the year ended 31 December 2024 ("year"). This section of the Annual Report describes our corporate governance structures and processes and how they have been applied throughout the year.

Good corporate governance is fundamental to the success of our business. The Board and its Committees play a key role in our governance framework by providing independent support and challenge, providing an understanding of the views of shareholders and other stakeholders and ensuring that a culture of good governance is promoted globally throughout the business. Our aim is to promote and maintain an environment of openness, transparency, accountability and responsibility.

### My role as Chair

My role is to ensure that the Luceco Board operates effectively in delivering the long-term success of the Company. In fulfilling this role, I seek to ensure that Board proceedings are conducted in a way that allows all Directors to have the opportunity to express their views openly and that the Non-Executive Directors can provide support and constructive challenge to the senior leadership team. More about my role, and the roles of the Directors and Committees, can be found on pages 75 to 114.

### Board changes and induction

On 1 July 2024 we welcomed Janet Ryan to the Board and as a member of the Audit Committee. Janet has extensive finance experience in international manufacturing which is of particular relevance to the Group's future strategy. Janet's biography and details of her induction can be found on pages 77 and 85 respectively.

### Board and Committee review

Further details of the Board and Committee review can be found on page 85. As Chair I am responsible for leading the annual review of the effectiveness of the Board, Committees and individual Directors ("Review"). The Review was undertaken internally by way of a questionnaire, a method appropriate and proportionate to the size of the Company, and which yields useful results. The Review considered the composition, balance of skills, experience, knowledge and collaboration on the Board, as well as other factors including diversity, ethnicity and environmental, social and governance ("ESG") factors. We also received and considered a number of suggestions regarding the growth of Luceco's business in 2025. Results of the Review were prepared by the Company Secretary and provided to me for analysis. I presented the findings to the Board, including individual recommendations made by Directors.

My performance was also appraised by the independent Non-Executive Directors under the leadership of the Senior Independent Director.

We discussed the outcomes of each evaluation and key themes were identified such as AI and cyber security. We agreed that there were potential opportunities and risks for the Company and as such we intend to devote further time and resources to such matters in 2025. Ongoing succession planning and longer-term strategy considerations for the Company were other matters highlighted in the Review. Our strategic priorities for 2025 are set out in the Strategic Report on pages 12 and 13.

Ultimately, we concluded that the Board, Committees and individual Directors were operating effectively, whilst also noting areas for development. The Review also assisted us in identifying our key areas to promote growth of Luceco's business by:

- Growing Luceco's core business into adjacent categories and new markets
- Focusing on an enhanced value creation strategy for shareholders
- Assessing opportunities for mergers and acquisitions ("M&A")

### The year ahead

I am committed to continually monitoring and improving the governance of our Board and will continue to seek out ways to enhance our corporate governance in line with developing best practice, particularly with regard to enhanced diversity and ethnicity reporting and the governance framework around climate-related risks and opportunities. We have reviewed our governance framework in line with the 2024 UK Corporate Governance Code, (the "2024 Code") and will report on our compliance with the 2024 Code in the 2025 Annual Report. We will also be working to ensure that we have the requisite processes in place to ensure compliance with Provision 29 of the 2024 Code, effective from January 2026.

### Giles Brand

Chair

25 March 2025



The Company is required to report on its compliance with the Principles and Provisions of the 2018 UK Corporate Governance Code (the “Code”), a copy of which is available at [www.frc.org.uk](http://www.frc.org.uk). For the year ended 31 December 2024, the Board considers that it has complied in full with the Code’s Principles and Provisions in a manner that would enable shareholders to evaluate how the principles have been applied, with the exception of Provisions 9 and 19.

Provision 9 of the Code requires that the Chair should be independent on appointment when assessed against the criteria set out in Provision 10. Provision 19 states that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board.

Giles Brand was appointed as a Director of the Company in 2010 and then appointed Chair in 2016 when the Company listed on the London Stock Exchange. Although Giles would not be considered to be independent for the purposes of Provisions 9 and 10 of the Code, the Board is satisfied that the Company’s ongoing relationship with Giles and ESO Investments 2 Limited (who together own 28.0% of the Company’s voting rights) is governed by a relationship agreement that serves to regulate the relationship and deliver effective independence. Giles is considered by the Board to be independent in character and judgement in performing his duties as a Director of the Company.

## Further information

### Board leadership and Company purpose

See page 80

### Division of Directors’ responsibilities

See page 78

### Composition, succession and evaluation

See page 85

### Audit, risk and internal control

See page 81

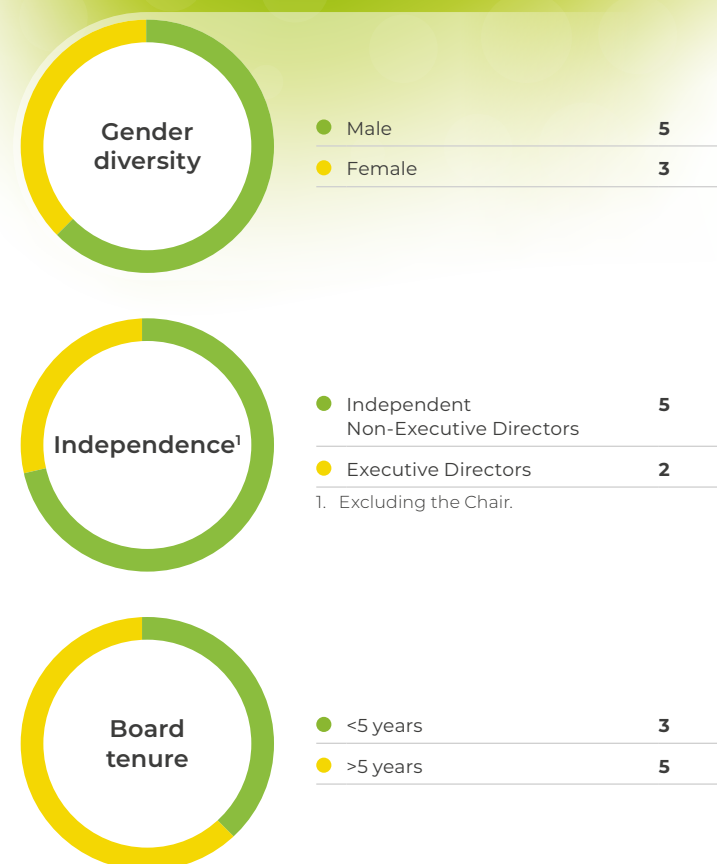
### Remuneration

See pages 95 and 96



The Board of Directors has overall responsibility for the Group. Its principal aim is to **enhance the Company's long-term value** for the benefit of shareholders.

## Board balance



## Sector experience

### Skills

Finance/Capital Markets	8/8
Governance	8/8
Operational	8/8
Strategy	8/8
Manufacturing/Industry	8/8
Consumer/Retail	4/8
Digital	4/8

## Meeting attendance

The table below shows the number of scheduled Board and Committee meetings attended by each Director during the year against the total number of possible meetings in respect of each Director.

Name	Board	Audit Committee	Nomination Committee	Remuneration Committee	Disclosure Committee
Giles Brand <sup>1</sup>	6/6	n/a	3/3	n/a	5/7
John Hornby	6/6	n/a	n/a	n/a	7/7
Caroline Brown	6/6	n/a	3/3	3/3	n/a
Will Hoy	6/6	n/a	n/a	n/a	7/7
Julia Hendrickson	6/6	3/3	n/a	3/3	n/a
Janet Ryan <sup>2</sup>	2/2	2/2	n/a	n/a	n/a
Tim Surridge	6/6	3/3	n/a	3/3	n/a
Pim Vervaat	6/6	3/3	3/3	3/3	n/a

1. Giles Brand delegated authority for two short-notice Disclosure Committee meetings to be held without his attendance.

2. Janet Ryan was appointed to the Board on 1 July 2024.



# Board of Directors

<div><div><div>Giles Brand</div><div><div>D</div><div>N</div></div></div><div>Non-Executive Chair</div></div> <div><div>Skills and experience</div><div>Giles is the founder and Managing Partner of EPIC Investment Partners LLP, an independent investment manager, advisory and placement agent and administrator. Giles is a director of its subsidiary EPIC Investment Partners (UK) Limited, the investment manager of ESO Investments 2 Limited, the Company's largest shareholder. Since 2001, Giles has led over 30 buyout, turnaround, distressed and growth capital transactions. Many of these transactions have made multiple bolt-on acquisitions in the UK and overseas.</div></div> <div><div>Other roles</div><div>Giles is currently the Non-Executive Chair of Whittard of Chelsea.</div></div>	<div><div><div>John Hornby</div><div><div>D</div></div></div><div>Chief Executive Officer</div></div> <div><div>Skills and experience</div><div>John was appointed Chief Executive Officer of the Group in 2005 having originally joined Luceco in 1997. John led the original management buyout of Luceco from a listed plc in 2000 and led the secondary buyout with EPIC Investment Partners LLP (formerly EPIC Private Equity LLP) in 2005. Since then, John has led the development of the Group's Chinese operations. John began his career with Knox D'Arcy Management Consultants following his graduation from the University of Oxford with a degree in Economics.</div></div> <div><div>Other roles</div><div>John is a Non-Executive Director of eEnergy Group plc.</div></div>	<div><div><div>Will Hoy</div><div><div>D</div></div></div><div>Chief Financial Officer</div></div> <div><div>Skills and experience</div><div>Will assumed the position of Chief Financial Officer on 1 April 2023. Will joined the Group as a Non-Executive Director in 2019 and was Chair of the Audit Committee from October 2021 to January 2023. Will previously held the position of Chief Financial Officer for GKN Aerospace, the UK-headquartered global aerospace technology leader. He has held a number of senior finance roles in a career with GKN that spanned over 20 years, including nine years as Head of Corporate Finance in which he oversaw GKN's M&amp;A activities. Prior to joining GKN, Will qualified as a Chartered Accountant at KPMG and worked in its Corporate Finance department.</div></div> <div><div>Other roles</div><div>Will holds no other listed or non-listed directorships.</div></div>	<div><div><div>Pim Vervaat</div><div><div>A</div><div>N</div><div>R</div></div></div><div>Senior Independent Non-Executive Director</div></div> <div><div>Skills and experience</div><div>Pim joined the Board as Senior Independent Non-Executive Director in 2020 and became a member of the Audit Committee in October 2021, bringing extensive Board-level international manufacturing experience to the Group. Pim was the Chief Executive Officer of the leading flexible packaging manufacturer Constantia Flexibles from 2020 until September 2024. Previously, he spent 12 years at RPC Group Plc, initially as Chief Financial Officer and then as Chief Executive Officer. Pim was also Chair of the Audit Committee and Senior Independent Director of Avon Rubber plc from March 2015 to January 2021.</div></div> <div><div>Other roles</div><div>Pim holds no other listed or non-listed directorships.</div></div>
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## Key to committees

**A** Audit Committee    **D** Disclosure Committee    **N** Nomination Committee    **R** Remuneration Committee    ● Chair

<div><div>Caroline Brown</div><div>N R</div><div>Independent Non-Executive Director</div></div> <div><div>Skills and experience</div><div>Caroline joined the Board as an independent Non-Executive Director and was Chair of the Audit Committee from October 2016 to October 2021. She has managed divisions of FTSE 100 groups and AIM businesses with international industrial and technology operations and has worked as a corporate finance adviser with various leading banks. She is a Fellow of the Chartered Institute of Management Accountants and has chaired audit committees of listed companies for the past 20 years. She holds a degree and PhD in Natural Sciences from the University of Cambridge and an MBA from the University of London.</div></div> <div><div>Other roles</div><div>Caroline is currently a Non-Executive Director of three other listed companies: IP Group plc, CAB Payments Holdings plc and Ceres Power Holdings plc.</div></div>	<div><div>Tim Surridge</div><div>A R</div><div>Independent Non-Executive Director</div></div> <div><div>Skills and experience</div><div>Tim joined the Group as an independent Non-Executive Director in 2016 and was appointed Chair of the Audit Committee on 19 January 2023. Previously, Tim has served as Group Chief Financial Officer at Olive Group Capital Limited, a Dubai-based security solution provider, and as Chief Financial Officer and an Executive Director at Dangote Cement plc, Nigeria's largest cement producer. Tim joined KPMG UK in 1991 and became a partner in the firm's Transactional Services business in 2006. Tim has considerable accounting and advisory experience including stock market listings, reverse takeovers, management buyouts and acquisitions. Tim is a qualified Chartered Accountant.</div></div> <div><div>Other roles</div><div>Tim is currently a Principal at NM Capital.</div></div>	<div><div>Julia Hendrickson</div><div>A R</div><div>Independent Non-Executive Director</div></div> <div><div>Skills and experience</div><div>Julia joined the Group as a Non-Executive Director in June 2022 and became a member of the Audit Committee and Remuneration Committee from October 2022. Julia is also the Employee Engagement Director for Luceco. Julia has spent her career in commercial leadership roles within large retail and FMCG organisations. She has extensive international experience in developing customer-focused commercial strategy, including within the e-commerce channel. Julia was President of Linnaeus Veterinary Limited, a leading veterinary health business in the UK and Republic of Ireland. Previously, she led the Commercial &amp; Marketing function within the International Retail division of Walgreens Boots Alliance and was Managing Director of its European retail business.</div></div> <div><div>Other roles</div><div>Julia holds no other listed or non-listed directorships.</div></div>	<div><div>Janet Ryan</div><div>A</div><div>Independent Non-Executive Director</div></div> <div><div>Skills and experience</div><div>Janet joined the Group as a Non-Executive Director and Audit Committee member in July 2024. Janet is a management accountant with considerable financial and commercial experience in international industrial and manufacturing businesses. Most recently, she held the position of Group Finance Director at AB Sugar, a highly complex global division of Associated British Foods plc. Previously, she has held senior leadership roles both in the UK and overseas with Victrex plc, Cabot Corporation, Huntsman Corporation and ICI plc, and has led both the purchase and integration of a number of acquisitions across her successful finance and business leadership career.</div></div> <div><div>Other roles</div><div>Janet is currently the Audit Chair of Scott Bader, an independent member of the Audit Committee of Cancer Research UK and a Trustee for Community Integrated Care.</div></div>
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Key to committees

A Audit Committee   D Disclosure Committee   N Nomination Committee   R Remuneration Committee   ● Chair

The Board is fully accountable to the shareholders for the performance and conduct of the business and recognises the importance of maintaining an open dialogue, keeping them informed of the Group's strategy, progress and prospects.

## Board division of responsibilities

There is a clear division of responsibilities between the Chair, the Chief Executive Officer and the Senior Independent Director as set out below:

Chair	Executive Directors	Independent Non-Executive Directors
<p><b>Giles Brand</b></p> <p>Giles Brand has held the role of Chair since 2 October 2016. The Chair is Non-Executive and is responsible for the leadership and governance of the Board, organising, planning and setting the agenda of Board meetings (in conjunction with the Chief Executive Officer) and communicating information to shareholders. The Chair maintains regular contact with the independent NEDs to discuss and address any issues or concerns outside of formal Board meetings. The Chair also provides support to the Executive Directors where required.</p>	<p><b>Chief Executive Officer ("CEO")</b></p> <p><b>John Hornby</b></p> <p>The CEO has delegated responsibility for the management of the Group's day-to-day operations, including product development, quality control, sourcing of raw materials, customer and supplier relations, distribution and health and safety. The CEO also prepares and communicates the strategy of the Group and the detailed underlying operational plans to deliver it.</p>	<p><b>Senior Independent Director ("SID")</b></p> <p><b>Pim Vervaat</b></p> <p>In addition to the responsibilities of an independent NED, the SID is available to shareholders should they have concerns which contact through the Chair or other Board members has failed to resolve or for which such contact is inappropriate. The SID is also responsible for conducting the annual performance evaluation of the Chair, in conjunction with the other independent NEDs. All Board members who wish to deal in the Company's securities must seek approval from the SID.</p>
	<p><b>Chief Financial Officer ("CFO")</b></p> <p><b>Will Hoy</b></p> <p>The CFO works closely with the CEO to ensure that strategic plans are underpinned by strong financials and that they deliver growth in shareholder value. The CFO is responsible for producing budgets and forecasts to deliver and measure against the strategy and assessing the benefit of new investment opportunities. He is also responsible for internal control and risk management, in conjunction with the Audit Committee.</p>	<p><b>Non-Executive Directors ("NEDs")</b></p> <p><b>Caroline Brown, Julia Hendrickson, Janet Ryan and Tim Surridge</b></p> <p>All of the NEDs are independent and contribute to the strategic direction of the Group, providing an independent sounding board to the Chair and Executive Directors. They have been appointed for their knowledge and expertise and provide healthy debate and challenge to the Executive Directors and senior leadership team. The independent NEDs are also members of the Board Committees, except for the Disclosure Committee, with responsibility for the oversight of audit, financial control and risk management, composition and remuneration of the Board.</p>

## Matters reserved for the Board

The Board keeps a formal schedule of matters specifically reserved for its decision, which is reviewed annually by the Board and available on the Company's website. These include the approval of the annual and half-yearly results and associated announcements, recommendation of dividends, convening of shareholder meetings, Board appointments, strategic plans and budgets, ESG plans, significant capex proposals, acquisitions, systems of internal control and risk management and corporate governance arrangements.

## Committee responsibilities

The Board has formally delegated specific responsibilities for audit, risk management and financial control, public announcements, Board composition and remuneration to four standing Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Disclosure Committee. During the year the Board considered the merits of establishing a standalone ESG Committee. However, due to the wide-ranging topics covered by ESG and the skillsets required, it was concluded that responsibility for ESG should remain with the Board, to enable Board oversight of its linkage to broader finance and strategy discussions. Each Committee is chaired by the Chair or an independent NED, enabling them to take an active role in influencing, overseeing and challenging the work of the Executive Directors and senior leadership team.

## Board composition

As at the date of this report, the Board comprised the Chair, two Executive Directors and five independent NEDs.

The five independent NEDs are considered by the Board to meet the independence criteria set out in Provision 10 of the Code and to be independent of the Company's executive management and free from any business or other relationship that could affect their ability to exercise independent judgement.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association ("Articles") and in the Companies Act 2006.

## Re-election of Directors

In accordance with the Code and the Articles, all Directors are subject to annual re-election by shareholders at the Annual General Meeting ("AGM").

The Directors' biographical details are set out on pages 76 and 77 of this report. These demonstrate the wide range of skills and experience that they bring to the Board. The individual performance of each Director standing for re-election has been evaluated and it is recommended that shareholders vote in favour of their re-election at the AGM. Accordingly, resolutions to re-elect all Directors will be contained within the 2025 AGM Notice of Meeting, which will be sent to shareholders within the prescribed timescales.

## Time commitment

Each Director's other commitments are disclosed and, in the case of significant appointments, approved by the Board in advance. The Board reviews a schedule of Directors' interests at each Board meeting. The Board is satisfied that the other commitments of the Chair and the independent NEDs do not prevent them from devoting sufficient time to the Company. During the year, John Hornby joined the Board of eEnergy Group plc as a Non-Executive Director, in accordance with the strategic investment agreement the Company entered into with eEnergy in November 2023. The Board discussed and approved the appointment and will continue to keep the appointment under review. Will Hoy does not hold any external directorships.

## Access to advice

All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on corporate governance matters. The Directors are able to take independent, professional advice to assist them, if necessary, at the Company's expense.

## Disclosure Committee

Details of the Disclosure Committee are provided below; information on the composition, responsibilities and activities of the other Board Committees are set out in their respective reports on the following pages:

- Audit Committee pages 87 to 91
- Nomination Committee pages 83 to 86
- Remuneration Committee pages 92 to 109

The terms of reference of the Committees are reviewed annually and during the year all Committee terms of reference were reviewed and updated in line with the 2024 Code.

The Board has delegated responsibility to the Disclosure Committee to oversee the Company's compliance with the FCA's Listing Rules and Disclosure Guidance and Transparency Rules, and the Market Abuse Regulation, in respect of the disclosure and control of inside information directly concerning the Company.

The Committee meets as appropriate and met seven times during the year. The Disclosure Committee is chaired by Giles Brand and its other members are John Hornby and Will Hoy.



## Leadership and Company purpose

The Board is collectively responsible for leading and controlling all activities of the Group, with overall authority for establishing the Company's purpose, values and culture and overseeing the management and conduct of the Group's business, strategy and development. The Board sets the Group's strategic direction and approves strategic projects, policy and investment decisions. These decisions are underpinned by financial reporting and a robust approach to risk management. The Board is also responsible for ensuring appropriate resources are in place to enable the senior leadership team to deliver the strategic objectives and enact their policies and decisions.

The Board has agreed the Company's purpose, as stated on page 2, and has satisfied itself through regular reports from, and discussions with, management that the culture promoted by the Board and by senior management supports this purpose.

## People and culture

The Board assesses and monitors Company culture through a number of channels, including regular reports from the Executive Directors and senior management, whistleblowing reports and employee surveys. People remained a key focus of discussion during the year, with the Board and Committees receiving several updates from the Company's Director of People and Talent. In 2025, in line with the 2024 Code, the Company will look to further develop and embed culture across the Group as we integrate newly acquired businesses.

More about the Company's approach to its people and culture can be found in the ESG section on pages 32 to 59.

## Workforce engagement

In accordance with the Code, Julia Hendrickson fulfils the role of designated NED for workforce engagement. In early 2025, Julia conducted two listening group sessions, each with 12 people representing a variety of functions and geographical locations, and a further nine one-to-one interviews with senior leadership team members.

The sessions followed on from the annual employee engagement survey (discussed in the ESG section on page 57) and aimed to dive deeper into the strengths and opportunities identified.

Feedback was largely positive. Longer-serving colleagues reported that they appreciated the significant positive change the business had gone through over the last decade, while new team members fed back a noticeably improved working environment compared to their previous experiences.

The sessions illustrated that team members are passionate about Luceco's success and identified areas of opportunity to make the business even better. Colleagues cited the business was good at creating development and training opportunities, although some noted the approach to development could be more structured. Although the business has taken further steps forward to improve communication and information sharing, Julia noted that further progress could be made in this area.

Overall, Julia found team members enjoyed the entrepreneurial approach of the business alongside its collegiate and straightforward culture. Moving forwards, Julia will continue to engage with the workforce, through physical visits to both the UK and China operations where possible. The Board will continue to monitor the effectiveness of its methods of workforce engagement.

Further information on the Company's policies with regard to its people can be found within the Empowering people section of the ESG Report on pages 32 to 59.

## Whistleblowing and compliance

The Board is responsible for monitoring and periodically reviewing the Group's whistleblowing, anti-bribery and anti-fraud policies. The policies are reviewed annually by the Board and in 2024 the Board satisfied itself that sufficient arrangements are in place to assist in the prevention of fraud and enable employees to report irregularities confidentially and allow appropriate investigation and follow-up action to be taken. The Board is also responsible for reviewing any whistleblowing reports.

## Wider stakeholder considerations

The Company's key stakeholder groups are set out in the Strategic Report on pages 1 to 71. Further information is included in the Section 172(1) Statement in the Strategic Report on page 63.

## Sustainability

Full details of the Company's sustainability strategy and performance with regard to sustainability are provided within the Creating a sustainable future section of the ESG Report on pages 34 to 54.

## Board meetings

In advance of its meetings, the Board is provided with an agenda and all relevant documentation and financial information in a timely manner to assist it in the discharge of its duties and ensuring that decisions are well informed and made in the best interests of the Group. If any member is unable to attend a Board meeting, they have the opportunity to discuss any agenda items with the Chair before the meeting. Conflicts of interest are managed in accordance with the procedure described under Directors' conflicts of interest on page 111.

## Board activity

The Board agenda focuses on the themes of driving strategy, monitoring risk and execution of the strategy through regular business, financial and departmental updates. These are complemented and underpinned by updates and discussions around culture, people and stakeholders, as well as corporate governance considerations including legal and regulatory matters. A summary of the activity of the Board during the year is set out as follows:

### Strategy

- Regularly received and discussed strategic updates, proposals and reviews from the Executive Directors and senior management; supported the development of strategy through individual insights and robust challenge
- Considered and approved strategic M&A proposals put forward to the Board including, but not limited to, the acquisitions of D-Line (Europe) Limited and CMD Limited
- Received and discussed updates on performance and strategy regarding the Group's operations in China and the Middle East
- Continued to develop the Company's ESG strategy and ESG targets and considered the implementation of a Sustainability Committee
- Reviewed the Group's climate strategy and TCFD Compliance Report and discussed the status of the 2024 sustainability objectives and future objectives

### Financial

- Considered the financial performance of the Group and key performance targets, including a review of the monthly management accounts at each Board meeting
- Monitored performance through regular presentations from the CFO
- Approved the Annual Report, half-year and annual results announcements, trading statement updates and half-year and final dividends
- Approved the Group's financing arrangements
- Approved the 2025 budget and five-year plan
- Reviewed and challenged management's going concern assessment

### Corporate governance

- Discussed the outcome of the review of the Board's effectiveness and agreed actions for 2025, including a number of suggestions with regard to skills and experience that would enhance the Board as a whole, including M&A experience, diversity, ethnic minority, senior management succession planning and developing the Company's digital and e-commerce offering
- Considered shareholder feedback from brokers and analysts as relevant throughout the year
- Received regular updates on legal and governance developments affecting the Company, including, among other things, UK Market Abuse Regulation, updates to the Listing Rules, introduction of the new 2024 UK Corporate Governance Code, Companies House reforms and the impact of the UK financial sanctions regime as prescribed in the Economic Crime (Transparency and Enforcement) Act 2022

### Internal control and risk management

- Reviewed the Group's approach to risk management and carried out a robust assessment of the Company's emerging and principal risks
- Reviewed the Company's hedging arrangements and policies and made updates where appropriate

### Culture, people and stakeholders

- Discussed the results of the 2024 annual employee engagement survey and progress made as a result of actions taken in response to the 2023 survey
- Received an update on employee engagement meetings from the designated Non-Executive Director for workforce engagement; discussed findings in conjunction with survey results

Shareholder engagement

The Board, led by the Chair, is committed to maintaining an open and constructive dialogue with shareholders, to ensure there is a common understanding of the strategic objectives, governance and performance of the Group. The CEO and the CFO undertake investor roadshows following the release of financial results, with the presentations made available on the Company's website. Any feedback gained from a roadshow is reported to the Board, to enable Directors to understand the views of shareholders.

Where appropriate, the Company consults with shareholders on significant issues. During 2024, major shareholders were offered the opportunity to meet the Chair, CEO and CFO virtually to discuss Luceco's strategy and governance arrangements. In addition, the Board received investor and analyst feedback through its financial public relations advisers and corporate brokers.

Annual General Meeting

The 2025 AGM will take place at Peel Hunt LLP, 100 Liverpool Street, London EC2M 2AT on Tuesday, 20 May 2025. The AGM is the principal forum for dialogue with shareholders and usually includes a presentation outlining recent developments in the business, followed by a question-and-answer session to enable shareholders to ask about specific areas or the business in general. Shareholders intending to attend the AGM are asked to register their intention as soon as practicable by emailing the Company Secretary at [luceco@cm.mpms.mufig.com](mailto:luceco@cm.mpms.mufig.com). Shareholders are strongly encouraged to register their proxy votes online. Shareholders may also wish to send their questions for the Board via email to [luceco@cm.mpms.mufig.com](mailto:luceco@cm.mpms.mufig.com) in advance of the meeting. Further details will be included in the Notice of AGM, which will be sent to shareholders within the prescribed timescales.

Giles Brand

Chair

25 March 2025

# Nomination Committee Report

In 2024, the Committee focused on recruitment, succession planning and how best to meet the Company's diversity and ethnicity targets in the future

## Giles Brand

Nomination Committee Chair

### Committee members

**Chair:** Giles Brand

**Other members:** Caroline Brown and Pim Vervaat

### Key responsibilities

The Committee's main responsibilities, as outlined in its terms of reference, are:

- Reviewing the size, structure and composition of the Board and its Committees
- Identifying and nominating candidates to fill Board vacancies as the need arises
- Ensuring adequate succession planning is in place for Directors and members of the senior leadership team
- Overseeing the development of a diverse pipeline for succession including accounting for diversity targets set by the Company's Diversity Policy and in consideration of the Listing Rule diversity disclosure requirements

The Committee's terms of reference are available on the Company's website. The Committee met three times throughout the year and details of attendance are set out on page 75.

### Key activities during the year

#### Mar

- Approved the Nomination Committee Report
- Considered the Directors to be put forward for election at the 2024 AGM
- Considered the process for the appointment of a new Non-Executive Director

#### June

- Considered and recommended to the Board the appointment of Janet Ryan as an independent Non-Executive Director
- Received an update on succession planning for a key executive role

#### Dec

- Reviewed Listing Rule diversity disclosure considerations for 2024
- Reviewed and recommended changes to Policy
- Reviewed and recommended changes to the Committee's terms of reference in line with the 2024 UK Corporate Governance Code
- Considered succession planning for those Directors whose nine-year term expires in 2025

Dear Shareholder,

I am pleased to present the report of the Nomination Committee ("Committee"), which details the role of the Committee, the work it has undertaken and the matters considered during the year ended 31 December 2024. The role of the Committee is vital to ensuring that the Company has a strong Board with a broad range of skills, experience and diversity. During the year, the Committee engaged in a successful recruitment process to appoint a new independent Non-Executive Director, Janet Ryan, who was appointed to the Board on 1 July 2024. Janet is envisaged to succeed Tim Surridge as Chair of the Audit Committee in due course.

### Board Diversity & Inclusion Policy

The Board Diversity & Inclusion Policy ("Policy") is reviewed annually and was reviewed by the Committee in December 2024, with recommended updates approved by the Board. Updates were made to expand provisions on diversity and inclusion in the recruitment process for Directors and promotion of diversity and inclusion by the Board in embedding the Company's culture. To realistically reflect its ability to meet the diversity targets, the date set to have at least 40% of women on the Board was extended by one year to 2026. With the appointment of Janet Ryan during the year, female representation on the Board has increased by 8.9% to 37.5%. The date for the achievement of the target of having one Director from an ethnic minority on the Board was extended to 2030. The target date for having a female in one senior Board position remains at 2030.

### Diversity disclosures in accordance with UK Listing Rule 6.6.6R(9)

The Listing Rules require listed companies to disclose annually their position against the following Board diversity targets:

- At least 40% of women on the Board
- At least one woman in the position of the Chair, Senior Independent Director, Chief Executive or Chief Financial Officer
- At least one Director from an ethnic minority background

The Company's compliance with these targets is set out in the table overleaf.

Whilst it is recognised that periods of change in Board composition may result in temporary periods when balance is not achieved, given upcoming tenure considerations for Non-Executive Directors, the Nomination Committee is focused on recruiting replacements for Tim Surridge and Caroline Brown, whose nine-year terms expire in October 2025.



## Gender balance of senior management and direct reports

### Table for reporting on gender identity or sex<sup>1</sup>

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Male	5	62.5%	4	14	77.8%
Female	3	37.5%	—	4	22.2%
Not specified/ prefer not to say	—	—	—	—	—

### Table for reporting on ethnic background<sup>2</sup>

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	100%	4	17	94%
Mixed/Multiple Ethnic Groups	—	—	—	—	—
Asian/Asian British	—	—	—	1	6%
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/ prefer not to say	—	—	—	—	—

1. The reference date for the Annual Report diversity disclosures is 31 December 2024. The method for collating the data was self-reporting and facilitated by the Company Secretary. The Company has not met the targets prescribed by UKLR 6.6.6R(9) ("Targets"). The Targets will be considered as part of the recruitment process for the new Non-Executive Directors in 2025.

2. The reference date for the Annual Report ethnic minority disclosures is 31 December 2024. The method for collating the data was self-reporting and facilitated by the Company Secretary. The Company has not met the target prescribed by UKLR 6.6.6R(9) ("Target"). The Target will be considered as part of the recruitment process for the new Non-Executive Directors in 2025. The Board's Policy prescribes that the Company will aim to achieve all targets by 2030.

## Board appointments

Janet Ryan was appointed as a Non-Executive Director of the Board on 1 July 2024. Janet is a member of the Audit Committee and is envisaged to succeed Tim Surridge as Chair of the Audit Committee. Janet brings a breadth of experience across the industrial and manufacturing space and has a wealth of international experience having spent the majority of her career overseas.

## Recruitment process

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, including a review of the other significant commitments Directors may have.

The Board appointed Russell Reynolds Associates to assist with the Non-Executive Director recruitment process during the period under review. Russell Reynolds Associates do not have any other direct association with the Company or any of its Directors. Giles Brand is a Managing Partner of EPIC Investment Partners LLP and a director of its subsidiary, EPIC Investment Partners (UK) Limited (together the "EPIC Group"). The EPIC Group has engaged Russell Reynolds Associates to provide recruitment services in the past.

In the financial year, the Company undertook a thorough and structured recruitment process to appoint a new Non-Executive Director. The recruitment was guided by a clear set of search criteria, which emphasised the need for a candidate with a strong finance background and appropriate financial qualifications.

Additionally, relevant industry experience was prioritised, particularly in the manufacturing and industrial sectors, to ensure that the new Non-Executive Director could bring valuable insights and expertise to the Board. The recruitment process was designed to promote global experience and gender diversity, reflecting the Company's commitment to inclusivity and a broad perspective in its leadership. The leadership capability of candidates was also a critical factor in the selection process, ensuring that the chosen individual would be able to contribute effectively to the strategic direction of the Company.

To identify the best individual, 15 candidates were selected by Russell Reynolds Associates. The Company interviewed four candidates through a comprehensive four-stage process. This included initial screenings by the agency followed by interviews, where all Directors had the opportunity to meet and engage with the candidates. This collaborative approach ensured that the Board reached a consensus on the appointment, ultimately strengthening the governance and oversight of the Company. Following the conclusion of the recruitment process, the Committee recommended that the Board appoint Janet Ryan as an independent Non-Executive Director of the Company.

## Induction process

Each Director, upon appointment, receives a comprehensive and tailored induction to the Company. Janet Ryan's induction included:

- In-person and virtual meetings with the other Directors
- A comprehensive induction pack supplied by the Company Secretary and an overview of the Board's operations and Committee functions
- Meetings with members of the management team to understand the Group's strategy, structure, financial and legal position, corporate governance, risk profile and risk management procedures
- Site visits to two of the Company's operations in the UK, including Telford

## Board Review process

The 2024 Board review ("2024 Review") was undertaken internally by way of a questionnaire, a method appropriate and proportionate to the Company, and which yields useful results. The 2024 Review considered the composition, balance of skills, experience, knowledge and collaboration on the Board, as well as other factors including diversity, ethnicity and environmental, social and governance ("ESG") factors.

Results of the 2024 Review were prepared by the Company Secretary and reviewed by the Chair. The evaluation of the Chair was reviewed by the Senior Independent Director. An overview of the results was then presented and discussed by all Directors at the February 2025 Board meeting.

Some of the key themes discussed related to cyber security and AI and the associated risks and opportunities for the Company. Other items highlighted in the results included long-term strategy considerations such as, the sharing of market information with the Board, how to efficiently make use of the Board's time together to discuss strategy and other matters, and succession planning in 2025. Further information on the Board Review can be found on page 73.

In line with best practice, it is intended that the Board will consider whether an external review will be undertaken in 2025.

## Board composition

Each year the Committee formally reviews the size, composition and capabilities of the Board, including its diversity, as part of the annual Review of Board Effectiveness. The Committee concluded in the 2024 Review that the Board had the appropriate mix of skills and experience to provide strong and effective leadership. Composition of the Committee was also reviewed and it was noted that this had been strengthened through the appointment of Janet Ryan, who is envisaged to succeed Tim Surridge as the Chair of the Audit Committee in due course. The standing Board Committees were also considered, and it was agreed that the composition of each was appropriate and balanced. Informed by this review and ongoing monitoring, the Committee will continue to oversee the refreshment of the Board and Committees and to maintain an appropriate balance of skills, commercial expertise and diversity to satisfy the evolving needs of the Group.

The Board and the Committee have spent a significant amount of time considering Board succession during the year to ensure that the Board has the right mix of skills and experience, as well as the capability to provide effective challenge and promote diversity in line with the targets adopted by the Board in the recently amended Policy.

## Succession planning

The Board has delegated responsibility to the Committee for leading the process for identifying and nominating Board candidates, as well as keeping the diversity of the Board under review. When making a Board appointment, the Committee seeks to identify an individual with the skills, knowledge and experience required to fulfil the role, within this context taking account of the added value that the individual brings to the Board in terms of creating a diverse, and therefore more effective, decision-making body. As mentioned, an external recruitment process will also now adopt and implement the external guidelines prescribed by the Policy.

The Committee identified the following succession planning objectives and considerations for 2025:

- Recruitment for Non-Executive Directors due to exceed nine-year tenure in 2025, namely Tim Surridge and Caroline Brown who were each appointed to the Board on 27 September 2016 and consequently may remain on the Board until the 2026 AGM
- Succession planning for the Chair of the Remuneration Committee, currently held by Tim Surridge

It was agreed that in consideration of the above-mentioned objectives, the following would be taken into account:

- Board membership to be aligned with the current and the future five-year strategy of the Company
- Current tenures of the Board compared to average tenures and balancing the advantages of continuity and freshness of approach
- Directors' plans
- Diversity, including and beyond gender or ethnicity, but also in terms of outlook and approach and cognitive skills

The Committee also oversees the development of a diverse pipeline of potential Directors and senior managers. This is supported by the Group's Policy, described on page 55, which ensures that all employees, regardless of gender, ethnicity, age or other factors, are provided with the opportunity to progress within the organisation, supported by an inclusive culture underpinned by fair and equitable practices and procedures.

## **Succession planning** continued

The Committee believes that this is an appropriate and balanced approach to facilitating the development of a diverse pipeline.

All Non-Executive Directors are appointed for initial terms of three years and may be terminated by either party upon one month's notice or by shareholder vote at the AGM. The Non-Executive Directors do not have any entitlement to compensation (or payment in lieu of notice) if they are not re-elected by shareholders following any retirement.

Full details of the remuneration of the Non-Executive Directors can be found on pages 98 to 100 of this document in the Directors' Remuneration Report.

## **Annual review of the Nomination Committee**

As part of the Review of Board Effectiveness conducted during 2024, the Committee undertook an evaluation of its own effectiveness and considered the structure, size and composition of the Board and its Committees as well as reviewing its terms of reference, which were updated to reflect changes in the 2024 Code.

Ultimately, the Committee concluded that it was operating effectively; however, it noted that the Committee would need to focus on recruitment of Non-Executive Directors in 2025. Details of the full 2024 Review, including how it was conducted and the actions taken as a result, can be found on page 85.

## **Directors' performance**

The Directors' biographies are set out on pages 76 and 77. The Committee has considered the performance of each Director and concluded that they continue to demonstrate the necessary knowledge and commitment to contribute effectively to the Board.

## **Priorities for 2025**

During the forthcoming year, the Committee will pursue the recruitment of two Non-Executive Directors to replace Caroline Brown and Tim Surridge, who will complete their nine-year tenures on the Board in September 2025. The Committee will be pursuing this objective in line with the Company's five-year strategy and is focused on continuing to strengthen the mix of skills, diversity and experience on the Board. The Committee will also undertake an in-depth review of the diversity, development and pipeline of the talent pool below Executive Director level to meet the evolving needs of the business.

## **Giles Brand**

Nomination Committee Chair

25 March 2025

# Audit Committee Report

In 2024, the Committee worked to further strengthen the Company's internal controls and risk management framework by providing independent challenge and oversight

**Tim Surridge**

Audit Committee Chair

## Committee members

**Chair:** Tim Surridge

**Other members<sup>1</sup>:** Pim Vervaat, Julia Hendrickson and Janet Ryan

Janet Ryan joined the Committee immediately on her appointment to the Board on 1 July 2024.

## Key responsibilities

The Committee's main responsibilities, as outlined in its terms of reference, include:

- Recommending the half and full-year financial results to the Board following detailed review of those matters set out in the Committee's terms of reference
- Maintaining the integrity of all financial and non-financial reporting
- Monitoring the Group's internal financial controls and risk management systems
- Overseeing the relationship with the external auditor and reporting the findings and recommendations of the auditor to the Board

The Committee's terms of reference are available on the Company's website. The Committee met three times throughout the year and details of attendance are set out on page 75.

## Key activities during the year

### Apr

- Commenced an audit tender process with four short-listed audit firms

### Aug

- Approved and monitored the rollout of a number of internal training programmes focused on building knowledge across the Group
- Reviewed and updated its terms of reference to include provisions of the new 2024 UK Corporate Governance Code and minimum standard

### Sep

- Completed the audit tender process and scorecard for audit tender and it was agreed to recommend to the Board the re-appointment of KPMG as auditor

### Nov

- Engaged Ernst & Young to undertake a detailed verification of controls effectiveness at the Group's operations in Spain and Mexico

Dear Shareholder,

I am pleased to present the report of the Audit Committee ("Committee") for the year ended 31 December 2024. Last year we reported on the steps we had taken to reviewing and strengthening the Company's internal controls environment which led to us engaging PricewaterhouseCoopers ("PwC") to assist with reviews of our operations at Kingfisher Lighting, the Company's rebates and average costing methodology, as well as a review of the Company's operations in China. Building on this initiative, we subsequently engaged Ernst & Young to help with reviews of our businesses in Mexico and Spain.

During the year the Committee undertook an audit tender exercise. Four firms participated in the audit tender process and we were delighted to recommend that KPMG LLP ("KPMG") should be retained and will be put forward for re-appointment by shareholders at the AGM on 20 May 2025. Further detail about the audit tender exercise is set out below.

At the turn of the year, the Committee reviewed a plan for the steps required to fulfil the requirements of Provision 29 of the 2024 UK Corporate Governance Code (the "2024 Code"), which will be a key workstream in 2025.

## Significant issues

The significant issues that were considered by the Committee in 2024 and early 2025 are set out below. These were addressed through reporting from, and discussion with, the Chief Executive Officer, Chief Financial Officer and KPMG, all of whom are regular Committee meeting attendees.

KPMG has set out its audit approach and the work it performed to satisfy its audit requirements in these areas in its independent Auditor's Report on pages 116 to 123.

## Summary of principal activities and focus in 2024

Matters discussed by the Committee during the year included:

- Consideration of budget forecasts as part of the viability and going concern reviews
- The internal audit programme for 2024 and evaluation of the Board's risk appetite
- Review of adequacy and effectiveness of internal controls and risk management systems
- Inventory valuation provision
- Amended presentation of the net finance line in the 2023 financial statements
- Destocking on Retail and Hybrid product channels
- Receivables valuation and customer creditworthiness following closure of Wilko
- The impact of driving down stock levels
- Audit tender process
- Consideration of the impact of the 2024 Code (effective from 1 January 2025) and Provision 29 (effective from 1 January 2026)
- Adjustments including intangibles and acquisition-related costs
- Transfer pricing
- Review of whistleblowing reports
- Acquisition accounting for D-Line and CMD and integration of acquired businesses
- Evaluation of the effectiveness of the external audit

1. Committee meetings are also routinely attended by the Chair of the Board, Chief Executive Officer, Chief Financial Officer, senior finance team members and the external auditor. The Committee met separately with the external auditor without management present.



## Summary of principal activities and focus in 2024 continued

- Consideration of the impact of the new “failure to prevent” fraud legislation introduced in the UK under the Economic Crime and Corporate Transparency Act 2023 (“the ECCTA”)
- Review of the rollout of the Cyber Security Policy via online training across the Group
- The Group's use of alternative performance measures
- Review of the adequacy and effectiveness of internal financial controls and risk management systems
- Review of the Committee's terms of reference
- Weighted average costing implemented to international businesses
- Annual review of the Company's requirement for an internal audit function

## Financial statements

The Committee considered in particular the following matters, as identified by the auditor, in relation to the Group's half-year and full-year financial statements:

- Inventory valuation, provisions and average costing methodology
- Accounting updates including the application of accounting standard IFRS 17
- Research and development capitalisation
- Tax rate changes in the UK and China
- Acquisition accounting
- Goodwill assessment
- Recoverability of intra-group debt
- Going concern disclosure quality
- Transfer pricing relating to overseas subsidiaries
- Revenue recognition
- Management override of controls

## Summary of key Committee activities during 2024

Activity	March 2024	August 2024	November 2024
<b>Financial reporting</b>			
Reviewed year-end matters including the draft 2023 Annual Report and Financial Statements, key accounting judgements and the going concern statement	●	○	○
Reviewed the draft half-year statement, including accounting judgements, materiality and the external auditor's report	○	●	○
Reviewed accounting judgements and changes to accounting standards in preparation for year-end reporting	●	○	●
<b>Corporate governance</b>			
Reviewed and updated its terms of reference to include provisions of the new 2024 UK Corporate Governance Code and the FRC's minimum standards for audit committees	○	○	●
Discussed Provision 29 of the new 2024 UK Corporate Governance Code	○	○	●
The potential impact of new legislation on corporate failure to prevent fraud offence was discussed	○	○	●
<b>External audit</b>			
Commenced detailed work on the external audit tender, including identifying and inviting audit firms to pitch	●	○	○
Reviewed the result of the audit tender and decided to recommend that KPMG should be retained. More information about the audit tender process is included on page 87	○	○	●
Reviewed KPMG's plan for the scope of the audit of the 2024 Annual Report and Financial Statements, including key audit risks and progress of the audit	○	○	●
Disclosed relevant audit information to the external auditor with supporting evidence	●	○	●
Conducted a review of the effectiveness of the year-end external audit process and reporting outcome for 2023	●	○	○
Reviewed and approved the external auditor's Non-Audit Services Policy	○	○	●
<b>Internal control and risk management</b>			
Reviewed risk management and internal control systems, including risk management framework	●	○	●
Reviewed overall process of assessing business risks and managing their impact on the Group	●	○	○
Reviewed overall approach to setting risk appetite, tolerance levels, risk exposure and any changes to the risk management framework	●	○	○
Reviewed and challenged going concern assumptions, the Viability Statement and the period of assessment	●	●	○

The Committee confirms that it is satisfied that the presentation of the financial statements for the year ended 31 December 2024 is appropriate and in accordance with the Group's accounting policies.

## Summary of principal activities and focus in 2024 continued

### Going concern

In preparation for publication of the 2024 Annual Report, the Committee and Board conducted a comprehensive review of the Company's 12-month going concern position in March 2025. Management considered the 12-month assessment of going concern, together with sensitivity analysis results covering the period December 2025 to December 2027 with respect to the Viability Statement. The full Board discussed the results in detail, including: the practicalities of the sensitivity testing process, the rationale behind the choice of risks subject to sensitivity testing and the treatment of one-off versus recurring risks.

### Internal controls

The Group conducts a rolling programme of internal control reviews across its worldwide operations. The scope of the programme is approved by the Committee each year. This year's programme included work done on the Committee's behalf by Ernst & Young UK in Mexico and Spain.

### Governance

During the year, the Committee received regular updates from the Company Secretary on corporate governance and legal developments. In addition, KPMG briefed the Committee on changes in accounting standards.

In March 2024, the Committee received advice regarding the application of:

- The 2024 Code, which was released in January 2024, and the implications that this would have on the Company, including specifically in relation to the new internal controls declaration (due to come into effect in 2026) requiring the Audit Committee to include a statement about the effectiveness of material controls including financial, operational, reporting and the Company's compliance framework
- The changes implemented by the ECCTA including, among other things, criminal liability being attributed to corporate entities via the actions of associates of the entity, which will now include "senior managers". Management is now seeking advice from the Company's legal advisers on the application of the ECCTA legislation for future contemplation within the Company's risk profile

### Internal financial controls and risk management systems

The Board is responsible for the Group's risk management framework and the Committee has been delegated the responsibility to review the overall process of assessing business risks and managing the impact on the Group. The Board retains overall responsibility for the level of risk that the Group is willing to take and for allocating sufficient resource to the management of business risk. The risk management process is detailed on page 64.

The Group operates its system of internal control by using the following key elements:

- Regular review meetings of various groups, including business functions, senior management, sub-committees and the Board, to discuss key issues
- A detailed business planning process, combining top-down and bottom-up approaches, with outputs reviewed by the Directors
- A system of financial controls, including preventative controls and a review process
- Ongoing dialogue with Directors, including financial reports and trading updates
- Conducting root and branch reviews of internal control systems at companies targeted for acquisition as part of the due diligence process

The Committee, on behalf of the Board, has reviewed the effectiveness of the internal control systems and risk management processes in place during the year, taking account of any material developments since the year end. The Group's rolling programme of internal controls reviews is conducted using a standardised risk-based testing approach introduced in 2022.

## Review of half and full-year financial results

The Board is ultimately responsible for reviewing and approving the Annual Report and Financial Statements and the half-yearly reports.

At the Board's request, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that the information contained therein is fair, balanced and understandable and provides shareholders with the necessary information to assess the Group's position and performance, business model and strategy.

### Principal risks and uncertainties

In March 2025, the Committee reviewed the Company's risk register. The Committee considered the impact of risks associated with:

- Concentration risks relating to operations
- Concentration risks associated with customers and products
- Macroeconomic, political and environmental
- Loss of IT/data
- People and labour shortages
- Acquisitions
- Legal and regulatory
- Finance and treasury

In November 2024, the Committee agreed with the auditor that the historic pricing risk had been removed.

The principal risks and uncertainties of the Group and their mitigation are included on pages 64 to 68. The crystallisation of these risks has been considered in the Viability Statement on pages 69 and 70 and going concern assessment on page 89.

## Audit tender

In accordance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 ("CMA Order") we are required to tender the statutory audit before the end of a ten-year period from when Luceco plc was first listed. KPMG has been the Group's auditor since 2014. In 2023, the Board agreed to tender the audit during 2024. The tender process took place as follows:

### 2023

Management commenced initial discussions with the firms that had indicated that they would participate in the tender process in 2024.

### March – June 2024

The four participating firms: Grant Thornton, PricewaterhouseCoopers, Ernst & Young and KPMG were given access to a due diligence disclosure room and had management meetings across a number of functions with key members of the Luceco team to understand the business.

### June – September 2024

The four participating firms provided presentations to the Committee.

### September 2024

Following thorough consideration of the presentations and subsequent discussions in conjunction with an audit tender scorecard, the Committee recommended to the Board that KPMG be retained as the Company's external auditor. The Board subsequently approved the recommendation.

### May 2025

KPMG's re-appointment as auditor to be voted on by shareholders at the 2025 AGM.

The Committee's decision was based on the following factors:

- Audit experience of firms and partners in the UK, China and with manufacturing and construction experience
- Understanding the audit approach and use of technology to make the process more efficient and provide more insightful knowledge
- The consistency, experience and size of the audit team and fit with Luceco
- Demonstrating an understanding of the Company's business
- Competitive fee structure relative to other participating firms

KPMG scored strongly in all areas and additionally had a Audit Quality Review inspection during the year with reference to the 2023 year end, which it passed.

## External auditor

The Committee regularly considers the independence and objectivity of the auditor, taking into consideration relevant UK professional and regulatory requirements.

The Committee reviews an annual statement from the auditor detailing its independence, policies and safeguards and confirming its independence, also taking into account the Group's External Auditor Independence Policy, which incorporates the Group's Non-Audit Services Policy and relevant ethical guidance regarding the provision of non-audit services by the external auditor.

The Committee has considered and approved the terms of engagement and fees of the external auditor for the year ending 31 December 2025. Audit fees payable by the Group to KPMG in 2024 totalled £0.7m (2023: £0.6m). There were no contingent fee arrangements. The Committee reviewed the level of non-audit services and fees provided by KPMG in respect of the year ended 31 December 2024; these were £0.1m (2023: £0.1m) and related to the 2024 review of interim financial information and providing verification of interim profits. The Committee determined that KPMG were best placed to undertake this work in view of their historical knowledge of the Group's global operations. The ratio of non-audit fees to audit fees for the year was 1:8 (2023: 1:7).

The Committee has agreed that this does not pose a threat to the auditor's independence, taking into account the absolute level of fees incurred by the Company in relation to KPMG revenues as a whole.

The Committee oversees the Group's relationship with its external auditor and makes recommendations to the Board concerning the appointment, re-appointment and remuneration of the auditor. The Committee reviewed the effectiveness and quality of the external audit process by reviewing the audit plan, receiving reports on the results of the audit work performed and questioning the auditor about their findings.

## Internal audit

During the year, the Group did not have an internal audit function as it was agreed in 2023 that the Group's size and activities were such that internal assurance was achievable through other means. In addition to reports from and discussions with management, further assurance was provided during the year as described on page 89 under "Internal financial controls and risk management systems".

In November 2024, the Committee considered, as it does annually, whether the Group had a need for an internal audit function for the financial year ending 31 December 2025. The Committee unanimously determined that given that external outsourcing of internal controls was necessary for operations in China, it was beneficial for a third party to carry out this process for the entire Group rather than forming an internal audit function for the period. The Committee concluded that given the size and complexity of the Group, a permanent internal audit function was therefore not required at this point in time; however, the matter would continue to be reviewed annually.

## Annual review of the Audit Committee

As part of the Evaluation of Board Effectiveness conducted during 2024, the Committee undertook a review of its own effectiveness and concluded that it was operating effectively. The Board has satisfied itself that Tim Surridge, Pim Vervaat, Julia Hendrickson and Janet Ryan have recent and relevant financial experience and that the Committee as a whole has competence relevant to the sectors in which the Company operates.

There were no suggested areas of improvement arising from the review; however, the Committee acknowledged that AI and cyber security opportunities and risks would be an area of focus for the Committee and the Board in 2025. Details of the full 2024 Review, including how it was conducted and the actions taken as a result, can be found on page 85.

## FRC Review and Audit Quality Review inspection

In 2024, the FRC conducted a review of the Company's 2023 Annual Report and Financial Statements and a review of KPMG's audit of the 2023 year end.

The FRC's review of the 2023 Annual Report and Financial Statements had no further areas of investigation. The review of KPMG's audit of Luceco resulted in a pass.

## Priorities for 2025

During the forthcoming year the Committee will be focused on embedding the regulatory changes that have arisen due to the 2024 Code and the ECCTA. In particular, working with management, with input from advisers, to set out a plan to enable it to monitor the risk management and internal control framework to ensure the Board is able to make the required declaration on the effectiveness of its internal controls in 2026, in accordance with Provision 29 of the 2024 Code.

The Committee will also continue to bring increased focus to the risks associated with climate change and the impact of such risks on the financial statements through evolving environmental, social and governance reporting requirements.

Finally, we are pleased to report that the 2023 Annual Report and Financial Statements won the Gold award for its content and design at the Corporate and Financial Awards in November 2024.

## Tim Surridge

Audit Committee Chair

25 March 2025



# Remuneration Committee Report

The Committee sets the principles, parameters and governance framework to provide a transparent Remuneration Policy that aligns with the long-term strategy of the business

**Tim Surridge**

Remuneration Committee Chair

## Committee members

**Chair:** Tim Surridge

**Other members:** Caroline Brown, Pim Vervaat and Julia Hendrickson

The Chair of the Board and other Board members and advisers also attend Committee meetings at the invitation of the Remuneration Committee Chair.

## Key responsibilities

The Committee's main responsibilities, as outlined in its terms of reference, are:

- Setting the principles, parameters and governance framework to provide a transparent Remuneration Policy that aligns with the long-term strategy of the business
- Determining the individual remuneration and benefits package of each of the Executive Directors, considering the interests of relevant stakeholders
- Monitoring the level and structure of remuneration of senior management in conjunction with the Executive Directors
- Reviewing the implementation and operation of any Group share option schemes, bonus schemes and long-term incentive plans

The Committee's terms of reference are available on the Company's website. The Committee met three times throughout the year and details of attendance are set out on page 75.

## Key activities during the year

### Mar

- Evaluated performance against 2023 targets and objectives and approved the 2023 bonus
- Reviewed performance of PSP awards due to vest in 2024
- Confirmed Executive Remuneration Policy for 2024, and agreed targets for the 2024 bonus and LTIP awards

### Jun

- Discussed paper on latest market practice and shareholder guidance
- Reviewed wider workforce pay and policies

### Dec

- Held initial discussion regarding performance against the 2024 annual bonus targets and PSP awards due to vest in 2025
- Held initial discussion regarding 2025 bonus and LTIP targets
- Performed the annual review of the Committee's terms of reference

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Committee's report on remuneration for the year ended 31 December 2024.

Despite ongoing challenging market conditions, the Group has delivered a robust financial performance in 2024. Operating in markets where output once again reduced year-on-year, the Group has successfully grown revenue by 5.8% on a like-for-like basis. The strategic decisions management have made, combined with their exceptional dedication, have meant the Group has been able to outperform markets which remain subdued by the elevated cost of living and reduced consumer spending.

Management took the active decision to hold higher working capital through the year to ensure that global supply constraints linked to the events in the Red Sea did not hamper product availability. This approach paid dividends in quarter four, when the business was able to meet customer needs as market demand improved. This approach has led to a delay in Adjusted Free Cash Flow generation in 2024, but leaves the Group well positioned as the business enters 2025 and supports the long-term growth of the business.

Further progress has been made against Luceco's strategic priorities. The Group continues to innovate, in 2024 releasing its first commercially focused EV chargers, developing its own Home Energy Management system and winning awards for its new Titan All-in-One LED Highbay Light.

Alongside this, management have successfully completed the key acquisitions of CMD and D-Line, which both fit naturally alongside the Group's existing categories and present clear opportunities to develop design and manufacturing synergies in the future.

The Group has also made continued progress against its sustainability agenda and remains committed to the Science Based Targets initiative validated targets of reducing operational emissions by 46.2% and reducing value chain emissions by 27.5% by 2031. Operations remain carbon neutral in the year and the business continues to enhance its range of low carbon products.

## Approach to remuneration for 2025

Executive Directors' remuneration arrangements for 2025 will be largely unchanged from prior years. Salaries have been increased by 2.5% from 1 January 2025 in line with the increases received by the wider workforce. The CEO's salary is therefore £437,214 and the CFO's salary is £373,100.

The maximum annual bonus opportunity will continue to be 100% of salary and be based on the same metrics as last year: 40% on Adjusted Profit After Tax, 40% on Adjusted Free Cash Flow and 20% on individual strategic objectives.

PSP awards will continue to be 150% of salary with vesting again based 50% on TSR performance compared to the FTSE SmallCap index over three years from the date of grant and 50% based on Adjusted EPS performance for the financial year ending 31 December 2027. Further detail on the targets set for each component is available on page 104.

Approach to remuneration for 2025 continued

For Non-Executive Directors, the Chair's fee was increased by 11.5% and the NED base fee by 2.5% in line with the increases received by the wider workforce. Additional fees for NEDs remain unchanged.

Following on from last year, the increase in the Chair's fee represents the second step in a phased increase to bring his fee to around the lower quartile of market practice compared to other similar-sized companies.

Remuneration paid for 2024

The approach to remuneration for 2024 has been reviewed in the context of the Group's strong financial performance and significant progress against its strategic priorities over the year.

The annual bonus targets for 2024 were based on Adjusted Profit After Tax, Adjusted Free Cash Flow and individual strategic objectives, including measures linked to our ESG strategy.

Strategic performance

Adjusted Profit After Tax <sup>1</sup> £19.7m (2023: £17.3m)
Adjusted Free Cash Flow £3.5m (2023: £18.0m)
Adjusted EPS 3-year CAGR -14.8% (2023: -10.5%)
TSR 3-year performance <sup>2</sup> -56% (2023: -46%)

1. Adjusted Profit After Tax has been adjusted to exclude the impact of the in-year acquisition of CMD.

2. TSR performance for 2024 has been calculated over the three-year period between 1 January 2022 and 31 December 2024.

Adjusted Profit After Tax performance was £19.7m adjusted to exclude the impact of the in-year acquisition of CMD and Adjusted Free Cash Flow was £3.5m. Adjusted Profit After Tax was between threshold and the target set, as a result of a more challenging economic environment than was previously forecast. Adjusted Free Cash Flow was below the minimum target having been required to hold additional working capital to fulfil demand.

The CEO and CFO both performed strongly during the year and delivered good progress against their strategic objectives (further details are set out on page 102). For 2024, the Committee assessed the CEO and CFO against their objectives and determined a payout of 17.5% out of a maximum of 20% for the CEO and 20% out of a maximum of 20% for the CFO for this element.

The overall bonus payable to the CEO is therefore 35.3% of maximum, and the overall bonus payable to the CFO is 37.8% of maximum. The Committee believes that this level of bonus is appropriate, reflecting the strong financial performance in a challenging market and the significant strategic progress made during the year.

The CEO was granted PSP awards in March 2022. These awards were based 50% on CAGR Adjusted EPS performance in the three-year period ended 31 December 2024 and 50% on TSR performance over a three-year period from the date of grant. CAGR Adjusted EPS was below threshold and therefore this portion of the award will not vest. TSR performance will be assessed to the third anniversary of the date of award and we will confirm performance in next year's report. TSR performance is currently below median and therefore this portion of the award is not expected to vest.

The Committee believes that the incentive outcomes are a fair reflection of our one-year and three-year performance and therefore the Committee has not exercised discretion in relation to incentive outcomes during the year.

TSR performance for the 2021 PSP award was assessed over three years to the date of vesting. In the 2023 report, we estimated that total vesting for the 2021 PSP award would be 0% of maximum, based on CAGR Adjusted EPS performance to 31 December 2023 of -10.5% and TSR performance below median to 30 November 2023. At the date of vesting, Luceco's TSR performance remained below median, resulting in 0% of the TSR element of this award vesting. The overall vesting of the award was therefore 0% of maximum.

Wider workforce engagement

A Group-wide employee engagement survey was conducted in the year, the findings of which are summarised on page 57.

Our Non-Executive Director responsible for workforce engagement, Julia Hendrickson, also conducted meetings with employees from across the business to understand their feedback. Her findings are summarised on page 80.

Shareholder engagement

Shareholder views, whether directly or indirectly expressed, together with relevant guidance and emerging trends, are carefully considered when reviewing reward design and outcomes.

We undertook a through consultation with shareholders ahead of the implementation of our Remuneration Policy at the 2023 AGM and were pleased with the strong level of support for this and subsequent Annual Remuneration Reports.

As Remuneration Committee Chair, I continue to be available to engage with shareholders who wish to discuss the Group's approach to remuneration, or any of the content set out in this report. We will be reviewing our Directors' Remuneration Policy during 2025 in advance of seeking shareholder approval at the 2026 AGM and I will engage with shareholders in relation to any material changes in advance.

I look forward to receiving your support for our Annual Remuneration Report at the AGM.

Tim Surridge

Remuneration Committee Chair

25 March 2025

# Our approach to remuneration supports our strategy to **innovate, grow and deliver long-term sustainable performance** for the benefit of all our stakeholders

## 2024 Remuneration at a glance

### Performance and remuneration outcomes

Adjusted Profit After Tax<sup>1</sup>

**£19.7m**

2023: £17.3m

Adjusted Free Cash Flow

**£3.5m**

2023: £18.0m

Adjusted EPS 3-year CAGR

**-14.8%**

2023: -10.5%

TSR 3-year performance<sup>2</sup>

**-56%**

2023: -46%

1. Adjusted Profit After Tax has been adjusted to exclude the impact of the in-year acquisition of CMD.

2. TSR performance for 2024 has been calculated over the three-year period between 1 January 2022 and 31 December 2024.

### Salary increases

Executive Directors

**4.0%**

2023: 2.5%

All Luceco employees

**4.0%**

2023: 7.5%

### Alignment with employee rewards

Number of employees eligible to participate

**595**

2023: 487 | **↑ 22.2%**

Share incentive plans granted to employees

**628,236**

2023: 450,585 | **↑ 39.4%**

### Executive Directors' annual bonus incentive outcomes

#### Performance measures

Adjusted Profit After Tax<sup>1</sup> (40% weighting)

	Threshold 0% payout £18.0m	Target 50% payout £20.0m	Maximum 100% payout £22.0m
<b>Actual</b>		<b>£19.7m</b>	

Adjusted Free Cash flow (40% weighting)

	Threshold 0% payout £11.7m	Target 50% payout £13.0m	Maximum 100% payout £14.3m
<b>Actual</b>		<b>£3.5m</b>	

#### Strategic objectives

CEO (20% weighting)

	Maximum payout 20%
<b>Actual</b>	<b>17.5%</b>

CFO (20% weighting)

	Maximum payout 20%
<b>Actual</b>	<b>20%</b>

#### Total incentive

CEO overall bonus outcome

	Maximum payout 100%
<b>Actual</b>	<b>35%</b>

CFO overall bonus outcome

	Maximum payout 100%
<b>Actual</b>	<b>38%</b>

## Annual Remuneration Report

The Directors' Remuneration Report that follows has been prepared in accordance with the provisions of the 2018 UK Corporate Governance Code ("Code"), the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006.

## Summary of Remuneration Policy and implementation for 2024

Key component	Summary	How we implemented in 2024	
Base salary	4% increase with effect from 1 January 2024, in line with the increases received by the wider workforce.	<b>John Hornby – CEO</b> £426,550 per annum	<b>Will Hoy – CFO</b> £364,000 per annum
Pension	The CEO does not receive a pension allowance. The CFO received a pension allowance of 5% of salary, in line with the wider UK workforce rate.	n/a	£18,200 for 2024
Benefits	Benefits included car allowance/company car, mobile phone, life insurance and private medical insurance.	£5,287	£12,481
Annual bonus	Maximum opportunity of 100% of salary in 2024. Performance measures for the 2024 annual bonus were as follows: <ul style="list-style-type: none"> <li>• 40% Adjusted Profit After Tax</li> <li>• 40% Adjusted Free Cash Flow</li> <li>• 20% individual strategic objectives</li> </ul>	Outturn as a percentage of maximum: 35.3% £150,572	Outturn as a percentage of maximum: 37.8% £137,592
PSP	An award of 150% of salary was made to the CEO in 2022. The CFO was not in role at the time, and therefore did not receive a 2022 PSP award. Performance measures for the 2022 award were as follows: <ul style="list-style-type: none"> <li>• 50% TSR relative to the FTSE SmallCap, excluding investment trusts, over three years from the date of grant</li> <li>• 50% CAGR Adjusted EPS in the three-year period ended 31 December 2024</li> </ul>	Percentage of award vesting: the Adjusted EPS target performance was below threshold and therefore this portion of the award will not vest. TSR performance will be assessed to the third anniversary of the date of the award and we will confirm performance in next year's report. TSR performance is currently tracking below median and therefore this portion of the award is not expected to vest.	N/A
Shareholding requirements	200% of salary	7,833% of salary	108% of salary



## Summary of Remuneration Policy and implementation for 2025

The Remuneration Policy for Directors ("Policy") was approved by shareholders at the AGM on 10 May 2023 and applies to payments made from this date. The following provides a summary of the Policy along with details of how the Policy will be implemented during 2025. For full details of the Policy approved by shareholders, please refer to the 2022 Annual Report and Financial Statements, which can be found at [www.lucecoplc.com](http://www.lucecoplc.com).

Element	Operation	Implementation in 2025
<b>Base salary</b>	<p>Normally reviewed annually. Any increases are normally effective from 1 January.</p> <p>No maximum but increases will normally be in line with the increases awarded to other employees in the Group other than in certain circumstances.</p>	<p>From 1 January 2025, salaries will be as follows:</p> <ul style="list-style-type: none"> <li>• John Hornby – £437,214</li> <li>• Will Hoy – £373,100</li> </ul> <p>This represents a 2.5% increase, which is in line with the increases received by the wider workforce.</p>
<b>Pension</b>	<p>Executive Directors generally receive a contribution to a defined contribution pension scheme or a cash allowance in lieu of pension.</p> <p>Maximum contribution/allowance is 5% of salary.</p>	<p>John Hornby does not participate in any pension arrangement.</p> <p>Will Hoy will receive a pension contribution of 5% of salary, in line with the pension opportunity for the UK workforce.</p>
<b>Benefits</b>	<p>Benefits currently include: a company car or car allowance (£9,000 p.a.), mobile phone, life insurance and private medical insurance. Executive Directors may also participate in all employee share plans on the same basis as other employees.</p>	<p>No change to operation.</p>
<b>Annual bonus</b>	<p>Maximum opportunity of 100% of salary.</p> <p>Normally paid in cash. Where an Executive Director is not on course to meet their shareholding guideline, they will normally be expected to invest 50% of their post-tax annual bonus into Company shares.</p> <p>Bonus starts accruing for threshold levels of performance. 50% pays out for target performance, with full payout for achieving stretching performance targets.</p>	<p>No change to operation, maximum opportunity level or performance measures.</p> <p>The performance measures are as follows:</p> <ul style="list-style-type: none"> <li>• 40% on Adjusted Profit After Tax</li> <li>• 40% on Adjusted Free Cash Flow</li> <li>• 20% on individual strategic objectives</li> </ul> <p>The Committee believes the balance of these measures incentivises Executive Directors to continue to grow the business and improve profit performance, to focus on operational efficiencies and the generation of cash to fund growth, and to achieve specific operational and strategic objectives.</p> <p>Bonus targets are commercially sensitive and therefore have not been disclosed. It is intended that targets will be disclosed in full in the 2025 Directors' Remuneration Report.</p>

## Summary of Remuneration Policy and implementation for 2025 continued

Element	Operation	Implementation in 2025
<b>PSP</b>	<p>Maximum opportunity of 150% of salary.</p> <p>Awards vest based on performance over a three-year period and are subject to a post-vesting holding period for two years following the end of the performance period.</p>	<p>No change to operation, maximum opportunity level or performance measures.</p> <p>The performance measures are as follows:</p> <ul style="list-style-type: none"> <li>• 50% based on total shareholder return ("TSR") relative to the FTSE SmallCap index excluding investment trusts, measured over three years from the date of grant. 25% of this portion vests for median TSR, with 100% vesting for upper quartile TSR. There will be straight-line vesting between each point</li> <li>• 50% based on the compound annual growth rate ("CAGR") of Adjusted Earnings Per Share ("EPS") performance for the financial year ending 31 December 2027. 25% of this portion vests if the CAGR in Adjusted EPS in the period is 5%, with 100% vesting if the CAGR in Adjusted EPS is 15%. There will be straight-line vesting between each point</li> </ul> <p>The Committee believes these measures incentivise executives to achieve excellent profit growth while generating above-market returns for shareholders compared to our peers.</p>
<b>Share ownership guidelines</b>	<p>Executive Directors are expected to build and maintain a holding of Luceco shares equal to at least 200% of base salary.</p> <p>Following stepping down from the Board, Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or their actual shareholding if lower) for the first 12 months following departure from the Board and 100% of salary (or their actual shareholding if lower) for the subsequent 12 months. This guideline does not apply to any shares purchased by the Executive Director.</p>	<p>No change to operation.</p>

### Malus and clawback

Annual bonus payments may be clawed back for a period of three years from the date of payment. Malus and clawback provisions apply under the PSP and CSOP from award to the fifth anniversary of the grant date. The circumstances in which malus/clawback may apply are a material misstatement of financial results, an error in assessing performance or in the information/assumptions used, a material failure of risk management, serious reputational damage, serious misconduct by the participant, or any other similar circumstances.

### Executive Directors' service contracts

John Hornby's service contract is dated 14 October 2016. Will Hoy's service contract is dated 20 February 2024. These are rolling service contracts with no fixed expiry date. The service contract of the CEO is terminable on nine months' written notice by either party. The service contract of the CFO is terminable on six months' written notice by either party. Copies of the service contracts are held at the Company's registered office address and are available for inspection on request.

## External appointments

Executive Directors are permitted to hold Non-Executive Director positions in other companies where it is considered appropriate and subject to approval by the Board. Disclosure of any such earnings is required to be made to the Board, to shareholders and in the Annual Report and Financial Statements. Details of any external appointments held by the Executive Directors in the year ended 31 December 2024 are set out in the Corporate Governance Report on pages 76 and 77.

## Non-Executive Directors

Element	Operation	Implementation in 2025
<b>Fees</b>	<p>Paid in cash.</p> <p>Our policy is to pay a basic fee for membership of the Board, and additional fees for the SID and Chair of a Committee to take into account the additional responsibilities and time commitment of these roles.</p>	<p>From 1 January 2025, fees will be as follows:</p> <ul style="list-style-type: none"> <li>• Chair – £145,000 (+11.5%)</li> <li>• Non-Executive Director base fee – £50,225 (+2.5%)</li> <li>• SID, Audit and Remuneration Committee Chair fee – £11,200 (no change)</li> </ul> <p>The increase in the Chair's fee represents the second step in a phased increase to bring his fee to around the lower quartile of market practice compared to other similar-sized companies.</p> <p>The NED base fee increase of 2.5% is in line with the increases received by the wider workforce. The additional fees remain unchanged.</p>
<b>Benefits and expenses</b>	<p>Reasonable costs in relation to travel and accommodation for business purposes are reimbursed. The Group may meet any tax liabilities that may arise on such expenses.</p>	<p>No change to operation.</p>

## Non-Executive Director terms of appointment

The dates of appointment for the Chair and Non-Executive Directors are shown in the table below:

Non-Executive Director	Date of appointment
Giles Brand	1 May 2010
Caroline Brown	27 September 2016
Tim Surridge	27 September 2016
Pim Vervaat	1 September 2020
Julia Hendrickson	1 June 2022
Janet Ryan	1 July 2024

The Chair and Non-Executive Directors serve the Group on the basis of renewable letters of appointment which can be terminated by written notice by either party. The Chair's appointment is subject to three months' notice and the other Non-Executive Directors are subject to one month's notice. No compensation is awarded on termination. Copies of the Non-Executive Directors' letters of appointment are held at the Company's registered office address and are available for inspection on request. In accordance with the principles of the Code, the Chair, the Non-Executive Directors and the Executive Directors are subject to voluntary re-election by shareholders. Their appointments may be terminated in the event of them not being re-elected by shareholders or otherwise in accordance with the Articles.

## Alignment of our Policy with the 2018 UK Corporate Governance Code

The Committee considers that the current Remuneration Policy and its implementation appropriately address the following principles, as set out in the 2018 UK Corporate Governance code.

Principle	How the Committee has addressed this
<b>Clarity</b>	<p>The Committee is committed to providing open and transparent disclosures with regard to executive remuneration arrangements.</p> <p>In addition, Julia Hendrickson acts as the designated Non-Executive Director for workforce engagement and actively engages with employees on a range of issues as part of this role.</p>
<b>Simplicity</b>	<p>In determining the remuneration framework, the Committee was mindful of avoiding complexity and ensuring that arrangements are easy to understand.</p> <p>Our remuneration arrangements are simple in nature, comprising three main elements – fixed pay (comprising of base salary, pension and benefits), variable short-term incentives (annual bonus), and variable long-term incentives (PSP awards). This framework is well understood by both participants and shareholders.</p>
<b>Risk</b>	<p>The Committee believes that the structure of remuneration arrangements does not encourage excessive risk-taking.</p> <p>The remuneration framework has a number of features which align remuneration outcomes with risk, including a two-year post-vesting holding period applied to any PSP awards granted from 2020 onwards, and personal shareholding guidelines applying both in employment and post-employment.</p> <p>In addition, malus and clawback provisions apply to both the annual bonus and PSP awards.</p>
<b>Predictability</b>	<p>The Remuneration Policy outlines the threshold, target and maximum levels of pay that Executive Directors can earn in any given year over the three-year life of the approved Remuneration Policy. Actual incentive outcomes vary depending upon the level of performance against various measures, with performance against targets normally disclosed in the Annual Report and Financial Statements each year.</p>
<b>Proportionality</b>	<p>The Committee is satisfied that the Remuneration Policy does not reward poor performance. Payment of the annual bonus and PSP is subject to the achievement of stretching performance targets, which are clearly linked to the Group's strategy.</p> <p>Both the Committee and Executive Directors are cognisant of the pay and conditions for the wider workforce, and this is taken into account when considering executive remuneration.</p> <p>Additionally, the Committee retains the discretion to adjust formulaic outcomes under the annual bonus and/or PSP should it consider that the outcome is not aligned to the underlying performance of the Company or individual.</p>
<b>Alignment to culture</b>	<p>The performance measures that are used for the annual bonus and PSP are clearly linked to delivery of the Group's KPIs. In addition, 20% of the annual bonus is based on achievement against non-financial strategic targets, which ensures both financial and non-financial strategic goals are considered.</p> <p>Non-financial goals reflect the Group's sustainability objectives.</p>



## Implementation of Remuneration Policy during 2024

### Single figure of total remuneration (audited)

The table below sets out the single figure of total remuneration received by the Executive and Non-Executive Directors for the years ended 31 December 2024 and 2023.

Director (£'000)	Year	Basic salary/ fees	Benefits	Pension	Total fixed	Annual bonus	Long-term incentives	Total variable	Total
John Hornby	2024	426	5	—	431	151	— <sup>1</sup>	151	582
	2023	410	4	—	414	357	— <sup>2</sup>	357	771
Will Hoy <sup>3</sup>	2024	364	12	18	394	138	—	138	532
	2023	300	10	14	324	254	—	254	578
Giles Brand	2024	130	—	—	130	—	—	—	130
	2023	108	—	—	108	—	—	—	108
Caroline Brown	2024	49	—	—	49	—	—	—	49
	2023	45	—	—	45	—	—	—	45
Tim Surridge	2024	71	—	—	71	—	—	—	71
	2023	66	—	—	66	—	—	—	66
Pim Vervaat	2024	60	—	—	60	—	—	—	60
	2023	56	—	—	56	—	—	—	56
Julia Hendrickson	2024	49	—	—	49	—	—	—	49
	2023	45	—	—	45	—	—	—	45
Janet Ryan <sup>4</sup>	2024	25	—	—	25	—	—	—	25

1. John Hornby was granted a PSP award in March 2022. The award was based 50% on CAGR Adjusted EPS performance in the three-year period ended 31 December 2024 and 50% on TSR performance over a three-year period from the date of grant. The Adjusted EPS targets performance is below threshold and therefore this portion of the award will not vest. TSR performance will be assessed to the third anniversary of the date of award (31 March 2025) and we will confirm performance in next year's report. TSR performance is currently tracking below median and therefore this portion of the award is not expected to pay out. The value disclosed in the single figure is therefore based on nil vesting for the 2022 award.

2. TSR performance for the 2021 PSP award was assessed to the date of vesting. In the 2023 report, we estimated that total vesting for the 2021 PSP award would be 0% of maximum, based on CAGR Adjusted EPS performance to 31 December 2023 of -10.5% and TSR performance below median to 30 November 2023. At the date of vesting, Luceco's TSR performance remained below median, resulting in 0% of the TSR element of this award vesting. The overall vesting of the award was therefore 0% of maximum.

3. Will Hoy assumed an Executive Director position from 1 March 2023 and was appointed as Chief Financial Officer on 1 April 2023. Prior to this, he served as a Non-Executive Director following his appointment to the Board on 1 September 2019. The figure shown in the basic salary/fees column for 2023 relates to his basic fee in respect of being a Non-Executive Director to 28 February 2023 of £8,034, and his salary in respect of being an Executive Director from 1 March 2023 of £291,667. The figures shown in the annual bonus column relate to his service as an Executive Director only.

4. Janet Ryan joined the Board on 1 July 2024 and fees are shown from this date.

Explaining the single figure

Salary

For 2024, our approach was to increase Executive Directors' salaries by 4%, in line with the increases received by the wider workforce. John Hornby's salary was increased from £410,140 to £426,550 and Will Hoy's salary was increased from £350,000 to £364,000.

Benefits

Benefits for the year included private medical insurance, life insurance and a fully expensed car or cash equivalent.

Pension

Will Hoy received pension contributions of 5% of base salary during the year. This is in line with the contribution levels available to other employees in the UK. John Hornby did not receive a pension contribution from the Group.

Annual bonus

For the year ended 31 December 2024, the maximum annual performance bonus was 100% of base salary. The annual bonus was based on the following measures:

Measure	Rationale	Weighting
Adjusted Profit After Tax	To incentivise executives to continue to grow the business and improve profit performance	40%
Adjusted Free Cash Flow	To continue to focus executives on operational efficiencies and the generation of cash to fund growth	40%
Strategic objectives, including ESG metrics	To incentivise executives to achieve specific operational and strategic business objectives	20%
Total		100%

Performance during 2024 against financial targets set was as follows:

Measure	Threshold 0% payout	Target 50% payout	Maximum 100% payout	Achievement for 2024	Percentage of bonus payable
Adjusted Profit After Tax (40% weighting) <sup>1</sup>	£18.0m	£20.0m	£22.0m	£19.7m <sup>2</sup>	44.5%
Adjusted Free Cash Flow (40% weighting)	£11.7m	£13.0m	£14.3m	£3.5m	0%

1. Targets have been adjusted to reflect contingency originally included in the budget, but which was not originally reflected in the targets.

2. Adjusted to exclude the impact of the in-year acquisition of CMD.

Explaining the single figure continued

Strategic objectives

These objectives were set at the start of 2024 and are set out in the table below.

Overview of performance against strategic objectives

CEO	CFO	Committee’s assessment of performance
<ul style="list-style-type: none"><li>Business growth: Significant progress made during the year to launch new business areas to position the Group for future growth</li><li>Business growth: Strong growth in sales within key business areas including Wiring Accessories</li><li>Business growth and ESG: Significant increase in revenue from EV category</li><li>Integration and cost saving: Successful integration of D-Line and CMD into the Group along with substantial savings, specifically in the supply chain</li><li>Cost saving: Significant savings within 2024 factory performance with the run rate savings in particular significantly ahead of plan</li><li>Operational efficiency: Strong improvement in operational efficiency within our factory</li></ul>	<ul style="list-style-type: none"><li>Integration and cost saving: Successful integration of D-Line and CMD into the Group along with substantial synergy savings</li><li>Operational efficiency: Successful implementation of the new FX strategy across treasury and accounting</li><li>Operational efficiency: Centralisation of HR activities such as payroll and the creation of a new HR resource. This has also been rolled out across the businesses ensuring a new consistent approach throughout</li><li>Operational efficiency: Creation of a shared service finance resource incorporating more automation and delivering significant enhancement in operational efficiency</li><li>ESG: Excellent development of the climate change strategy with significant progress made in the year in environmental initiatives and improvements in external climate assessments/ranking including, improvement on the EcoVadis score and receiving a Carbon Project Management score of “B”</li></ul>	<p>The Committee judged that overall, performance had been strong in the year noting the significant progress and accomplishment across the outlined objectives.</p> <p>As a result, it was determined that:</p> <ul style="list-style-type: none"><li>17.5% out of a maximum of 20% should be paid for this element for the CEO</li><li>20% out of a maximum of 20% should be paid for this element for the CFO</li></ul>

This performance against targets set therefore resulted in an overall bonus of 35% of maximum for John Hornby and 38% of maximum for Will Hoy. Bonus payments are therefore as follows:

John Hornby £150,572

Will Hoy £137,592

The Committee also considered the underlying financial performance of the Company during 2024, taking into account performance against key financial and strategic performance indicators as well as the experience of shareholders and other stakeholders during the period. The Committee also considered whether there had been a significant negative event (such as an ESG event) which would warrant an adjustment. The Committee concluded that the proposed outcomes were appropriate and no discretion was applied. John Hornby has met the shareholding guidelines, so his bonus was paid in cash. The Committee reviewed Will Hoy’s progress against the shareholding guidelines and was satisfied that sufficient steps had been made in the year. Therefore, Will Hoy’s bonus was also paid fully in cash with no obligation to invest into shares.

Overall the Committee judged that the annual bonus outcomes were a fair reflection of the performance during the year and that they align with the shareholder experience.

## Explaining the single figure continued

### Long-term incentives

John Hornby was granted a PSP award in March 2022. This award was based 50% on CAGR Adjusted EPS performance in the three-year period ended 31 December 2024 and 50% on TSR performance over a three-year period from the date of grant. CAGR Adjusted EPS for the three-year period year ended 31 December 2024 is below threshold and therefore this portion of the award will not vest. The TSR performance period is not yet completed and we will provide details of final vesting in the 2024 Annual Report. TSR is currently tracking below median and therefore this portion of the award is not expected to vest.

Measure	Weighting	Threshold	Maximum	Achievement	Element vesting
CAGR Adjusted EPS in the three-year period ended 31 December 2024	50%	5%	15%	-14.8%	0%
TSR relative to the FTSE SmallCap excluding investment trusts	50%	Median	Upper quartile	TSR measured over three years to 30 March 2025	0% (expected)

Therefore the vesting of the award shall be as follows:

	Date of grant	Number of awards granted	Number of shares vesting based on estimated performance	Dividend equivalents (number of shares)	Total number of shares vesting	Total estimated value of award vesting <sup>1</sup>
Executive Director						
John Hornby	31 March 2022	283,018	—	—	—	—

1. The value of the award vesting is based on the average share price over the last three months of the financial year ended 31 December 2024 being 137p. The estimated value of the vesting awards has been included within the "single figure of total remuneration" table on page 100.

Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2024 and that the pay outcomes are aligned with the experience of shareholders and other stakeholders.



## Share interests awarded during the year as long-term incentives (audited)

The following awards were granted under the PSP during the year.

Board Directors	Role	Form of award	Date of award	Number of shares awarded	Face value of award <sup>1</sup>	Percentage vesting for achieving minimum performance	Performance period
John Hornby	Chief Executive Officer	Nil-cost option over ordinary shares of 0.05p	3 April 2024	459,644	£643,502	25%	See below
Will Hoy	Chief Financial Officer			392,241	£549,137	25%	See below

1. Calculated based on a share price of 140p, being the average of the closing price for the three dealing dates preceding the date of award.

The awards will vest 50% subject to the Group's Adjusted EPS and 50% subject to TSR performance relative to the FTSE SmallCap excluding investment trusts as outlined below.

### Performance condition

CAGR Adjusted EPS in the three-year period ending 31 December 2026

Rank of the Group's TSR compared to the comparator group

Extent to which the relevant portion of the award vests

15%	Upper quartile or above	100%
Between 5% and 15%	Between median and upper quartile	On a straight-line basis between 25% and 100%
5%	Median	25%
Less than 5%	Below median	0%

TSR performance will be assessed based on performance over a three-year period from the date of grant of awards. TSR is assessed based on the three-month average at the beginning and end of the performance period.

### Shareholding guidelines

The Group encourages its Directors and employees to hold shares in the Group to strengthen their commitment to the organisation in terms of delivering the strategic objectives. Executive Directors are expected to build and maintain a holding of Luceco shares equal to at least 200% of base salary. Executive Directors are expected to retain 50% of any shares that vest under any share incentive plans until this shareholding is reached. Where a Director has not met, or is not on course to meet, their shareholding guideline they will also be expected to invest at least 50% of any post-tax annual bonus earned into Luceco shares.

## Directors' shareholdings and share interests (audited)

The beneficial interests of the Directors in the ordinary shares of the Group are set out below. None of the Directors had any interest in the shares of any subsidiary company.

### Executive Directors

	Ordinary shares held at 24 March 2025	Ordinary shares held at 31 December 2024	Ordinary shares held at 31 December 2023	Nil cost options subject to performance measures	Nil cost options not subject to performance measures	Market value options subject to performance measures	Shareholding requirement (% of salary)	Shareholding held at 31 December 2024 <sup>1</sup>	Requirement met?
John Hornby	26,021,796	26,021,796	29,153,412	999,317	—	—	200%	7,833%	Yes
Will Hoy	307,456	307,456	201,263	777,948	—	—	200%	108%	No

Note: Includes shares accrued to date in respect of dividend equivalents on unvested LTIP awards.

1. Shareholding as a percentage of salary.

Shares beneficially held count towards Executive Directors' shareholding guidelines. Any unvested shares or unexercised nil cost options which are not subject to performance conditions may count towards the guideline on a net of tax basis. The value of Executive Directors' shareholding has been calculated using the share price on 31 December 2024 of 128.4p.

### Non-Executive Directors

	Ordinary shares held at 24 March 2025	Ordinary shares held at 31 December 2024	Ordinary shares held at 31 December 2023
Giles Brand <sup>1</sup>	9,466,919	9,466,919	9,466,919
Caroline Brown	—	—	—
Tim Surridge	63,041	63,041	63,041
Pim Vervaat	150,000	150,000	50,000
Julia Hendrickson	—	—	—
Janet Ryan <sup>2</sup>	—	—	—

1. Giles Brand is a Managing Partner of EPIC Investment Partners LLP and a director of its subsidiary, EPIC Investment Partners (UK) Limited. EPIC Investment Partners (UK) Limited is the investment manager of ESO Investments 2 Limited. ESO Investments 2 Limited owns 35,564,260 shares in the Group.

2. Janet Ryan joined the Board on 1 July 2024.

## Payments to former Directors (audited)

There were no payments made to former Directors during the year.

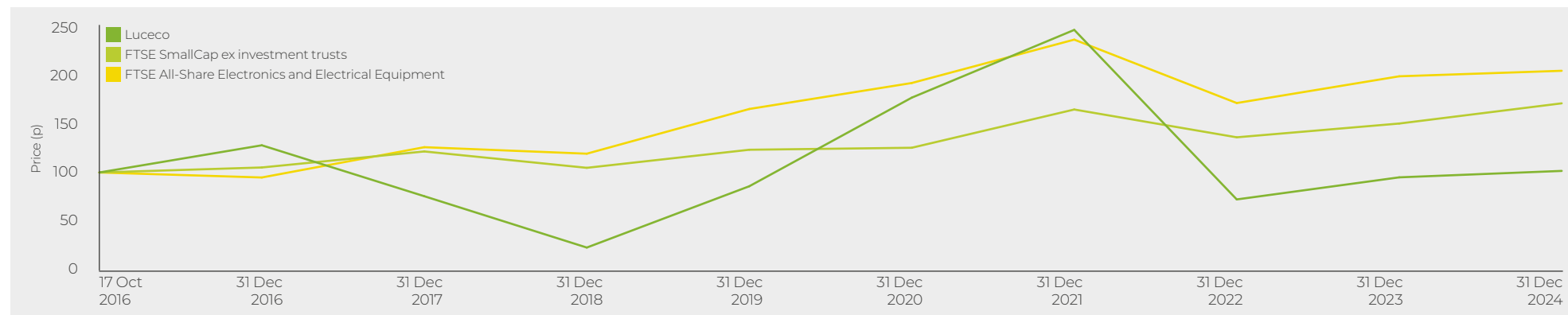
## Payments for loss of office (audited)

There were no payments made for loss of office during the year.

## Performance graph and table

### Review of past performance

The graph below shows the historical TSR of the Group, the FTSE SmallCap index exclusive of investment trusts and the FTSE All-Share Electronics and Electrical Equipment index for the period from IPO on 17 October 2016 to 31 December 2024. The Group has chosen these indices to reflect its size and the key sector in which it operates.



The table below shows the CEO's "single figure" remuneration for the ten years ended 31 December 2024.

£'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total remuneration	314	337	365	504	726	699	1,553	860	771	582
Annual bonus (% of max)	n/a	nil	nil	50%	100%	90%	50%	55%	87%	35%
LTIP vesting <sup>1</sup> (% of max)	n/a	n/a	n/a	n/a	0%	n/a <sup>2</sup>	100%	49.84%	0%	0% <sup>3</sup>

1. No LTIPs were in place during the reporting periods 2012 to 2016. The first LTIP awards post-IPO were granted in 2017, with vesting based on performance to 31 December 2019.

2. On 27 November 2018, John Hornby surrendered the 2018 PSP award granted to him on 27 July 2018. This award would have vested at 100% of maximum.

3. The PSP awards granted in 2022 are not expected to vest. The TSR performance period for these awards runs to 30 March 2025 and final vesting will be determined at this point.

# Remuneration Committee Report continued

## Annual percentage change in remuneration of Directors and employees

The following table sets out the change in remuneration paid to the Directors who served on the Board from 2019 to 2024 compared with the average percentage change for UK-based employees. The Committee considers this the most meaningful comparison as the Group does not have a harmonised salary and benefits structure across its global operations. Furthermore, the majority of its overseas employees are based in Asia, where the pay structure is significantly different to that of the Executive Directors, which does not facilitate a like-for-like comparison.

	Executive Directors		Non-Executive Directors						UK employees
	John Hornby	Will Hoy <sup>1,2</sup>	Giles Brand	Caroline Brown <sup>2</sup>	Tim Surridge <sup>2</sup>	Pim Vervaat <sup>3</sup>	Julia Hendrickson <sup>4</sup>	Janet Ryan <sup>5</sup>	
<b>2024 vs. 2023</b>									
Base salary/fees	4.0%	21.5%	20.1%	10.1%	7.6%	8.1%	10.1%	n/a	4.0%
Benefits	34.3%	27.9%	—	—	—	—	—	—	—
Bonus	(57.8)%	(45.8)%	—	—	—	—	—	—	(12.4)%
<b>2023 vs. 2022</b>									
Base salary/fees	2.5%	451.6%	2.5%	2.5%	22.1%	2.5%	75.4%	n/a	7.5%
Benefits	(83.8)%	n/a	—	—	—	—	—	—	—
Bonus	62.2%	n/a	—	—	—	—	—	—	30.5%
<b>2022 vs. 2021</b>									
Base salary/fees	8.3%	21.1%	3.0%	(13.2)%	3.0%	3.0%	n/a	n/a	3.0%
Benefits	22.7%	—	—	—	—	—	—	—	—
Bonus	19.1%	—	—	—	—	—	—	—	(5.8)%
<b>2021 vs. 2020</b>									
Base salary/fees	2.5%	8.9%	2.5%	(7.4)%	2.5%	207.3%	n/a	n/a	2.5%
Benefits	41.7%	—	—	—	—	—	—	—	—
Bonus	(43.1)%	—	—	—	—	—	—	—	(4.5)%
<b>2020 vs. 2019</b>									
Base salary/fees	3.0%	21.7%	100%	3.0%	3.0%	n/a	n/a	n/a	3.0%
Benefits	(44.3)%	—	—	—	—	—	—	—	—
Bonus	(7.3)%	—	—	—	—	—	—	—	(1.5)%

1. Will Hoy assumed an Executive Director position from 1 March 2023 and was appointed as Chief Financial Officer on 1 April 2023. Prior to this, he served as a Non-Executive Director following his appointment to the Board on 1 September 2019.

2. Will Hoy succeeded Caroline Brown as Chair of the Audit Committee in October 2021. Tim Surridge subsequently succeeded Will Hoy as Chair of the Audit Committee on 19 January 2023.

3. Pim Vervaat joined the Board on 1 September 2020.

4. Julia Hendrickson joined the Board on 1 June 2022.

5. Janet Ryan joined the Board on 1 July 2024.

The main benefits provided include a company car or cash equivalent, medical cover and life assurance. There has been no change in the level of benefits provided to Group employees.



## Relative importance of spend on pay

The table below shows the total amount paid by the Group to its employees and distributions to shareholders for 2024 and 2023.

£m	31 December 2024	31 December 2023	% change
Overall spend on pay for employees including Executive Directors <sup>1</sup>	49.0	44.1	11.1%
Distributions to shareholders	7.5	7.2	4.2%

1. Figures are taken from note 4 of the consolidated financial statements.

## CEO pay ratio

For the year ended 31 December 2024, the CEO's total remuneration as a ratio against the full-time equivalent remuneration of UK employees is detailed in the table below:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option A	19 : 1	11 : 1	8 : 1
2023	Option A	25 : 1	16 : 1	11 : 1
2022	Option B	27 : 1	17 : 1	11 : 1
2021	Option B	68 : 1	45 : 1	25 : 1
2020	Option B	30 : 1	21 : 1	11 : 1
2019	Option B	30 : 1	22 : 1	15 : 1

Year		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Salary	£28,010	£44,720	£55,440
	Total pay	£31,308	£51,339	£76,359

For 2024, Option A has been used in order to provide the most up-to-date representation of the CEO's pay relative to that of the UK workforce. The calculation utilises data analysed within our Gender Pay Gap report, with employees at the three quartiles identified from this analysis based on the 2024-25 snap-shot date. Their respective single figure values for 2024 have then been calculated. No estimates were required, and no elements of pay were omitted in calculating the relevant single figures.

The single figure values for individuals immediately above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed. It was determined that the chosen individuals were representative of the 25th percentile, median and 75th percentile employees and therefore no adjustments were necessary.

The CEO pay ratio has been rounded to the nearest whole number and represents a decrease on the 2023 ratio. The main reason for the change in the ratio from last year is the lower bonus awarded in respect of the year for the CEO. The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression. Pay for senior leaders within the Group has a much greater emphasis on performance-based pay through the annual bonus and the LTIP. The ratios are therefore likely to vary year-on-year depending on bonus and LTIP outcomes.

Role of the Committee

The Committee assists the Board in determining its responsibilities in relation to the following aspects of remuneration:

- Setting the principles, parameters and governance framework to provide a transparent Remuneration Policy that aligns with the long-term strategy of the business
- Determining the individual remuneration and benefits package of each of the Executive Directors and the Company Secretary, considering the interests of relevant stakeholders
- Monitoring the level and structure of remuneration of senior management in conjunction with the Executive Directors
- Reviewing the implementation and operation of any Group share option schemes, bonus schemes and long-term incentive plans

The Committee is chaired by Tim Surridge. Pim Vervaat, Caroline Brown and Julia Hendrickson are also members of the Committee. There have been three meetings of the Committee during the year. The Committee has met once since the year end and the date of issuing the Annual Report and Financial Statements to consider the implementation of the Remuneration Policy for 2025 and to agree performance targets for 2025.

The Group Chair and other Non-Executive Directors are invited to attend meetings. In addition, the CEO, the CFO and the Director of People and Talent may attend meetings from time to time at the invitation of the Committee and provide information and support as requested. Directors are not present when their own remuneration is being discussed.

During the remainder of 2025, the Committee is scheduled to meet at least twice and the areas that the Committee intends to focus attention on are as follows:

- The implementation of the Remuneration Policy for 2025 as outlined in this report
- Determining reward outcomes for 2025
- Review of remuneration trends and governance developments

Remuneration Committee advisers

During the year to 31 December 2024, the Committee engaged the services of external advisers Deloitte LLP ("Deloitte").

Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code in relation to executive remuneration consulting in the UK. The Committee is satisfied that the Deloitte engagement team which provide remuneration advice to the Committee do not have connections with Luceco plc or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Deloitte's fees are charged on a time and materials basis. During the year, Deloitte was paid £28,150 for advice provided to the Committee. Deloitte also provided the Group with additional services related to M&A advisory.

Shareholder voting

Shareholder voting in relation to the resolution to approve the Directors' Remuneration Report (14 May 2024 AGM) and to approve the Remuneration Policy (10 May 2023 AGM) are as follows:

	Votes for	% for	Votes against	% against	Votes withheld
To approve the Directors' Remuneration Report (2024)	116,155,961	99.63%	435,119	0.37%	60,612
To approve the Remuneration Policy (2023)	117,475,240	95.43%	5,629,767	4.57%	354,561

The Directors' Remuneration Report has been approved by the Board on and signed on its behalf by:

Tim Surridge

Remuneration Committee Chair

25 March 2025

This report contains the additional information the Directors are required to include in the Annual Report and Financial Statements in accordance with the Companies Act 2006 and the UK Listing Rules.

Disclosures required under UK Listing Rule 6.6.1R

The information required to be disclosed under UK Listing Rule 6.6.1R, where applicable to the Group, can be found in the Annual Report and Financial Statements at the references provided below:

Listing Rule requirement	Annual Report location
Interest capitalised	Not applicable
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Page 103
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash by a major subsidiary	Not applicable
Parent participation in a placing by a listed subsidiary	Not applicable
Contracts of significance	Not applicable
Provision of services by a controlling shareholder	Page 112
Dividend waivers	Page 113
Agreements with controlling shareholders	Page 113

Results and dividends

The Group's profit for the year ended 31 December 2024 was £14.6m (2023: £16.7m); details are shown in the Consolidated Income Statement on page 124. The Directors recommend the payment of a final dividend of 3.3p per ordinary share which, subject to the approval of shareholders at the AGM on 20 May 2025, will be paid on 22 May 2025 to ordinary shareholders registered as members of the Company at the close of business on 11 April 2025. The final date for elections under the Company's dividend reinvestment plan will be 30 April 2025. An interim dividend of 1.7p per share was paid during the year. The Company's dividend policy is to pay out between 40% and 60% of Adjusted Earnings Per Share.

Directors

The Directors who held office during the year were:

- John Hornby
- Will Hoy
- Giles Brand
- Caroline Brown
- Julia Hendrickson
- Janet Ryan (from 1 July 2024)
- Tim Surridge
- Pim Vervaat

Biographical details of the Directors appear on pages 76 and 77. Information on the Directors' remuneration, employee share schemes and service contracts is given in the Remuneration Committee Report on pages 92 to 109.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Company's Articles. They provide that the Directors may be appointed by ordinary resolution of the shareholders or by the Board. Directors appointed by the Board may only hold office until the next AGM of the Group and then shall be eligible for election. The Group may remove a Director by ordinary resolution where special notice has been given and the necessary statutory procedures are complied with. In line with best practice corporate governance, all Directors will seek election or re-election at the AGM on 20 May 2025.

Powers of Directors

The general powers of the Directors are set out in Article 84 of the Company's constitution. This Article provides that the business of the Company shall be managed by the Board, which may exercise all the powers of the Company, subject to any limitations imposed by applicable legislation, the Articles and any directions given by special resolution of the shareholders of the Group.

Compensation for loss of office

The Company does not have arrangements with any Director that would provide compensation for loss of office or employment resulting from a takeover.

## Disclosures in the Strategic Report

The Board has taken advantage of Section 414C(11) of the Act to include disclosures in the Strategic Report including:

- Employee involvement
- The employment of disabled people
- The future development, performance and position of the Group
- Research and development activities

## Corporate governance

A report on corporate governance and the Company's compliance with the UK Corporate Governance Code is set out on page 74 and forms part of this report by reference.

## Post balance sheet events

There were no post balance sheet events.

## Asset values

Property, plant and equipment is disclosed in note 9 of the consolidated financial statements on pages 143 to 146. The Directors do not believe there is any material difference between the carrying value and market value.

## Financial instruments

An analysis of the Group's financial instruments, risk management objectives and its exposure to credit and liquidity risk are disclosed in note 20 of the consolidated financial statements.

The Group's exposure to fluctuations in foreign exchange rates and the steps it takes to mitigate them are detailed in the principal risks and uncertainties on pages 64 to 68, and the Chief Financial Officer's Review on pages 26 to 31.

## Global operations

The Group's executive head office, accounting, domestic sales and support functions are based in the UK. The Group has six UK sites in London, Telford, Mansfield, Hoddesdon, Tyne & Wear and Rotherham.

- The Group's London facility serves as the Group's head office, with the executive function and certain sales and support functions based there
- The Telford facility serves as the UK assembly and distribution centre, accounting and support functions, and houses the remainder of the Group's UK sales function, as well as a portion of the Group's R&D function
- The Mansfield location is the primary base for Kingfisher Lighting
- The Hoddesdon location is the primary base for DW Windsor
- The Tyne & Wear location is the primary base for D-Line
- The Rotherham location is the primary base for CMD

The Group's manufacturing and product development functions are based in Jiaxing, China. The Group also has sales offices with some support functions in Spain, Dubai, Mexico, USA and Ireland.

## Political donations

No political donations were made and no political expenditure was incurred during the year (2023: nil).

## Section 172 and engagement with suppliers, customers and others

In its decision-making, the Board has regard to each Director's duty to promote the success of the Company on behalf of the Company's stakeholders, to foster the Company's relationships with employees, suppliers, members and others, and considers the effect of the principal decisions taken by the Company during the financial year on the Company's stakeholders. This is set out in our s172 statement and the information in relation to stakeholders on pages 60 to 63.

## Greenhouse gas emissions

Details of the Group's greenhouse gas emissions can be found in the "Creating a sustainable future" section of the Environment, Social and Governance section on pages 34 to 54.

## Task Force on Climate-related Financial Disclosures ("TCFD")

Details of the Group's TCFD reporting, which is in line with the TCFD's recommendations and recommended disclosures, is outlined in the Environment, Social and Governance section on pages 34 to 53.

## Directors' interests

During the year ended 31 December 2024, no Director had an interest in any third-party contract between the Company or any of its subsidiaries.

Directors' shareholdings are disclosed in the Remuneration Committee Report on page 105. Details of Directors' share options are set out in note 22 of the consolidated financial statements.

## Directors' conflicts of interest

In accordance with the Companies Act 2006 and its Articles, the Company has arrangements in place to consider and, where appropriate, authorise any Directors' direct or indirect interests which may conflict with those of the Group. Authorisation is only effective where the matter is put to a vote, excluding the Director who is subject to the conflict authorisation. If a Director becomes aware that they or a connected party have an interest in an existing or proposed transaction with the Group, they should notify the Company Secretary as soon as possible. Directors have a continuing obligation to update any changes to conflicts and the Board formally reviews any such conflicts periodically.

A register of conflicts or potential conflicts is maintained and available at Board meetings.

## Directors' liability and indemnity insurance

The Group maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its Directors. In addition, third-party qualifying indemnity provisions (as defined in s234 of the Companies Act 2006) for its Directors and officers were in force during the year ended 31 December 2024 and remain in force. There were no qualifying pension scheme indemnity provisions.

## Articles of Association

A copy of the Articles of Association is available on the Company's website. The Articles may only be amended by special resolution of the shareholders.



## Share capital and waiver of pre-emption rights

The Group has one class of share in issue. The rights attached to each share are identical and each share carries equal rights to dividends, return of capital on the winding up of the Group and one vote at general meetings of the Group. There are no securities carrying special rights. There are no restrictions on the transfer of shares in the Group (other than following a service of notice under s793 of the Act) and there are no restrictions on any voting rights or deadlines, other than those prescribed by law. The Group is not aware of any arrangements between its shareholders which may result in the restriction on the transfer of shares or voting rights. Further details of the rights and obligations attached to the shares are set out in the Company's Articles.

At the AGM on 14 May 2024, authority was given to the Directors to allot new ordinary shares up to a nominal value of £26,800, equivalent to 33.33% of the issued share capital of the Group. In addition, authority was given to the Directors to allot further new ordinary shares up to a nominal value of £53,600, equivalent to 66.67% of the issued share capital of the Group.

Further special resolutions were passed to effect a disapplication of pre-emption rights for a maximum of 10% of the issued share capital of the Company and up to 20% of the issued share capital. For the purposes of making a follow-on offer as detailed in paragraph 3 of Section 2B of the Statement of Principles on disapplying pre-emption Rights published by the Pre-Emption Group.

These authorities expire on the conclusion of the 2025 AGM or 30 June 2025 whichever is sooner. No shares have been allotted under these authorities as at the date of this report.

At 31 December 2024, the Group had 160,800,000 fully paid ordinary shares of 0.05p each in issue which are traded on the London Stock Exchange. Details of the share capital at 31 December 2024 are disclosed in note 23 on page 166.

## Authority for the Group to purchase its own shares

A resolution will be proposed at the 2025 AGM that the Company be authorised to purchase up to approximately 6.5% of its ordinary shares at the Directors' discretion. If the resolution is passed, the new authority will lapse at the conclusion of the 2026 AGM or, if earlier, on 30 June 2026.

At the AGM held on 14 May 2024, authority was given for the Company to make market purchases of its ordinary shares provided that the maximum aggregate number of ordinary shares that may be purchased is limited to 10,560,000, with a minimum price of 0.05p per share. The maximum price (exclusive of expenses) which may be paid for each ordinary share shall be the higher of (i) an amount equal to 105% of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased; and (ii) an amount equal to the higher of the price of the last independent trade of any ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

These authorities shall expire at the conclusion of the 2025 AGM. No purchases have been made under this authority during the year or post year end.

## Substantial shareholdings

The Company has been notified of the following disclosable interests in its issued share capital in accordance with DTR 5 as at 31 December 2024 and at 24 March 2025 (being the latest practicable date prior to the date of this report).

Shareholder	At 24 March 2025		At 31 December 2024	
	Number of shares held	% voting rights	Number of shares held	% voting rights
Apex Financial Services (Trust Company) Limited	10,229,865	6.36	8,300,956	5.16
Montanaro Asset Management Limited <sup>1</sup>	—	—	5,300,000	3.30
BlackRock Inc	20,634,186	12.82	21,240,704	13.21
John Hornby <sup>2</sup>	26,021,796	16.18	26,021,796	16.18
Giles Brand <sup>2,3</sup>	45,031,179	28.00	45,031,179	28.00

1. From 31 December 2024 to 24 March 2025, the Company has not been notified by Montanaro Asset Management Limited of any further disclosures in accordance with DTR 5.

2. Includes persons closely associated.

3. Giles Brand is a Managing Partner of EPIC Investment Partners LLP and a director of its subsidiary, EPIC Investment Partners (UK) Limited. EPIC Investment Partners (UK) Limited is the investment manager of ESO Investments 2 Limited. ESO Investments 2 Limited owns 35,564,260 shares in the Group.

## Provision of services by substantial shareholders

Giles Brand is Luceco plc's Chair and Managing Partner of EPIC Investment Partners ("EPIC") LLP (formerly EPIC Private Equity LLP), which is controlled by ESO Investments 2 Limited. Giles Brand and ESO Investments 2 Limited are therefore connected parties and substantial shareholders of the Company. Giles Brand was paid a monthly fee of £10,833 (£130,000 per annum) in respect of his services as Chair during 2024.

John Hornby has a service contract with the Company, as detailed on page 97, which is available for inspection by shareholders at the AGM and at the Group's registered office. Further details of his remuneration can be found in the Remuneration Committee Report on pages 92 to 109.

## Significant agreements

In accordance with the UK Listing Rule 6.6.1(9)(b), in 2016 the Group entered into a written and legally binding relationship agreement with its substantial shareholders (namely, shareholders who exercise or control the exercise of 20% or more of the votes cast at general meetings of the Company as defined at UKLR 8.1.12R), ESO Investments 2 Limited (which controls EPIC Investments LLP) and Giles Brand ("connected parties"). The connected parties collectively exercise or control 28.0% of the voting rights in the Company. With respect to this agreement, both the Group and the connected parties have complied with the independence provisions and procurement obligations set out in that document.

The agreement remains in place until the connected parties cease to exercise or control 10% or more in aggregate of the total voting rights or if neither connected party has exercised or controlled any voting rights for at least two years. The agreement would automatically terminate if the Group's shares ceased trading on the London Stock Exchange or if the Group were to appoint an administrative receiver.

## Change of control

Change of control provisions are included in the Group's banking agreements. Should a change of control event occur, the Group's revolving credit facility would be subject to immediate cancellation and the bank may call for immediate repayment of any balance outstanding.

## Shareholder waiver of dividends

There is an evergreen dividend waiver in place in respect of the shares held in the Company's Employee Benefit Trust. No dividends were paid in respect of these shares during the year.

## Directors' statement regarding disclosure of information to the auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware. The Directors also confirm that they have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

## Appointment of auditor

On the recommendation of the Audit Committee, resolutions will be proposed at the 2025 AGM to re-appoint KPMG LLP as auditor of the Group and to authorise the Audit Committee to set the auditor's remuneration.

## Annual General Meeting

The Group's AGM will be held on 20 May 2025. Details of the resolutions to be proposed at the AGM are set out in the Notice of Meeting, which is provided to all shareholders.

The Directors' Report was approved by the Board of Directors and authorised for issue on 25 March 2025.

By Order of the Board

## Will Hoy

Chief Financial Officer

Company registered number: 05254883

Registered office:

Luceco plc

Building E Stafford Park

1 Stafford Park

Telford

Shropshire TF3 3BD

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards; for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;

- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The Auditor's Report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors whose names are listed on pages 76 and 77 confirm that to the best of our knowledge:

- the Group and Parent Company 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 Financial Statements, 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.

By Order of the Board

**John Hornby**

Chief Executive Officer

25 March 2025

**Will Hoy**

Chief Financial Officer

25 March 2025



# Financial Statements

Independent Auditor's Report	116
Consolidated Income Statement	124
Consolidated Statement of Comprehensive Income	125
Consolidated Balance Sheet	126
Consolidated Statement of Changes in Equity	127
Consolidated Cash Flow Statement	129
Notes to the Consolidated Financial Statements	130
Company Balance Sheet	169
Company Statement of Changes in Equity	170
Notes to the Company Financial Statements	171
Glossary	176
Company Information	178
Advisers and Other Information	180



# Independent Auditor’s Report

to the members of Luceco plc

## 1. Our opinion is unmodified

We have audited the financial statements of Luceco plc (“the Company”) for the year ended 31 December 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1 and note 28.

### In our opinion:



- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 20 February 2015. The period of total uninterrupted engagement is for the 9 financial years ended 31 December 2024 as a public-interest entity and 11 years in total. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## Overview

<b>Materiality:</b> Group financial statements as a whole	£1.07m (2023: £1.05m) 4.7% (2023: 4.6%) of normalised profit before tax
<b>Key audit matters</b>	vs 2023
<b>New risk</b>	Recoverability of Goodwill in DW Windsor CGU 
	<b>Parent Company:</b> Recoverability of parent's debt due from Group entity 

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report continued

to the members of Luceco plc

## 2. Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response
<p><b>Recoverability of Goodwill in DW Windsor CGU (Goodwill £6.2m; 2023: £6.2m)</b></p> <p>Refer to page 88 (Audit Committee Report), page 147 (accounting policy) and pages 149 and 150 (financial disclosures).</p>	<p><b>Forecast-based assessment</b></p> <p>Goodwill related to DW Windsor is significant and at risk of irrecoverability due to continuing uncertainty in infrastructure markets impacting the performance of the CGU. The estimated recoverable amount of the DW Windsor CGU is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. We consider the inherent uncertainty to be greatest in the short-term revenue growth rates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of DW Windsor CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 11) disclose the sensitivity estimated by the Group.</p>
<p><b>Parent Company risk: Recoverability of parent's debt due from Group entity (£63.5m; 2022: £75.7m)</b></p> <p>Refer to page 88 (Audit Committee Report) and pages 88 and 174 (financial disclosures).</p>	<p><b>Low risk, high value:</b></p> <p>The carrying amount of the intra-Group debtor balance represents 90.5% (2023: 93.5%) of the Parent Company's total assets.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.</p>
	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Benchmarking assumptions:</b> Evaluating key assumptions used, in particular those relating to the short-term forecast revenue growth rate, gross margins, operating margins, discount rate and the long-term growth rate.</li> </ul> <p>With respect to the short-term revenue growth rate, we evaluated the implied cumulative annual growth rate within the five-year forecasts and assessed these against past performance and market expectations along with challenging directors and inspecting relevant sources supporting the specific initiatives underpinning the growth rate. We challenged forecast assumptions around new contract wins by looking at historical performance and considering other audit evidence such as draft contracts and purchase orders.</p> <p>We also compared other key assumptions to relevant internal and external data sources.</p> <p><b>Sector experience:</b> Compared the discount rate used by the Group to the discount rate informed by our valuations experience;</p> <ul style="list-style-type: none"> <li>• <b>Sensitivity analysis:</b> Performing breakeven analysis on the key assumptions noted above;</li> <li>• <b>Historical accuracy:</b> Evaluating historical forecasting accuracy of discounted cashflow forecasts, including key assumptions, by comparing them to actual results.</li> <li>• <b>Assessing transparency:</b> Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>• We found the Group's conclusion that there is no impairment of the goodwill related to DW Windsor CGU to be acceptable (2023 result: acceptable).</li> </ul>
	<p>We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Test of details:</b> For the intra-group debtor counterparty representing 100% (2023: 100%) of the total Group debtor balance, assessing, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether the Group entity has historically been profit-making.</li> <li>• <b>Assessing subsidiary audits:</b> Considering the results of our work on the subsidiaries' net assets and profits. This included assessing the ability of the subsidiary to obtain/generate liquid funds and therefore the ability of the subsidiary to fund the repayment of the receivable.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>• We found the Parent Company's conclusion that there is no impairment of the parent's debt due from Group entity to be acceptable (2023: acceptable)</li> </ul>

## 2. Key audit matters: our assessment of risks of material misstatement continued

We continue to perform procedures over the recoverability of finished goods. However, in the current year we directed more of our audit effort on the recoverability of goodwill due to the inherent uncertainty involved in forecasting and discounting future cash flows. We have not assessed the recoverability of finished goods as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

## 3. Our application of materiality and an overview of the scope of our audit

### Our application of materiality

Materiality for the Group financial statements as a whole was set at £1.07m (2023: £1.05m), determined with reference to a benchmark of normalised Group profit before tax ("PBT"), of which it represents 4.7% (2023: 4.6%). We normalised PBT by adding back adjustments that do not represent the normal, continuing operations of the Group. The items we adjusted for were acquisition related unwind of the fair value uplift of Inventory (2023: determined with reference to a benchmark of Group profit before tax, normalised to exclude a loss on remeasurement of derivative instruments).

Materiality for the Parent Company financial statements as a whole was set at £0.2m (2023: £0.2m), determined with reference to a benchmark of Company total assets, of which it represents 0.28% (2023: 0.26%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £0.8m (2023: £0.78m) for the Group and £0.16m (2023: £0.16m) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

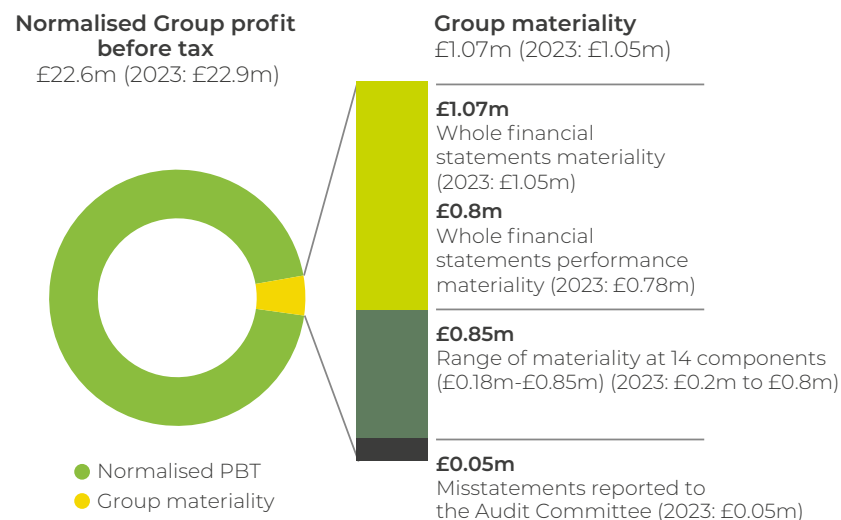
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.05m (2023: £0.05m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

### Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.



In total, we identified 16 components, having considered our evaluation of the Group's operational & legal structure; the existence of common information systems; the existence of common risk profile across entities, geographical locations and our ability to perform audit procedures centrally.

Of those, we identified 3 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 11 components with accounts contributing to the specific RMMs of the Group financial statements.

## 3. Our application of materiality and an overview of the scope of our audit continued

### Overview of the scope of our audit continued

Accordingly, we performed audit procedures on 14 components, of which we involved component auditors in performing the audit work on 1 component. We performed audit procedures on the items excluded from the normalised Group profit before tax used as the benchmark for our materiality. We also performed the audit of the Parent Company.

We set the component materialities, ranging from £0.2m to £0.85m, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 91.5% of Group revenue.

We performed audit procedures in relation to components that accounted for 99% of Group profit before tax and 97% of Group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 3% of Group total revenue. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

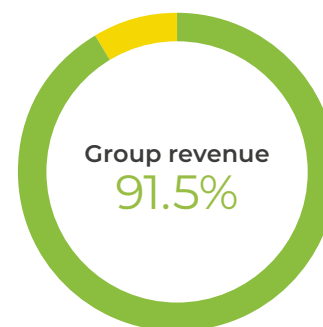
### Impact of controls on our group audit

We have conducted a risk assessment of the two main IT systems relevant to our audit, being the ERP system used by all full scope components and the consolidation system to enhance our comprehension of the IT landscape within Luceco plc Group.

We assessed the design of automated and manual controls that addressed the risk of management override of control; and as a result of this assessment, we were unable to rely on controls in this area. Accordingly we conducted incremental risk assessment which led to a fully substantive approach to journal testing.

In all other areas of audit, we believe it is more efficient not to rely on controls and so performed a predominately substantive audit. We adopted a data-oriented approach to testing revenue and journals, by performing data and analytics routines. Given that we did not plan to rely on IT controls for any other aspects of the audit, a manual / direct testing approach was used over the completeness and reliability of data used in these routines.

Our audit procedures covered the following percentage of Group revenue:



We performed audit procedures in relation to components that accounted for the following percentages of Group profit before tax and Group total assets:





## 3. Our application of materiality and an overview of the scope of our audit continued

### Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted the risk assessment and planning discussion meeting with component auditors to discuss Group audit risks relevant to the components.

We issued audit instructions to the component auditor in China on the scope of their work, including specifying the minimum procedures to perform in their audit.

Video and telephone conference meetings were held with the component auditor in China to assess the audit risks and strategy. At these visits and meetings, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required by us was then performed by the component auditor.

We visited the component auditor in China to inspect the audit procedures undertaken as per our group audit instructions. We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

## 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- concentration risks with associated operations;
- macroeconomic, political and environmental risks.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 114 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, Remuneration and Nomination Committee minutes.
- Considering remuneration incentive schemes and performance targets for Directors including the EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consultation with forensic specialists to brainstorm over plausible fraud risk factors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requesting component auditors performing procedures at the component level to report to the Group auditor any identified fraud risk factors or identified or suspected instances of fraud.

## **5. Fraud and breaches of laws and regulations – ability to detect** continued **Identifying and responding to risks of material misstatement due to fraud** continued

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because even though there is perceived pressure to inflate revenue to meet the incentive thresholds, the opportunity to inflate revenue does not exist as the revenue recognition does not involve complex judgement.

We did not identify any additional fraud risks.

## **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management as required by auditing standards, and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **6. We have nothing to report on the other information in the Annual Report**

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## **Strategic Report and Directors' Report**

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## 6. We have nothing to report on the other information in the Annual Report continued

### Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within on page 64 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on pages 69 and 70 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

## Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the Annual Report and Financial Statements 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;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

## 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 114, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This Auditor's Report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## 9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Gordon Docherty (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham B4 6GH  
26 March 2025



# Consolidated Income Statement

for the year ended 31 December 2024

£m	Note	2024	2023
<b>Revenue</b>	2	<b>242.5</b>	209.0
Cost of sales		<b>(145.0)</b>	(126.2)
<b>Gross profit</b>		<b>97.5</b>	82.8
Distribution expenses		<b>(11.3)</b>	(8.6)
Administrative expenses		<b>(63.0)</b>	(52.0)
<b>Operating profit</b>	3	<b>23.2</b>	22.2
Finance expense	5	<b>(4.3)</b>	(3.3)
<b>Net finance expense</b>		<b>(4.3)</b>	(3.3)
<b>Profit before tax</b>		<b>18.9</b>	18.9
Taxation	6	<b>(4.3)</b>	(2.2)
<b>Profit for the year</b>		<b>14.6</b>	16.7
<b>Earnings per share (pence)</b>			
Basic	7	<b>9.5p</b>	10.8p
Diluted	7	<b>9.5p</b>	10.7p

## Adjusted<sup>1</sup> results

	Note	2024	2023
Adjusted Operating Profit	1	<b>29.0</b>	24.0
Adjusted Profit Before Tax	1	<b>24.9</b>	21.2
Adjusted Profit After Tax	1	<b>19.2</b>	17.3
Adjusted Basic Earnings Per Share	7	<b>12.5p</b>	11.1p
Adjusted Diluted Earnings Per Share	7	<b>12.5p</b>	11.1p

1. See note 1 for alternative performance measures.

The accompanying notes on pages 130 to 168 form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024

£m	2024	2023
Profit for the year	14.6	16.7
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:		
Foreign exchange translation differences – foreign operations	(0.1)	(2.5)
Foreign exchange translation differences on investments in overseas entities	(1.4)	—
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	(0.8)	0.6
<b>Total comprehensive income for the year</b>	<b>12.3</b>	<b>14.8</b>

All results are from continuing operations.

The accompanying notes on pages 130 to 168 form an integral part of these financial statements.

# Consolidated Balance Sheet

at 31 December 2024

£m	Note	2024	2023
<b>Non-current assets</b>			
Property, plant and equipment	9	24.7	20.0
Right-of-use assets	9	9.7	7.6
Intangible assets	10	65.1	40.1
Investment in equity instruments	11	1.8	2.3
Financial assets measured at fair value through profit or loss	20	—	0.4
Deferred tax asset	12	0.9	2.5
		102.2	72.9
<b>Current assets</b>			
Inventories	13	53.8	40.8
Trade and other receivables	14	80.1	55.7
Financial assets measured at fair value through profit or loss	20	0.4	0.3
Current tax asset		4.2	2.5
Cash and cash equivalents	15	4.1	4.6
		142.6	103.9
<b>Total assets</b>		<b>244.8</b>	<b>176.8</b>
<b>Current liabilities</b>			
Trade and other payables	18	59.2	47.9
Financial liabilities measured at fair value through profit or loss	20	1.2	1.5
Other financial liabilities	17	2.8	2.0
		63.2	51.4

£m	Note	2024	2023
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	72.0	22.3
Other financial liabilities	17	4.4	3.1
Deferred tax liability	12	5.2	3.6
Financial liabilities measured at fair value through profit or loss	20	0.2	0.3
Provisions	17	4.0	2.3
		85.8	31.6
<b>Total liabilities</b>		<b>149.0</b>	<b>83.0</b>
<b>Net assets</b>		<b>95.8</b>	<b>93.8</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	23	0.1	0.1
Share premium	23	24.8	24.8
Other reserves	23	(1.6)	0.7
Treasury reserve	23	(11.6)	(8.6)
Retained earnings		84.1	76.8
<b>Total equity</b>		<b>95.8</b>	<b>93.8</b>

The accompanying notes on pages 130 to 168 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 March 2025 and were signed on its behalf by:

**John Hornby**

Chief Executive Officer

**Will Hoy**

Chief Financial Officer

Company registered number: 05254883

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

£m	Share capital	Share premium	Translation reserve	Financial assets at FVOCI	Retained earnings	Treasury reserve	Total equity
Balance at 1 January 2023	0.1	24.8	2.6	—	67.9	(8.7)	86.7
<b>Total comprehensive income</b>							
Profit for the year	—	—	—	—	16.7	—	16.7
Investment revaluation	—	—	—	0.6	—	—	0.6
Currency translation differences	—	—	(2.5)	—	—	—	(2.5)
Total comprehensive income for the year	—	—	(2.5)	0.6	16.7	—	14.8
<b>Transactions with owners in their capacity as owners</b>							
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
<b>Total transactions with owners in their capacity as owners</b>	—	—	—	—	(7.8)	0.1	(7.7)
<b>Balance at 31 December 2023</b>	<b>0.1</b>	<b>24.8</b>	<b>0.1</b>	<b>0.6</b>	<b>76.8</b>	<b>(8.6)</b>	<b>93.8</b>



# Consolidated Statement of Changes in Equity continued

for the year ended 31 December 2024

£m	Share capital	Share premium	Translation reserve	Financial assets at FVOCI	Retained earnings	Treasury reserve	Total equity
<b>Balance at 31 December 2023</b>	0.1	24.8	0.1	0.6	76.8	(8.6)	93.8
<b>Total comprehensive income</b>							
Profit for the year	—	—	—	—	14.6	—	14.6
Investment revaluation	—	—	—	(0.8)	—	—	(0.8)
Foreign currency translation differences on investments in overseas entities	—	—	(1.4)	—	—	—	(1.4)
Currency translation differences	—	—	(0.1)	—	—	—	(0.1)
Total comprehensive income for the year	—	—	(1.5)	(0.8)	14.6	—	12.3
<b>Transactions with owners in their capacity as owners</b>							
Dividends	—	—	—	—	(7.5)	—	(7.5)
Purchase of own shares	—	—	—	—	—	(4.7)	(4.7)
Disposal of own shares	—	—	—	—	(1.7)	1.7	—
Deferred tax on share-based payment transactions	—	—	—	—	(0.2)	—	(0.2)
Corporation tax on foreign currency translation differences on investments in overseas entities	—	—	—	—	0.4	—	0.4
Corporation tax on share-based payment transactions	—	—	—	—	0.2	—	0.2
Share-based payments charge	—	—	—	—	1.5	—	1.5
<b>Total transactions with owners in their capacity as owners</b>	—	—	—	—	(7.3)	(3.0)	(10.3)
<b>Balance at 31 December 2024</b>	0.1	24.8	(1.4)	(0.2)	84.1	(11.6)	95.8

The accompanying notes on pages 130 to 168 form an integral part of these financial statements.

# Consolidated Cash Flow Statement

for the year ended 31 December 2024

£m	Note	2024	2023
<b>Cash flows from operating activities</b>			
Profit for the year		14.6	16.7
Adjustments for:			
Depreciation and amortisation	9, 10	10.2	9.3
Financial expense	5	4.3	3.3
Taxation	6	4.3	2.2
Loss on disposal of tangible assets		0.5	0.2
Share-based payments charge		1.5	0.8
Other non-cash items		(0.3)	(0.5)
<b>Operating cash flow before movement in working capital</b>		<b>35.1</b>	<b>32.0</b>
(Increase) in trade and other receivables		(17.1)	(3.1)
(Increase)/decrease in inventories		(2.8)	5.9
Increase/(decrease) in trade and other payables		5.8	(2.2)
<b>Cash from operations</b>		<b>21.0</b>	<b>32.6</b>
Tax paid		(6.3)	(3.6)
<b>Net cash from operating activities</b>		<b>14.7</b>	<b>29.0</b>

£m	Note	2024	2023
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(5.0)	(6.4)
Acquisition of other intangible assets	10	(2.9)	(1.8)
Disposal of tangible assets		0.1	—
Acquisitions of subsidiaries (net of cash)	26	(37.5)	—
Investments	11	(0.3)	(1.7)
<b>Net cash used in investing activities</b>		<b>(45.6)</b>	<b>(9.9)</b>
<b>Cash flows from financing activities</b>			
Origination/(repayment) of borrowings		49.5	(6.1)
Interest paid		(4.1)	(2.8)
Dividends paid		(7.5)	(7.2)
Finance lease liabilities	17	(2.7)	(2.1)
Purchase of own shares	23	(4.7)	(1.6)
<b>Net cash used in financing activities</b>		<b>30.5</b>	<b>(19.8)</b>
Net decrease in cash and cash equivalents		(0.4)	(0.7)
Cash and cash equivalents at 1 January		4.6	5.3
Effect of exchange rate fluctuations on cash held		(0.1)	—
<b>Cash and cash equivalents at 31 December</b>	15	<b>4.1</b>	<b>4.6</b>

The accompanying notes on pages 130 to 168 form an integral part of these financial statements.

# Notes to the Consolidated Financial Statements

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments

### Overview

Luceco plc ("Company") is a company incorporated and domiciled in the UK under the Companies Act 2006. The Company's registered office is Building E Stafford Park 1, Stafford Park, Telford TF3 3BD. The Group is primarily involved in the manufacturing and distribution of Wiring Accessories, LED Lighting and Portable Power products to global markets.

### Basis of accounting

The Group financial statements have been prepared and approved by the Directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its Parent Company financial statements in accordance with FRS 102; these are presented on pages 169 to 175. On publishing the Parent Company financial statements here, together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

### Basis of preparation

The financial statements are prepared on the historical cost basis except for derivative financial instruments and financial instruments that are reported at fair value. The consolidated financial statements include the accounts of the Company and all entities controlled by the Company, its subsidiaries (together referred to as "the Group") from the date control commences until the date that control ceases. Control is achieved where the Company has power over the investee, is exposed or has rights to a variable return from the involvement with the investee and/or has the ability to use its power to affect its returns. The purchase method is used to account for the acquisition of subsidiaries. These financial statements are presented in million pounds sterling, which is the functional currency of the Group and Parent Company.

### Accounting policy

#### Non-statutory measures of performance

The Group will review the financial statements to identify if there are any large/unusual items or transactions that are required to be removed to reflect the underlying business operations and these are applied consistently over time. These large/unusual items that have been identified are referred to as "Adjustments" and are detailed on pages 131 to 137.

The principal accounting policies are set out in the notes to the consolidated financial statements and have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

### 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 2024 (2023: £18.9m), has net current assets of £79.4m (2023: £52.5m) and net assets of £95.8m (2023: £93.8m), net debt of £75.1m (2023: £22.8m) and net cash from operating activities of £14.7m (2023: £29.0m). The Company has secured banking facilities over the period, expiring on 30 September 2026. The Group is currently in discussions regarding a new banking facility in order to replace the existing facility and discussions are progressing in line with expectations.

The capital resources at the Group's disposal at 31 December 2024 and 28 February 2025 were as follows:

- A revolving credit facility of £120.0m, £65.7m drawn at 31 December 2024 and £65.3m drawn at 28 February 2025

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

- Closing Bank Net Debt of no more than 3.0 times Bank EBITDA for the preceding 12-month period
- Bank EBITDA of no less than 4.0 times Bank 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 their 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.

1 Introduction, other judgements and estimates, APMs and adjustments continued

**Estimates and judgements**

**Estimates**

The preparation of financial statements in conformity with adopted IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Directors consider the following to be the key estimates applicable to the financial statements, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year or in the long term:

Note	Description	Page
10	Intangible assets	147

**Judgements**

The Directors do not consider there to be key judgements in preparing these financial statements.

**Statutory and non-statutory measures of performance**

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 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, although the IFRS defined measures should also be used when users of this document assess the Group's performance. The alternative performance measures allow a 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 may separately report specific items in the 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 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 measures used in the Chief Financial Officer's Review are defined in the following table and the principles to identify adjusting items have been applied on a basis consistent with previous years.



# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments continued

### Statutory and non-statutory measures of performance continued

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 2024 and 2023, which reconciles the adjusted measures to statutory figures, can be found on pages 132 to 136	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 Profit for the Year	Profit for the year (profit after tax)	Consolidated Income Statement		
Adjusted Basic EPS	Basic EPS			
Constant Currency			Current period translated at the average exchange rate of the prior year	Allows management to identify the relative year-on-year performance of the business by removing the impact of currency that is 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	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 operational activities
Bank 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

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments continued

### Statutory and non-statutory measures of performance continued

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
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	Cash flow from operations	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 Net 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, taxes paid, purchase of shares and dividends paid	Provides management with an indication of the net cash flow generated by the business after dividends and purchase of shares
Adjusted Operating Cash Conversion	None	Consolidated Cash Flow Statement/Income Statement	Adjusted 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 Net assets	Adjusted Operating Profit divided into the sum of net assets and net debt (average for the last two years) as a percentage	To provide an assessment of how profitably capital is being deployed in the business

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments continued

### Statutory and non-statutory measures of performance continued

The following table illustrates the Adjusted Profit APMs used by management for the year:

£m	2024	Amortisation of acquired intangibles and related acquisition costs <sup>1</sup>	Re- measurement to fair value of hedging portfolio <sup>2</sup>	2024 Adjustments	2024 Adjusted
<b>Revenue</b>	242.5	—	—	—	242.5
Cost of sales	(145.0)	—	(0.3)	(0.3)	(145.3)
<b>Gross profit</b>	97.5	—	(0.3)	(0.3)	97.2
Distribution expenses	(11.3)	—	—	—	(11.3)
Administrative expenses	(63.0)	6.1	—	6.1	(56.9)
<b>Operating profit</b>	23.2	6.1	(0.3)	5.8	29.0
Finance expense/(income)	(4.3)	—	0.2	0.2	(4.1)
<b>Net finance expense</b>	(4.3)	—	0.2	0.2	(4.1)
<b>Profit before tax</b>	18.9	6.1	(0.1)	6.0	24.9
Taxation	(4.3)	(1.4)	—	(1.4)	(5.7)
<b>Profit for the year</b>	14.6	4.7	(0.1)	4.6	19.2

1. Relating to Kingfisher Lighting, DW Windsor, Sync Energy, D-Line and CMD.

2. Relating to currency hedges/interest swaps.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments continued

### Statutory and non-statutory measures of performance continued

The following table illustrates the Adjusted Profit APMs used by management for the prior year:

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

1. Relating to Kingfisher Lighting, DW Windsor and Sync Energy.

2. Relating to currency hedges/interest swaps.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments continued

### Statutory and non-statutory measures of performance continued

The following tables illustrate how alternative performance measures are calculated:

#### Adjusted EBITDA

£m	2024	2023
Adjusted Operating Profit	29.0	24.0
Adjusted Depreciation and Amortisation	7.9	7.4
<b>Adjusted EBITDA</b>	<b>36.9</b>	<b>31.4</b>

#### Bank EBITDA

£m	2024	2023
Adjusted EBITDA	36.9	31.4
EBITDA from acquisitions from 1 January to the date of acquisition and share-based payment expense	4.8	0.8
<b>Bank EBITDA</b>	<b>41.7</b>	<b>32.2</b>

#### Adjusted Operating Cash Conversion

£m	2024	2023
Cash from operations (from Consolidated Cash Flow Statement)	21.0	32.6
Adjustments to cash from operations (from Consolidated Cash Flow Statement)	0.7	—
<b>Adjusted Operating Cash Flow</b>	<b>21.7</b>	<b>32.6</b>
Adjusted Operating Profit	29.0	24.0
Adjusted Operating Cash Conversion	74.8%	135.8%

#### Adjusted Free Cash Flow

£m	2024	2023
Adjusted Operating Cash Flow (see table opposite)	21.7	32.6
Net cash used in investing activities excluding acquisitions and disposals (from Consolidated Cash Flow Statement)	(7.8)	(8.2)
Interest paid (from Consolidated Cash Flow Statement)	(4.1)	(2.8)
Tax paid (from Consolidated Cash Flow Statement)	(6.3)	(3.6)
<b>Adjusted Free Cash Flow</b>	<b>3.5</b>	<b>18.0</b>
Revenue	242.5	209.0
Adjusted Free Cash Flow as % revenue	1.4%	8.6%

#### Adjusted Net Cash Flow as % of revenue

£m	2024	2023
Adjusted Free Cash Flow (see above)	3.5	18.0
Purchase of own shares	(4.7)	(1.6)
Dividends	(7.5)	(7.2)
<b>Adjusted Net Cash Flow</b>	<b>(8.7)</b>	<b>9.2</b>
Revenue	242.5	209.0
Adjusted Net Cash Flow as % of revenue	(3.6%)	4.4%

#### Return on Capital Invested

£m	2024	2023
Net assets	95.8	93.8
Net debt (see note 16)	75.1	22.8
<b>Capital Invested</b>	<b>170.9</b>	<b>116.6</b>
Average Capital Invested (from last two years)	143.8	116.4
Adjusted Operating Profit (from above)	29.0	24.0
Return on Capital Invested (Adjusted Operating Profit/average Capital Invested)	20.2%	20.6%



# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 1 Introduction, other judgements and estimates, APMs and adjustments

continued

### Additional metrics

Inventory days – calculated by reference to the closing stock versus the cost of sales over a three-month period. Debtor days – the “countback” method is used to calculate debtor days by reference to revenue over the prior period. Creditor days – the “countback” method is used to calculate creditor days by reference to purchases over the prior period. Organic revenue growth is calculated per the reconciliation on page 26 of the Chief Financial Officer’s Review.

### Standards and interpretations issued

#### New currently effective requirements

Effective date	New accounting standards or amendments
1 January 2024	Non-current Liabilities with Covenants – Amendments to IAS 1 Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

#### Forthcoming requirements

Effective date	New accounting standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 Annual Improvements to IFRS Accounting Standards – Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements IFRS 19 Subsidiaries without Public Accountability: Disclosures

## 2 Operating segments

### Accounting policy

#### Revenue

Revenue is recognised when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods and services being transferred.

The following table summarises the nature, amounts and timing and uncertainty of revenue which follows our segmental splits of revenue.

Segment	Nature of revenue	Amount (as a percentage of total revenue)	Timing of satisfaction of performance obligations
Wiring Accessories	Revenue from the supply of goods in the form of Wiring Accessories to trade and specialists.	45%	Largely when delivered to the customer for domestic customers. For Free On Board (“FOB”) transactions, obligations are when legal title passes to the customer (when the goods are on the ship).
LED Lighting	Revenue from the supply of commercial and domestic lighting solutions. This includes revenue from our DW Windsor LED business.	32%	Largely when delivered to the customer for domestic customers. For Free On Board (“FOB”) transactions, obligations are when legal title passes to the customer (when the goods are on the ship).
Portable Power	Revenue from the supply of goods in the form of Portable Power to retailers and wholesalers and EV chargers. Revenue from the supply of Ross-branded audio-visual products and Sync Energy and BG EV chargers.	23%	Largely when delivered to the customer for domestic customers. For Free On Board (“FOB”) transactions, obligations are when legal title passes to the customer (when the goods are on the ship).

#### Customer rebates

Where the Group has rebate agreements with its customers, the value of customer rebates paid or payable, calculated in accordance with the agreements in place based on the most likely outcome, is deducted from turnover in the year in which the rebate is earned.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 2 Operating segments continued

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 manufactures and distributes. The Group's central allocation of head office and shared services costs were £8.3m for Wiring Accessories, £5.9m for LED Lighting and £5.4m for Portable Power. 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.

£m	Adjusted 2024	Adjustments	Reported 2024	Adjusted 2023	Adjustments	Reported 2023
<b>Revenue</b>						
Wiring Accessories	108.9	—	108.9	82.6	—	82.6
LED Lighting	78.4	—	78.4	79.0	—	79.0
Portable Power	55.2	—	55.2	47.4	—	47.4
	242.5	—	242.5	209.0	—	209.0
<b>Operating profit</b>						
Wiring Accessories	19.1	(4.2)	14.9	15.0	0.3	15.3
LED Lighting	4.1	(1.4)	2.7	4.7	(1.5)	3.2
Portable Power	5.8	(0.2)	5.6	4.3	(0.6)	3.7
	29.0	(5.8)	23.2	24.0	(1.8)	22.2

Depreciation and amortisation included in the reported operating profits by segment was; Wiring Accessories £4.6m (2023: £4.0m), LED Lighting £3.4m (2023: £3.3m) and Portable Power £2.2m (2023: £2.0m).

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 2 Operating segments continued

The following table provides an analysis of adjustments made to each segment.

£m	2024			2023		
	Total	Amortisation of acquired intangibles and related costs <sup>1</sup>	Re-measurement to fair value of hedging portfolio <sup>2</sup>	Total	Amortisation of acquired intangibles and related costs <sup>1</sup>	Re-measurement to fair value of hedging portfolio <sup>2</sup>
<b>Cost of sales</b>						
Wiring Accessories	0.1	—	0.1	0.3	—	0.3
LED Lighting	0.1	—	0.1	0.1	—	0.1
Portable Power	0.1	—	0.1	0.1	—	0.1
<b>Gross profit</b>	<b>0.3</b>	<b>—</b>	<b>0.3</b>	<b>0.5</b>	<b>—</b>	<b>0.5</b>
<b>Administrative expenses</b>						
Wiring Accessories	(4.3)	(4.3)	—	—	—	—
LED Lighting	(1.5)	(1.5)	—	(1.6)	(1.6)	—
Portable Power	(0.3)	(0.3)	—	(0.7)	(0.7)	—
<b>Total</b>	<b>(6.1)</b>	<b>(6.1)</b>	<b>—</b>	<b>(2.3)</b>	<b>(2.3)</b>	<b>—</b>
<b>Operating profit</b>						
Wiring Accessories	(4.2)	(4.3)	0.1	0.3	—	0.3
LED Lighting	(1.4)	(1.5)	0.1	(1.5)	(1.6)	0.1
Portable Power	(0.2)	(0.3)	0.1	(0.6)	(0.7)	0.1
<b>Operating profit</b>	<b>(5.8)</b>	<b>(6.1)</b>	<b>0.3</b>	<b>(1.8)</b>	<b>(2.3)</b>	<b>0.5</b>

1. Relating to Kingfisher Lighting, DW Windsor, Sync Energy, D-Line and CMD.

2. Relating to currency hedges.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 2 Operating segments continued

### Revenue by location of customer

£m	2024	2023
UK	184.2	173.6
Americas	22.5	8.6
Europe	21.5	12.9
Middle East and Africa	10.3	8.3
Asia Pacific	4.0	5.6
<b>Total revenue</b>	<b>242.5</b>	<b>209.0</b>

Revenue by location is an appropriate way to disaggregate revenue to reflect the nature, amount, timing and uncertainty of revenue and cash flows affected by economic factors. Revenues exceeded 10% or more of total revenue for one customer. This customer's revenue represents 24% (2023: 27%) of total revenue and is across all operating segments. Customer rebates are £23.1m (2023: £19.4m).

### Non-current assets by location

£m	2024	2023
UK	86.4	57.3
China	14.4	15.3
Other	0.5	0.3
<b>Non-current assets</b>	<b>101.3</b>	<b>72.9</b>

## 3 Expenses and auditor's remuneration

Included in the Consolidated Income Statement are the following:

£m	2024	2023
Research and development costs expensed as incurred	3.2	2.3
Depreciation of property, plant and equipment and right-of-use assets	6.5	5.9
Amortisation of intangible assets	3.7	3.4

## Auditor's remuneration:

£m	2024	2023
Audit of these financial statements	0.6	0.5
Amounts receivable by the auditor and its associates in respect of:		
Additional amounts in respect of the audit of prior year's financial statements	0.1	0.1
Audit-related assurance for covenant certificates and interim reviews	0.1	0.1
<b>Total</b>	<b>0.8</b>	<b>0.7</b>

## 4 Staff number and costs

The average monthly number of employees, including the Directors, during the year was as follows:

	Number of employees	
	2024	2023
Administration and support	680	566
Production	989	1,024
	<b>1,669</b>	<b>1,590</b>

## The aggregate remuneration:

£m	2024	2023
Wages and salaries	41.0	37.5
Social security costs	5.2	4.8
Other pension costs	1.3	1.0
Share-based payment expense (note 22)	1.5	0.8
<b>Total staff costs</b>	<b>49.0</b>	<b>44.1</b>

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 5 Net finance expense

### Accounting policy

#### Finance income and expenses

The Group's finance income and finance expense include: interest income, interest expense, dividend income.

Interest income or expense is recognised using the effective interest method.

£m	2024	2023
Finance expense:		
Interest on finance leases	(0.2)	(0.1)
Interest on bank borrowings	(4.1)	(3.2)
<b>Net finance expense</b>	<b>(4.3)</b>	<b>(3.3)</b>

## 6 Taxation

### Accounting policy

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. This is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

£m	2024	2023
<b>Current tax expense</b>		
Current year – UK	4.8	2.9
Current year – overseas	0.2	—
Adjustment in respect of prior years	0.1	(0.5)
<b>Current tax expense</b>	<b>5.1</b>	<b>2.4</b>
<b>Deferred tax (credit)/expense</b>		
Origination and reversal of temporary differences	(1.1)	0.9
Foreign taxation	0.3	—
Adjustment in respect of prior years	—	(1.3)
Effect of tax rate change on opening balance	—	0.2
<b>Deferred tax credit</b>	<b>(0.8)</b>	<b>(0.2)</b>
<b>Total tax expense</b>	<b>4.3</b>	<b>2.2</b>

### Reconciliation of effective tax rate

£m	2024	2023
Profit for the year	14.6	16.7
Total tax expense	4.3	2.2
<b>Profit before taxation</b>	<b>18.9</b>	<b>18.9</b>
Tax using the UK corporation tax rate of 25% (effective from 1 April 2023)	4.7	4.4
R&D tax credits	(0.5)	(0.4)
Non-deductible expenses	0.5	0.1
Adjustment in respect of previous periods	0.1	(1.8)
Effect of rate change in calculation of deferred tax	—	0.3
Foreign tax differences in rates	(0.6)	(0.5)
Deferred tax on share-based payments	(0.1)	—
Movement on deferred tax not recognised	—	0.1
Acquisitions of entities	0.2	—
<b>Total tax expense</b>	<b>4.3</b>	<b>2.2</b>



# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 7 Earnings per share

£m	2024	2023
Earnings for calculating basic earnings per share	14.6	16.7
Adjusted for (see note 1):		
Amortisation of acquired intangibles and related acquisition costs	6.1	2.3
Remeasurement to fair value of currency hedging portfolio	(0.3)	(0.5)
Remeasurement to fair value of interest swaps	0.2	0.5
Income tax on above items	(1.4)	(0.5)
Other tax items	—	(1.2)
<b>Adjusted earnings for calculating Adjusted Basic Earnings Per Share</b>	<b>19.2</b>	<b>17.3</b>
Number million	2024	2023
<b>Weighted average number of ordinary shares</b>		
Basic	153.2	155.2
Dilutive effect of share options on potential ordinary shares	0.9	1.3
<b>Diluted</b>	<b>154.1</b>	<b>156.5</b>
Pence	2024	2023
Basic earnings per share	9.5	10.8
Diluted earnings per share	9.5	10.7
<b>Adjusted Basic Earnings Per Share</b>	<b>12.5</b>	<b>11.1</b>
<b>Adjusted Diluted Earnings Per Share</b>	<b>12.5</b>	<b>11.1</b>

## 8 Dividends

### Accounting policy

Dividends proposed by the Board of Directors and unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting.

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

£m	2024	2023
Final dividend for the year ended 31 December 2023 of 3.2p (2022: 3.0p) per ordinary share	4.9	4.7
Interim dividend for the year ended 31 December 2024 of 1.7p (2023: 1.6p) per ordinary share	2.6	2.5
<b>Total dividend recognised during the year</b>	<b>7.5</b>	<b>7.2</b>

The Board is proposing a final dividend for the year ended 31 December 2024 of 3.3p which is a £5.1m cash payment (2023: £4.9m).

## 9 Property, plant and equipment

### Accounting policy

#### Owned assets

Property, plant and equipment are stated at cost or deemed cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	over the lease term, to a maximum of 50 years
Plant and equipment	three to ten years
Fixtures and fittings	one to ten years
Motor vehicles	four years
Tooling	two to seven years
Work in progress	no depreciation until the asset comes into economic use

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### Leased assets

**Identifying a lease:** At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. For each lease or lease component, the Group follows the lease accounting model as per IFRS 16 Leases, unless the recognition exemptions can be used.

**Recognition exemptions:** The Group has elected to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- i. Leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset
- ii. Leases where the underlying asset has a low value when new – this election can be made on a lease-by-lease basis

The value of leases less than 12 months or low value was £0.1m (2023: £0.1m).

### Lessee accounting

For leases acquired in a business combination, the Company measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms. Upon lease commencement the Group recognises a right-of-use asset and a lease liability.

**Initial measurement:** The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the lessee under residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another accounting standard.

**Subsequent measurement:** After lease commencement, the Group measures right-of-use assets using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is subsequently remeasured to reflect changes in: the lease term (using a revised discount rate), the assessment of a purchase option (using a revised discount rate), the amounts expected to be payable under residual value guarantees (using an unchanged discount rate), future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The remeasurements are matched by adjustments to the right-of-use asset. Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

### Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 9 Property, plant and equipment continued

£m	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Tooling	Work in progress	Total
<b>Cost</b>							
Balance at 1 January 2023	16.2	17.4	2.3	0.2	11.0	2.3	49.4
Additions	0.2	2.5	0.2	—	1.4	(0.4)	3.9
Disposals	—	(0.4)	—	—	(0.8)	(0.2)	(1.4)
Effect of movements in foreign exchange	(0.9)	(0.8)	(0.1)	—	(0.6)	—	(2.4)
Balance at 31 December 2023	15.5	18.7	2.4	0.2	11.0	1.7	49.5
Acquired	<b>2.6</b>	<b>0.7</b>	<b>0.2</b>	<b>—</b>	<b>0.7</b>	<b>0.2</b>	<b>4.4</b>
Additions	<b>1.8</b>	<b>1.5</b>	<b>0.3</b>	<b>0.1</b>	<b>1.3</b>	<b>—</b>	<b>5.0</b>
Disposals	<b>—</b>	<b>(0.2)</b>	<b>—</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.7)</b>
Transfers	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.6)</b>
Effect of movements in foreign exchange	<b>(0.1)</b>	<b>(0.2)</b>	<b>—</b>	<b>—</b>	<b>(0.1)</b>	<b>—</b>	<b>(0.4)</b>
<b>Balance at 31 December 2024</b>	<b>19.8</b>	<b>20.5</b>	<b>2.9</b>	<b>0.2</b>	<b>12.1</b>	<b>1.7</b>	<b>57.2</b>

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 9 Property, plant and equipment continued

£m	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Tooling	Work in progress	Total
<b>Depreciation</b>							
Balance at 1 January 2023	5.9	11.2	2.1	0.2	8.6	—	28.0
Depreciation charge for the year	0.5	1.9	0.1	—	1.4	—	3.9
Disposals	—	(0.4)	—	—	(0.8)	—	(1.2)
Effect of movements in foreign exchange	(0.3)	(0.4)	(0.1)	—	(0.4)	—	(1.2)
Balance at 31 December 2023	6.1	12.3	2.1	0.2	8.8	—	29.5
Depreciation charge for the year	<b>0.6</b>	<b>1.8</b>	<b>0.1</b>	—	<b>1.3</b>	—	<b>3.8</b>
Disposals	—	<b>(0.2)</b>	—	—	<b>(0.2)</b>	—	<b>(0.4)</b>
Transfers	—	—	—	—	<b>(0.1)</b>	—	<b>(0.1)</b>
Effect of movements in foreign exchange	<b>(0.1)</b>	<b>(0.1)</b>	—	—	<b>(0.1)</b>	—	<b>(0.3)</b>
<b>Balance at 31 December 2024</b>	<b>6.6</b>	<b>13.8</b>	<b>2.2</b>	<b>0.2</b>	<b>9.7</b>	—	<b>32.5</b>
<b>Net book value</b>							
At 1 January 2023	10.3	6.2	0.2	—	2.4	2.3	21.4
At 31 December 2023	9.4	6.4	0.3	—	2.2	1.7	20.0
<b>At 31 December 2024</b>	<b>13.2</b>	<b>6.7</b>	<b>0.7</b>	—	<b>2.4</b>	<b>1.7</b>	<b>24.7</b>

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 9 Property, plant and equipment continued

The carrying values of the following right-of-use assets:

£m	Land and buildings	Plant and equipment	Motor vehicles	Total
<b>Cost</b>				
Balance at 1 January 2023	8.4	1.5	0.8	10.7
Additions	2.7	0.4	0.4	3.5
Disposals	(0.1)	(0.9)	(0.1)	(1.1)
Balance at 31 December 2023	11.0	1.0	1.1	13.1
Acquired	2.7	0.2	0.1	3.0
Additions	1.5	0.2	0.2	1.9
Disposals	(0.2)	—	—	(0.2)
Transfers	—	—	(0.1)	(0.1)
Effects of movements in foreign exchange	(0.1)	—	—	(0.1)
<b>Balance at 31 December 2024</b>	<b>14.9</b>	<b>1.4</b>	<b>1.3</b>	<b>17.6</b>

£m	Land and buildings	Plant and equipment	Motor vehicles	Total
<b>Depreciation</b>				
Balance at 1 January 2023	2.9	1.2	0.5	4.6
Depreciation charge for the year	1.5	0.3	0.2	2.0
Disposals	(0.1)	(0.9)	(0.1)	(1.1)
Balance at 31 December 2023	4.3	0.6	0.6	5.5
Depreciation charge for the year	2.1	0.3	0.3	2.7
Disposals	(0.2)	—	(0.1)	(0.3)
<b>Balance at 31 December 2024</b>	<b>6.2</b>	<b>0.9</b>	<b>0.8</b>	<b>7.9</b>
<b>Net book value</b>				
At 1 January 2023	5.5	0.3	0.3	6.1
At 31 December 2023	6.7	0.4	0.5	7.6
<b>At 31 December 2024</b>	<b>8.7</b>	<b>0.5</b>	<b>0.5</b>	<b>9.7</b>



## 10 Intangible assets

### Accounting policy

#### Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the share of the aggregate fair value of identifiable net assets (including intangible assets) of a business or a subsidiary at the date of acquisition. All material intangible fixed assets obtained on acquisition have been recognised separately in the financial statements. Goodwill is initially recognised as an asset and allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination and is then reviewed at least annually for impairment. Any impairment is recognised immediately in the income statement and is not reversed. Goodwill is accordingly stated in the balance sheet at cost less any provisions for impairment in value.

#### Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development of new and enhanced products is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as product designs and new processes)
- The costs of developing this asset can be measured reliably
- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset and use or sell it
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

Where no internally generated intangible asset can be recognised, the expenditure is recognised as an expense in the period in which it is incurred. The Group has not included any borrowing costs within capitalised development costs.

### Customer relationships and tradenames and brands

A fair value exercise which was conducted following the acquisition of Kingfisher Lighting, DW Windsor, Sync Energy, D-Line and CMD identified customer relationship and tradename intangible assets that met the criteria for separate recognition under IFRS.

#### Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the Consolidated Income Statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

#### Amortisation

Amortisation is charged to administrative expenses in the Consolidated Income Statement on a straight-line basis over the estimated useful lives of internally generated intangible assets. Other internally generated intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks	10 years
Capitalised development costs	5 to 7 years
Customer relationships	2 to 12 years
Tradenames and brands	5 to 15 years

#### Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquisition. Acquisition costs incurred are expensed. The acquired identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the date of acquisition, except for non-current assets that are classified as held for resale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after the assessment, the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Consolidated Income Statement.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 10 Intangible assets continued

£m	Goodwill	Patents	Development costs	Customer relationships	Software	Tradenames and brands	Total
<b>Cost</b>							
Balance at 1 January 2023	26.3	0.6	8.8	8.8	—	3.8	48.3
Other acquisitions – internally developed	—	—	1.8	—	—	—	1.8
Disposals	—	—	(1.3)	—	—	—	(1.3)
Balance at 31 December 2023	26.3	0.6	9.3	8.8	—	3.8	48.8
Acquisitions through business combinations	14.0	—	2.1	7.0	—	2.6	25.7
Additions	—	—	1.9	—	1.0	—	2.9
Disposals	—	—	(1.3)	—	—	—	(1.3)
Transfers	—	—	0.6	—	—	—	0.6
<b>Balance at 31 December 2024</b>	<b>40.3</b>	<b>0.6</b>	<b>12.6</b>	<b>15.8</b>	<b>1.0</b>	<b>6.4</b>	<b>76.7</b>
<b>Amortisation</b>							
Balance at 1 January 2023	—	0.5	2.8	2.7	—	0.6	6.6
Amortisation for the year	—	—	1.9	1.1	—	0.4	3.4
Disposals	—	—	(1.3)	—	—	—	(1.3)
Balance at 31 December 2023	—	0.5	3.4	3.8	—	1.0	8.7
Amortisation for the year	—	—	2.0	1.1	0.1	0.5	3.7
Disposals	—	—	(0.9)	—	—	—	(0.9)
Transfers	—	—	0.1	—	—	—	0.1
<b>Balance at 31 December 2024</b>	<b>—</b>	<b>0.5</b>	<b>4.6</b>	<b>4.9</b>	<b>0.1</b>	<b>1.5</b>	<b>11.6</b>
<b>Net book value</b>							
At 1 January 2023	26.3	0.1	6.0	6.1	—	3.2	41.7
At 31 December 2023	26.3	0.1	5.9	5.0	—	2.8	40.1
<b>At 31 December 2024</b>	<b>40.3</b>	<b>0.1</b>	<b>8.0</b>	<b>10.9</b>	<b>0.9</b>	<b>4.9</b>	<b>65.1</b>

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 10 Intangible assets continued

### Impairment testing for cash-generating units containing goodwill

In accordance with the requirements of IAS 36 Impairment of Assets, goodwill is allocated to the Group's CGUs. The Group annually tests the CGUs for impairment. The Group's total consolidated goodwill of £40.3m at 31 December 2024 is allocated as follows:

£m	Goodwill	
	2024 <sup>1</sup>	2023
Portable Power	8.9	8.9
Wiring Accessories	8.6	4.0
LED Lighting	9.5	7.2
DW Windsor	6.2	6.2
D-Line	0.7	—
CMD	6.4	—
	40.3	26.3

1. Following the acquisitions of D-Line and CMD (see note 26), a proportion of the goodwill has been allocated to Wiring Accessories (£4.6m) and LED Lighting (£2.3m) reflecting future synergistic benefits.

Each CGU is assessed for impairment annually and whenever there is a specific indication of impairment. There have been no impairment indicators in the year for all CGUs with the exception of DW Windsor under a sensitised test.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value-in-use over a projected period of five years together with a terminal value. This reflects the projected cash flows of each CGU based on the actual operating results, the most recent Board-approved budget, strategic plans and management projections.

Key assumptions for all CGUs impairment assessment are as follows:

**Revenue growth years 2025 to 2029, gross margin and operating profit margin:** The Board-approved corporate plan for 2025 has been used as the basis of the first year of the calculation, with years two to five based off the five-year strategic plan which was reviewed by the Board at the end of 2024. The growth rates are individually derived by channel and then blended to form an overall growth rate by the CGUs.

**Long-term growth rate (beyond 2029):** Growth rates for the period beyond 2029 are assumed to be 2.0% (2023: 2.0%), which is considered to be a conservative assessment of long-term market trends for these CGUs which aligns to the long-term UK GDP rate.

**Discount rate:** The cash flow projections have been discounted to present value using the Group's weighted average cost of capital (which approximates by reference to the industry peer group of quoted companies), adjusted for economic and CGU-specific risk factors including markets and size of business.

The impairment review calculations are based upon anticipated discounted future cash flows. With the exception of DW Windsor, all CGUs have sufficient headroom and the Directors do not foresee that any reasonable or possible changes to the key operating assumptions are sufficient to generate a different outcome to the impairment calculations undertaken. The pre-tax rates, reflecting factors such as different geographies, expected technological change and growth opportunity risk, have been used for each CGU as follows:

%	2024	2023
Portable Power	12.5	13.0
Wiring Accessories	12.7	13.3
LED Lighting	12.5	13.1
DW Windsor	12.7	13.2

### Sensitivity of results to changes in assumptions (excluding DW Windsor)

Whilst management believe the assumptions are realistic, it is possible that impairment would be identified if any of the above key assumptions were changed significantly. For instance, factors which could cause an impairment are: significant underperformance relative to the forecast results, changes to the way the assets are used or changes to the strategy for the business and a material and unexpected deterioration in the UK economy.

The Group has also considered the impact of climate change on impairment, however given the products the Group sells and our strategy, this is a revenue opportunity for the Group.

## 10 Intangible assets continued

### Sensitivity of results to changes in assumptions (excluding DW Windsor) continued

The following specific individual sensitivities of reasonable change have been considered for each CGU, resulting in the carrying amount not exceeding the recoverable amount for each CGU except for DW Windsor: a 10% increase in unlevered beta, a 200 basis point increase in the discount factor, a growth rate of 1% for the periods after 2028, a 10% reduction in cash flows forecast over the next five years in the Group's strategic plan.

### Recoverability of DW Windsor goodwill – key estimate

The excess of DW Windsor recoverable amount over its carrying value is £2.8m. Approximately 80% of the recoverable amount is in the terminal value, therefore the calculation of recoverable amount is sensitive to changes in assumptions. Therefore, further information is provided on this impairment test.

The key assumptions used by management for DW Windsor in setting the financial budgets for the initial five-year period were as follows:

**Forecast sales growth rates for years 2025 to 2029:** Forecast sales growth rates are based on expectations of recovery in the infrastructure markets in which DW Windsor operates, supported by strategic initiatives being implemented by management, this follows a decline in the infrastructure market in the last two years and our market insight expects a recovery in this market. A small 1% growth is forecast in 2025 sales and the CAGR of the two to five-year sales forecast is 5.7%.

**Gross margin and operating profit margin:** These are forecast based on recent experience of actual margins, adjusted for the impact of changes to product cost and cost-saving initiatives.

**Long-term growth rate and discount rate:** These have been prepared as explained on the previous page.

Due to uncertainty surrounding the sectors return to growth, the Directors modelled a reasonably possible change of a CAGR in forecast years one to five of 1% and this would result in an impairment of £0.7m. The excess of recoverable amount over the carrying amount would be reduced to £nil if the CAGR in forecast years one to five is 2%. The Directors do not consider that the relevant changes in the revenue assumption would have a consequential impact on other key assumptions. However, it is possible that the reduction in revenue required to reduce the carrying value to £nil would be lower if gross/operating profit margins are lower than forecast.

The Directors do not consider that any reasonably possible changes to other key assumptions would reduce the value-in-use to its carrying value.

Although not required by the accounting standard, additional sensitivity analysis is provided to illustrate the general sensitivity of the value-in-use calculation to assumption changes: a 1% increase in discount rate reduces the headroom by £2.5m and a 0.1% decrease in the long-term growth rate reduces the headroom by £0.2m.

## 11 Investments

### Accounting policy

Investments are accounted for in line with IFRS 9. The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in Other Comprehensive Income ("OCI"), there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition are recognised in this category. These are strategic investments and the Group considers this classification to be more relevant. The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the Fair Value through Other Comprehensive Income ("FVOCI") reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

An investment was made in eEnergy Group plc for £1.7m in November 2023 which was supplemented by a further investment of £0.3m in January 2024. eEnergy Group plc are based in London, England. The business is a net zero energy services provider, empowering organisations to achieve net zero by tackling energy waste and transitioning to clean energy, without the need for upfront investment. The holding represented 10% of eEnergy at 31 December 2024.

## 12 Deferred tax assets and liabilities

### Accounting policy

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets of £0.9m and deferred tax liability of £5.2m are shown on the face of the balance sheet recognising IAS 12 jurisdiction disclosures. The deferred tax asset of £0.9m relates to £0.8m for UK non-trading tax losses and £0.1m on short-term timing differences in China. A deferred tax liability of £5.2m has been recognised in respect of the UK. These are shown separately on the face of the balance sheet but net to £4.3m.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 12 Deferred tax assets and liabilities continued

Recognised deferred tax assets and liabilities are attributable to the following:

£m	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Property, plant and equipment	—	—	2.5	1.6	2.5	1.6
Intangible assets	—	—	4.0	2.0	4.0	2.0
Losses	(0.8)	(1.1)	—	—	(0.8)	(1.1)
Share-based payments	(1.0)	(1.0)	—	—	(1.0)	(1.0)
Financial assets and liabilities	(0.4)	(0.4)	—	—	(0.4)	(0.4)
<b>Deferred tax liability/(asset)</b>	<b>(2.2)</b>	<b>(2.5)</b>	<b>6.5</b>	<b>3.6</b>	<b>4.3</b>	<b>1.1</b>

A deferred tax asset of £0.8m has been recognised against carried forward non-trading tax losses of £3.1m (2023: £3.1m) during the period as it is expected that they can be offset against future profits. Of the £4.3m deferred tax liability, £4.4m liability relates to the UK and a (£0.1m) asset relates to China. A deferred tax asset has not been recognised on £8.2m of losses in Spain and USA where it is improbable that they can be offset against future profits. These losses do not expire.

### Movement in deferred tax liability/(asset) during the year

£m	1 January 2024	Acquired during the year	Recognised in income	Recognised in equity	31 December 2024
Property, plant and equipment	1.6	0.7	0.2	—	2.5
Intangible assets	2.0	3.1	(1.1)	—	4.0
Losses	(1.1)	—	0.3	—	(0.8)
Share-based payments	(1.0)	—	(0.2)	0.2	(1.0)
Financial assets and liabilities	(0.4)	—	—	—	(0.4)
	1.1	3.8	(0.8)	0.2	4.3

During the year, a deferred tax liability has been recognised in respect of intangible assets purchased when the following subsidiaries were acquired by the Group: D-Line £0.7m and CMD £2.4m. The total deferred tax liability recognised in the accounts in respect of intangible assets acquired in previous years is £1.9m.

### Movement in deferred tax (asset)/liability during the prior year

£m	1 January 2023	Recognised in income	Recognised in equity	31 December 2023
Property, plant and equipment	1.6	—	—	1.6
Intangible assets	2.7	(0.7)	—	2.0
Losses	(1.0)	(0.1)	—	(1.1)
Share-based payments	(0.8)	—	(0.2)	(1.0)
Financial assets and liabilities	(1.0)	0.6	—	(0.4)
	1.5	(0.2)	(0.2)	1.1



13 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of overheads based on normal operating capacity.

Provision is made for slow-moving and obsolete stock by comparing the stock holding against the product sales for the financial year and applying a provision which is based on an estimation of the likely sales price with reference to the stock category.

£m	2024	2023
Raw materials	8.2	7.0
Work in progress	1.2	1.4
Finished goods	44.4	32.4
	53.8	40.8

In 2024, inventories of £138.0m (2023: £117.3m) were recognised as an expense during the year and are included in “cost of sales”.

The inventory charge for write-downs was £0.1m (2023: £0.1m) in the period.

Write-downs and reversals are included in “cost of sales”. No reversals of stock provision occurred in the current or prior year.

14 Trade and other receivables

Accounting policy

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

£m	2024	2023
Trade receivables	76.4	53.2
Prepayments and other receivables	3.7	2.5
	80.1	55.7

The table on the following page provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2024. The loss amount has reduced year-on-year due to an decrease in the loss rate and a lower proportion of overdue receivables in the highest aging category. Of the £76.4m of trade receivables balance, £1.7m relates to credit note and settlement provisions, £1.1m relates to the credit loss provision with a gross trade receivable of £79.2m.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 14 Trade and other receivables continued

Age overdue (days)	31 December 2024			1 January 2024		
	Loss rate (%)	Gross debtor (£k)	Loss amount (£k)	Loss rate (%)	Gross debtor (£k)	Loss amount (£k)
Current	1.05%	68,705	721	1.59%	50,719	806
0-30	2.45%	7,109	174	2.67%	2,487	66
30-60	2.27%	2,193	50	2.34%	1,419	33
60-90	6.95%	66	5	2.93%	327	10
90-120	6.46%	753	49	2.47%	333	8
120+	38.29%	346	132	61.49%	1,015	624
<b>Total</b>	<b>1.43%</b>	<b>79,172</b>	<b>1,131</b>	<b>2.75%</b>	<b>56,300</b>	<b>1,547</b>

## 15 Cash and cash equivalents

£m	2024	2023
Current cash balances	4.1	4.6

## 16 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, see note 20 of the consolidated financial statements.

£m	2024	2023
<b>Non-current liabilities</b>		
Revolving credit facility	70.5	22.3
Overdrafts	1.5	—
	<b>72.0</b>	<b>22.3</b>

## Terms and debt repayment schedule

£m	Currency	Nominal interest rate	Maturity date	Face value <sup>1</sup> 2024	Carrying amount <sup>1</sup> 2024	Face value <sup>1</sup> 2023	Carrying amount <sup>1</sup> 2023
Revolving credit facility	GBP	2.25% + SONIA	Sep 2026	70.5	70.5	22.3	22.3
Overdrafts	GBP	2.25% + base rate	Sep 2026	1.5	1.5	—	—
				<b>72.0</b>	<b>72.0</b>	<b>22.3</b>	<b>22.3</b>

1. For more information on fair value/carrying value assessment, see note 20 of the consolidated financial statements.

Bank loans are secured by a fixed and floating charge over the assets of the Group. At 31 December 2024, undrawn facilities were £54.3m (2023: £57.5m). The Company has secured banking facilities over the period, expiring on 30 September 2026. The Group is currently in discussions regarding a new banking facility in order to replace the existing facility and discussions are progressing in line with expectations.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 16 Interest-bearing loans and borrowings continued

£m	2024	2023
<b>Net debt as at 31 December represented by:</b>		
Revolving credit facility	70.5	22.3
Overdrafts	1.5	—
Cash and cash equivalents	(4.1)	(4.6)
Finance leases – pre-IFRS 16	0.7	0.7
<b>Bank Net Debt</b>	<b>68.6</b>	<b>18.4</b>
Finance leases – post-IFRS 16	6.5	4.4
<b>Net debt</b>	<b>75.1</b>	<b>22.8</b>

£m	Cash	Borrowings	Finance leases	Total
<b>Net debt movement:</b>				
As at 1 January 2024	(4.6)	22.3	5.1	22.8
Cash (in)/outflow	0.4	49.5	(2.7)	47.2
Non-cash movements	0.1	0.2	4.8	5.1
<b>As at 31 December 2024</b>	<b>(4.1)</b>	<b>72.0</b>	<b>7.2</b>	<b>75.1</b>

£m	Cash	Borrowings	Finance leases	Total
<b>Net debt movement:</b>				
As at 1 January 2023	(5.3)	28.4	6.3	29.4
Cash (in)/outflow	0.7	(6.1)	—	(5.4)
Non-cash movements	—	—	(1.2)	(1.2)
<b>As at 31 December 2023</b>	<b>(4.6)</b>	<b>22.3</b>	<b>5.1</b>	<b>22.8</b>

## 17 Other financial liabilities and provisions

### Accounting policy

The Group has leases for the main warehouse and related facilities, offices and production building, plant and machinery, some IT equipment and some vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 9). Leases of vehicles and IT equipment are generally limited to a lease term of three to five years. Leases of property generally have a lease term ranging from three years to seven years. Lease payments are generally fixed other than for property leases where rentals are linked to annual changes in an index (either RPI or CPI).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts. Warranty product provisions are for Sync Energy chargers and selected DW Windsor LED products.

### Provisions

£m	Dilapidations provisions	Acquisition contingent provisions	Warranty product provisions	Total
As at 1 January 2024	1.5	—	0.8	2.3
Addition/(reduction)	—	—	—	—
Acquired	0.9	0.8	—	1.7
<b>As at 31 December 2024</b>	<b>2.4</b>	<b>0.8</b>	<b>0.8</b>	<b>4.0</b>

### Finance lease

£m	2024	2023
<b>Current liabilities</b>		
Lease liabilities	2.8	2.0
<b>Non-current liabilities</b>		
Lease liabilities	4.4	3.1

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 17 Other financial liabilities and provisions continued

### Finance lease liabilities

Finance lease liabilities are payable as follows:

£m	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2024	2023	2024	2023	2024	2023
Less than one year	2.9	2.0	(0.1)	—	2.8	2.0
Between one and five years	5.0	3.4	(0.6)	(0.3)	4.4	3.1
	7.9	5.4	(0.7)	(0.3)	7.2	5.1

### Reconciliation of interest payments from cash flow

£m	2024	2023
Interest paid from leases under IFRS 16	0.2	0.1
Interest paid excluding interest from leases under IFRS 16	3.9	2.7
<b>Interest paid per cash flow</b>	<b>4.1</b>	<b>2.8</b>

## 18 Trade and other payables

### Accounting policy

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs and are measured at amortised cost using the effective interest method. The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

£m	2024	2023
Current liabilities		
Trade payables	27.6	20.6
Accrued expenses <sup>1</sup>	22.7	19.6
Other payables	8.9	7.7
<b>Trade and other payables</b>	<b>59.2</b>	<b>47.9</b>

1. Includes £11.9m (2023: £10.0m) in relation to rebates.



## 19 Employee benefits

### Defined contribution plans

#### Accounting policy

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Income Statement in the periods during which services are rendered by employees.

The Group operates a number of defined contribution pension plans. UK-based employees of the Group have the option to be members of a defined contribution pension scheme managed by a third-party pension provider. For each employee who is a member of the scheme, the Company will contribute a fixed percentage of each employee's salary to the scheme. The only obligation of the Group with respect to this scheme is to make the specified contributions.

The total expense relating to these plans was £1.3m (2023: £1.0m).

## 20 Financial instruments

#### Accounting policy

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group)
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

### Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement. Remeasurements to fair value recognised immediately in the Consolidated Income Statement are excluded from adjusted measurements as explained on page 131.

### Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

### Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

### Investments

Investments policy is note 11.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term call deposits.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses, so as to produce a constant rate of return over the period to the date of expected redemption. In instances where the Company has an early redemption option, the term over which financing costs are amortised is the period to the earliest date the option can be exercised, unless there is no genuine commercial possibility that the option will be exercised.

## 20 Financial instruments continued

### Accounting policy continued

#### Impairment excluding inventories and deferred tax assets

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 120 days past due and if we believe that it will default.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Consolidated Income Statement.

### Non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (“cash-generating unit” or “CGU”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to groups of CGUs which are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 20 Financial instruments continued

### Financial risk management

#### Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

### Exposure to credit risk

The carrying amount of financial assets and liabilities represents the maximum credit exposure. The exposure to credit risk at the reporting date was as follows:

£m	Carrying amount	
	2024	2023
Trade receivables	76.4	53.2
Cash and cash equivalents	4.1	4.6
Financial assets measured at fair value through profit or loss	0.4	0.7
	80.9	58.5

### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

All significant Group customers have been transacting with the Group for over three years and, whilst this creates a concentration of credit risk, no impairment losses have been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their characteristics, including whether they are an independent or major multi-national company, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties.

As at 31 December 2024, the Group had an allowance for impairment of £1.1m (2023: £1.5m). The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

£m	Carrying amount	
	2024	2023
Europe	67.0	47.4
Rest of World	9.4	5.8
	76.4	53.2

Of this total balance, £21.6m is with our largest customer.

### Cash and cash equivalents

The Group held cash of £4.1m at 31 December 2024 (2023: £4.6m), which represents its maximum credit exposure on these assets. There are no cash equivalents in the year. Cash and cash equivalents are held with bank and financial institution counterparties, which are rated "A" to "AA-" based on rating agency ratings.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 20 Financial instruments continued

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. It has access to a number of sources of finance to manage its liquidity risk.

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements.

31 December 2023 (£m)	Carrying amount	Within 1 year	1-2 years	2-5 years
<b>Financial liabilities</b>				
Revolving credit facility	22.3	—	—	22.3
Financial liabilities measured at fair value through profit or loss <sup>1</sup>	1.8	1.5	—	0.3
Finance leases	5.1	2.0	1.5	1.6
Trade payables	20.6	20.6	—	—
	49.8	24.1	1.5	24.2

1. Includes interest rate swaps of £0.3m (shown with 2-5 years).

31 December 2024 (£m)	Carrying amount	Within 1 year	1-2 years	2-5 years
<b>Financial liabilities</b>				
Revolving credit facility	70.5	—	70.5	—
Overdraft	1.5	—	1.5	—
Financial liabilities measured at fair value through profit or loss	1.4	1.2	0.2	—
Finance leases	7.2	2.8	2.8	1.6
Trade payables	27.6	27.6	—	—
	108.2	31.6	75.0	1.6

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Interest rate risk

The Group adopts a policy of monitoring its exposure to changes in interest rates on borrowings to ensure that likely changes do not constitute a material risk to the profitability of the Group.

The Group has entered into swaps to fix the interest rate applicable to approximately 70% of its borrowings on a rolling three-year basis, resulting in an effective interest rate of 6.5% (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.

For the year ended 31 December 2024, a change of 100 basis points in interest rates would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

£m	Profit or loss	
	100bps increase	100bps decrease
<b>31 December 2024</b>		
Variable rate instruments	(0.2)	0.2
<b>Cash flow sensitivity (net)</b>	<b>(0.2)</b>	<b>0.2</b>
<b>31 December 2023</b>		
Variable rate instruments	(0.3)	0.3
<b>Cash flow sensitivity (net)</b>	<b>(0.3)</b>	<b>0.3</b>

The Group's capital structure policy is to ensure Bank Net Debt remains in a range of 1.0 to 2.0 times Bank EBITDA (the definition of the adjustments made and reconciliations to the reported figures can be found in note 1 of the consolidated statements on pages 130 to 137).

### Equity price risk

The primary goal of the Group's investment in equity securities is to hold the investment for the long term for strategic purposes. The Group's equity investment is listed on the London Stock Exchange and is classified at FVOCI. A 2% change in price would change the investment value by £37k.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 20 Financial instruments continued

### Currency risk

The Group is exposed to currency risk on the following transactions:

- Sales and purchases by a Group company in a currency other than its functional currency
- Flows arising from the servicing of the Group's debt under foreign currency

The Group is also exposed to fluctuations in exchange rates in the translation of net assets and profits earned by its subsidiaries overseas. These profits are translated at average exchange rates for the year, which is an approximation to the rates at the date of the transaction.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling forward.

### Exposure to currency risk

The table below shows the extent to which the Group had monetary assets and liabilities denominated in currencies with third parties other than the local currency of the Company in which they are recorded:

£m	2024			2023		
	RMB	USD	EUR	RMB	USD	EUR
Trade receivables	—	24.3	2.2	—	16.3	0.8
Bank facilities	1.4	0.3	—	—	(13.1)	0.3
Trade payables	(5.7)	(1.3)	(0.3)	(5.3)	(0.6)	(0.2)
<b>Net statement of financial position exposure</b>	<b>(4.3)</b>	<b>23.3</b>	<b>1.9</b>	<b>(5.3)</b>	<b>2.6</b>	<b>0.9</b>

The following significant exchange rates were applied during the year:

£m	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
USD	1.28	1.24	1.25	1.27
EUR	1.18	1.15	1.21	1.15
RMB	9.20	8.81	9.15	9.00



# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 20 Financial instruments continued

### Sensitivity analysis

A strengthening/(weakening) of sterling, as indicated below, against the US dollar and RMB at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This quantifies the impact of a change in value of assets and liabilities denominated in a currency other than the functional currency of that business unit. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2023, as indicated below.

£m	Equity	Profit/(loss)
<b>31 December 2024</b>		
<b>GBP strengthens against the USD by 10%</b>	<b>(2.1)</b>	<b>(2.1)</b>
<b>GBP strengthens against the EUR by 10%</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>GBP strengthens against the RMB by 10%</b>	<b>0.4</b>	<b>0.4</b>
<b>31 December 2023</b>		
GBP strengthens against the USD by 10%	(0.2)	(0.2)
GBP strengthens against the EUR by 10%	(0.1)	(0.1)
GBP strengthens against the RMB by 10%	0.5	0.5

A weakening of sterling against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Group holds financial derivative instruments to manage the currency risks on USD and RMB used to transact the current and future settlement of monetary assets and liabilities.

## Accounting classifications and fair values

### Fair values versus carrying amounts

The following assets' and liabilities' carrying values meet the definition of financial instruments and are classified according to the following categories:

£m	2024	2023
<b>Assets carried at amortised cost:</b>		
Trade receivables	<b>76.4</b>	53.2
Cash and cash equivalents	<b>4.1</b>	4.6
<b>Assets carried at fair value:</b>		
Financial assets measured at fair value through profit or loss	<b>0.4</b>	0.7
Financial assets measured at fair value through OCI	<b>1.8</b>	2.3
<b>Financial assets</b>	<b>82.7</b>	60.8
<b>Liabilities carried at amortised cost:</b>		
Revolving credit facility	<b>70.5</b>	22.3
Overdrafts	<b>1.5</b>	—
Finance leases	<b>7.2</b>	5.1
Trade payables	<b>27.6</b>	20.6
<b>Liabilities carried at fair value:</b>		
Financial liabilities measured at fair value through profit or loss	<b>1.4</b>	1.8
<b>Financial liabilities</b>	<b>108.2</b>	49.8

The fair value of financial assets and liabilities that are held at amortised cost are considered to be the same as the carrying amounts for the Group.

For trade and other receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. For cash and cash equivalents, the amount reported on the Consolidated Balance Sheet approximates to fair value. For borrowing at floating rates, the carrying value is deemed to reflect the fair value as it is considered to represent the price of the instrument in the marketplace. For borrowing at fixed rates, the fair values are considered to be the same as the carrying amount reported on the Consolidated Balance Sheet due to the frequent updating of these funding facilities in a competitive market.

## 20 Financial instruments continued

### Accounting classifications and fair values continued

#### Fair values versus carrying amounts continued

The table below analyses financial instruments into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The only Level 1 instruments for 2024 are financial asset investments measured at fair value through OCI.

The only Level 2 instruments for 2024 are financial (liabilities)/assets measured at fair value through profit or loss, which relate to forward exchange contracts and interest rate swaps. The fair value (liability)/asset is shown below:

£m	Fair value hierarchy	2024	2023
Financial assets measured at fair value through OCI	Level 1	1.8	2.3
Currency hedging financial (liabilities) measured at fair value through profit or loss	Level 2	(0.9)	(1.2)
Interest swaps financial assets measured at fair value through profit or loss	Level 2	(0.1)	0.1

At 31 December 2024, undrawn facilities were £54.3m (2023: £57.5m).

## 21 Capital management

The Group's primary capital resources comprise share capital, bilateral bank facilities and operating cash flow.

The core debt requirements of the Group are met via a £120.0m revolving credit facility.

The Board's policy is to maintain a strong capital base to maintain market confidence and sustain the development of the business, whilst maximising the return on capital to the Group's shareholders. The Group's strategy will be to maintain facilities appropriate to the working requirements of the Group, to grow organically and through acquisition and service its debt requirements through cash flow generation.

The Group has set the following capital structure policies:

- Maintain a Bank Net Debt : Bank EBITDA ("Leverage Ratio") within a target range of 1.0 to 2.0 : 1, averaging 1.5 across each economic cycle
- Maintain Bank EBITDA : Adjusted Net Finance Expense ("Interest Cover Ratio") of at least 4.0 : 1
- Apply a progressive dividend policy, with a payout rate of 40%-60% of adjusted earnings
- Provided it is in compliance with its Leverage Ratio, Interest Cover Ratio and dividend policies, the Company will reinvest cash generated by the business in organic and acquisitive growth opportunities that it believes will generate long-term shareholder value. If insufficient opportunities are available to reinvest cash in this way, the Company will seek ways to return surplus cash to shareholders in order to maintain its Leverage Ratio policy

The Bank Net Debt to Bank EBITDA ratio is calculated in accordance with the Group's loan agreements, as follows:

£m	2024	2023
Bank EBITDA (see note 1)	41.7	32.2
Bank Net Debt (see note 16)	68.6	18.4
Bank Net Debt : Bank EBITDA	1.6	0.6

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 21 Capital management continued

The Bank EBITDA : Net Finance Expense ratio is calculated as follows:

£m	2024	2023
Bank EBITDA (see note 1)	41.7	32.2
Adjusted Net Finance Expense (see note 1)	4.1	2.8
Bank EBITDA : Adjusted Net Finance Expense	10.2	11.5

The Company's covenants and headroom are summarised as follows:

2024 year-end covenant	Covenant	2024 actual	Headroom
Bank Net Debt : Bank EBITDA	3.0 : 1	1.6	Bank Net Debt headroom: £58.6m Adjusted EBITDA headroom: £18.8m
Bank EBITDA : Adjusted Net Finance Expense	4.0 : 1	10.2	Adjusted EBITDA headroom: £25.3m Adjusted Net Finance Expense headroom: £6.3m

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

	2024	2023
Adjusted Earnings Per Share (pence)	12.5	11.1
Bank Net Debt : Bank EBITDA (times)	1.6	0.6
Adjusted Free Cash Flow (£m)	3.5	18.0

## 22 Share-based payments

### Accounting policy

Incentives in the form of shares are provided to employees through the following schemes: Company Share Option Plan ("CSOP"), Share Incentive Plan ("SIP") and Long-Term Incentive Plan ("LTIP"). Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

The grant date fair value of an equity-settled payment under the SIP is measured as the face value of the award on the date of grant.

The grant date fair value of the awards under the Group's LTIP is measured by the use of the Monte Carlo simulation for any market-related performance conditions (given the increased uncertainty around the potential vesting of share options).

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Charges made to the income statement in respect of share-based payments are credited to the reserves. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market-based vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The purchase price of the shares that are transferred when options are exercised is credited to treasury shares reserve and debited to retained earnings. Any proceeds received, net of any directly attributable transaction costs, are also debited to retained earnings. The Group operates an employee share benefit trust as part of its incentive plans for UK-based employees. All assets and liabilities of the trust are recorded in the balance sheet as assets and liabilities of the Company until such time as the assets are awarded to the beneficiaries. All income and expenditure of the trust is similarly brought into the results of the Company. The Company fulfils exercised options with treasury shares the Company has purchased. The purchase price of the shares that are transferred when options are exercised is credited to treasury shares reserve and debited to retained earnings. Any proceeds received, net of any directly attributable transaction costs, are also debited to retained earnings.

The share-based payments charge relates to option awards from the LTIP, CSOP and SIP schemes. Vesting periods for the plans range from one to three years and if the options remain unexercised after a period of ten years from the date of grant, the options expire. In addition, options are forfeited if the employee voluntarily leaves the Group before the options vest.

The Group recorded a share-based payment charge of £1.5m (2023: £0.9m) included in the Consolidated Income Statement within administrative expenses.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 22 Share-based payments continued

### Share Incentive Plan

All UK-based employees are eligible to participate in the SIP. The scheme enables employees to buy shares in the Group out of their salary, before tax deductions, up to a limit of £1,800 per tax year. The shares acquired are called partnership shares and are held in trust, managed by a third party, on behalf of the employee.

For every partnership share bought by the employee, the Group can award:

- Matching shares. Two shares at nil cost
- Free shares. Up to two shares at nil cost, the number depending on service, subject to a maximum of £3,600 free shares per tax year

For the SIP conditions to be met, the employees must be continuously employed by the Group for a period of at least three years from the date of the award grant. If employees voluntarily leave the Group within the three-year period they must take their shares out of the plan and they will not be entitled to the matching and free shares.

	Number of free shares		Number of partnership and matching shares	
	2024	2023	2024	2023
Outstanding at 1 January	25,787	28,981	1,371,272	1,055,167
Granted during the year	—	—	628,236	450,585
Forfeited during the year	—	(1,106)	(48,686)	(36,480)
Released during the year	(1,474)	(2,088)	(173,332)	(98,000)
<b>Outstanding at 31 December</b>	<b>24,313</b>	<b>25,787</b>	<b>1,777,490</b>	<b>1,371,272</b>

For the purposes of IFRS 2, the fair value of these matching shares and free shares is determined as the market value of the shares at the date of grant. No valuation model is required to calculate the fair value of awards under the SIP. The fair value of an equity-based payment under the SIP is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

The Group recognised a total expense of £0.6m (2023: £0.4m) in the year relating to matching and free share awards.

### Company Share Option Plan ("CSOP")

At the time the free shares were awarded, all eligible employees of the Group were also granted CSOP options. The CSOP options had an exercise price equal to the market value of the share at the date of grant. The ordinary free shares award is subject to condition that it will be automatically exercised at the time the CSOP option is exercised. The options can only be exercisable after the performance period determined by the Board, being three years. CSOP options will normally be exercisable from release until the tenth anniversary of the grant date.

### Long-Term Incentive Plan

Awards have been granted to the Chief Executive Officer and the Chief Financial Officer, and other key management personnel within the Group, under the Luceco 2017 Performance Share Plan ("PSP"), which was approved by shareholders at the Company's AGM held on 25 May 2017.

The following awards have been granted in the form of nominal cost options over the number of ordinary shares of 0.05p in the Company under the terms of the PSP, as set out on page 93:

Executive Directors	Role	Number of shares awarded
John Hornby	Chief Executive Officer	459,644
Will Hoy	Chief Financial Officer	392,241

### Measurement of fair values

The 2024 LTIP awards will vest subject to the satisfaction of performance conditions measuring the Company's earnings per share ("EPS") and total shareholder return ("TSR") performance. The extent to which awards will vest will depend on the extent to which the performance conditions are satisfied over the performance period. For the EPS condition, this runs from 1 January 2024 to 31 December 2026. For the TSR condition, this runs for three years from the three-month average TSR to 3 April 2024, the date of the grant, to the three-month average TSR to 3 April 2027. No consideration was paid for any of the awards.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 22 Share-based payments continued

### Measurement of fair values continued

As the options under the 2024 award include a TSR performance condition, given the increased uncertainty around potential vesting, they have been valued using the Monte Carlo model with the following assumptions:

Directors' and employee share options LTIP awards	2024	2023
Three-day average share price before options were issued (pence)	146.00p	124.80p
Fair value of share options	126.37p	103.78p
Average expected volatility	64.00%	66.00%
Expected life	3 years	3 years
Risk-free rate	4.24%	3.45%

The share-based payments charge of £1.5m (2023: £0.9m) included in the Consolidated Income Statement within administrative expenses is attributable to the LTIP nominal cost options.

A summary of the number of share options under the share option programmes is as follows:

	2024	2023
Outstanding at 1 January	8,214,967	8,127,564
Granted during the year	2,054,496	2,556,361
Forfeited during the year	(2,247,807)	(1,185,521)
Exercised during the year	(1,200,963)	(1,283,437)
Lapsed during the year	(40,698)	—
<b>Outstanding at 31 December</b>	<b>6,779,995</b>	<b>8,214,967</b>

As at 31 December 2024, a total of 6,779,995 options were outstanding which had a weighted average remaining contractual life to vesting of 18 months.

During the year, 187,686 tax-qualifying share options were granted to employees (2023: 633,554).

The Group has previously purchased its own shares on the basis that they will be used to fulfil the LTIP and the number of share options granted when they come to be exercised. The purchased shares are held in a Trust which is managed by a third party. At 31 December 2024, the Trust had 8,299,342 shares held at a cost of £11.6m (31 December 2023: 6,570,939 shares at a cost of £8.6m). These shares are held within the treasury reserve and are shown in the Consolidated Statement of Changes in Equity.

## 23 Capital and reserves

### Share capital

	Allotted, called up and fully paid		Number of shares in issue (thousands)	
	2024 £	2023 £	2024 Number	2023 Number
At 1 January	80,400	80,400	160,800	160,800
At 31 December	80,400	80,400	160,800	160,800

All ordinary shares, except for those shares held by the Employee Benefit Trust ("EBT"), carry one vote per share at general meetings of the Company, participate equally with the distribution of dividends and capital (including on a winding up) and are not redeemable.

### Reserves

The nature and purpose of each reserve is given below:

- The share premium represents the excess of share value paid for shares
- The treasury reserve arose when the Group bought back equity share capital and this is held in trust by the Trustee of the Group's EBT to satisfy the Group's share option schemes. Treasury shares cease to be accounted for as such when the interest is transferred in full to the participant pursuant to the terms of the relevant plan. At 31 December 2024, the EBT held 8,299,342 of the Company's shares (2023: 6,570,939 shares)
- During the year the Company purchased £4.7m of shares (2023: £1.6m)
- Other reserves comprises as follows:
  - Financial asset at FVOCI comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income
  - The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the foreign currency translation differences on investments in overseas entities



# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 24 Related parties

Key personnel include Executive and Non-Executive Board members and the senior leadership team.

The Group has a related party relationship with its subsidiaries and its Directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. In addition, the remuneration of the Directors, and the details of their interests in the share capital of the Company, are provided in the audited part of the Remuneration Committee Report.

### Transactions with key personnel

Key management personnel are defined as Executive and Non-Executive Directors and the senior leadership team. The compensation of key management personnel is as follows:

£m	2024	2023
Remuneration (including benefits in kind)	4.7	5.1
Element of share-based payments expense	1.4	0.9
	6.1	6.0

The aggregate remuneration paid or receivable by Executive and Non-Executive Directors and the value of contributions to money purchase pension schemes in respect of qualifying services are disclosed on page 100. The remuneration figure reflects £nil in respect of the Chief Financial Officer's and Chief Executive Officer's 2020 Performance Share Plan. There were nil gains exercised on share options or under long-term incentive schemes in respect of qualifying services made by any other Executive or Non-Executive Directors in respect of 2024 (2023: nil).

Defined contribution pension scheme retirement benefits are accruing to one Director at the year end (2023: one).

## 25 Ultimate Parent Company, controlling party and changes in significant accounting policies

There is no controlling party.

## 26 Acquisitions

### D-Line

The Group acquired the entire issued share capital of D-Line (Europe) Limited ("D-Line") on 29 February 2024 for £8.6m initial cash consideration and up to £3.2m of contingent consideration which is estimated to be £0.8m based on our weighted average assessment. D-Line is a supplier of cable management solutions offering an additional product opportunity for the Group, consisting of decorative cable trunking and accessories, fire-rated cable supports, floor cable protector and cable organisers, with headquarters in Tyne & 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. The fair value, which is currently provisional (as the Group will continue to review these during the measurement period), of the consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition, was as follows:

	Provisional fair value estimate on acquisition £m
Intangible assets (contract related and other intangibles arising on acquisition)	2.8
Property, plant and equipment	2.8
Inventories	5.6
Trade and other receivables	2.0
Cash	0.8
Finance leases	(1.7)
Corporation tax (liability)	(0.1)
Deferred tax (liability)	(1.1)
Provisions	(0.9)
Trade and other payables	(2.2)
<b>Total</b>	<b>8.0</b>
Consideration – cash	8.6
Contingent consideration	0.8
Goodwill arising	1.4

Goodwill of £1.4m has been provisionally allocated, with £0.7m to the Wiring Accessories CGU and £0.7m to D-Line CGU, reflecting the synergised business case opportunities. Since acquisition, revenue from D-Line has been £18.9m with operating profit of £1.7m.

# Notes to the Consolidated Financial Statements continued

for the year ended 31 December 2024

## 26 Acquisitions continued

### CMD

The Group acquired the entire share capital of CMD Limited ("CMD") on 27 September 2024 for £29.8m initial cash consideration on a debt-free basis. The consideration paid was £14.0m plus the pay down of £15.8m of debt. CMD ([www.cmd-ltd.com](http://www.cmd-ltd.com)), founded in 1984, designs and manufactures a comprehensive range of wiring accessories for commercial premises and therefore is a strong strategic fit for the Group, where it holds a leading position in the UK. Products include under-floor and under-desk power distribution solutions, on-desk and in-desk sockets, and a range of ergonomic products including the award-winning Miro monitor support arm. CMD has an experienced senior management team which will remain with the business, continuing to operate from its headquarters in Rotherham. The fair value, which is currently provisional (as the Group will continue to review these during the measurement period), of the consideration paid and the consolidated net assets acquired, together with the goodwill arising in respect of this acquisition, was as follows:

	Provisional fair value estimate on acquisition £m
Intangible assets (contract related and other intangibles arising on acquisition)	8.9
Property, plant and equipment	4.6
Inventories	5.3
Trade and other receivables	4.4
Cash	0.1
Finance leases	(1.2)
Corporation tax asset	0.2
Deferred tax (liability)	(2.6)
Provisions	—
Trade and other payables	(2.5)
<b>Total</b>	<b>17.2</b>
Consideration – cash	29.8
Goodwill arising	12.6

Goodwill of £12.6m has been provisionally allocated, with £6.4m to the CMD CGU, £3.9m to the Wiring Accessories CGU and £2.3m to the LED Lighting CGU, reflecting the synergised business case opportunities identified. Since acquisition, revenue from CMD has been £4.8m with operating profit of £0.1m.

## 27 Post balance sheet events

There were no post balance sheet events.

# Company Balance Sheet

at 31 December 2024

£m	Note	2024	2023
<b>Non-current assets</b>			
Investments	29	6.7	5.2
Debtors	30	63.5	75.7
<b>Net assets</b>		<b>70.2</b>	80.9
<b>Capital and reserves</b>			
Called-up share capital	31	0.1	0.1
Share premium account		24.8	24.8
Treasury reserve		(11.6)	(8.6)
Profit and loss account		56.9	64.6
<b>Equity</b>		<b>70.2</b>	80.9

The accompanying notes on pages 171 to 175 form an integral part of these financial statements.

The Company reported profit for the year ended 31 December 2024 of £nil (2023: £nil).

These financial statements were approved by the Board of Directors on 25 March 2025 and were signed on its behalf by:

**John Hornby**

Chief Executive Officer

**Will Hoy**

Chief Financial Officer

Company registered number: 05254883

# Company Statement of Changes in Equity

for the year ended 31 December 2024

£m	Share capital	Share premium	Retained earnings	Treasury reserve	Total equity
Balance at 1 January 2023	0.1	24.8	72.6	(8.7)	88.8
<b>Total comprehensive income</b>					
Profit for the year	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—
<b>Transactions with owners in their capacity as owners:</b>					
Dividends	—	—	(7.2)	—	(7.2)
Purchase of own shares	—	—	—	(1.6)	(1.6)
Disposal of own shares	—	—	(1.7)	1.7	—
Share-based payments charge	—	—	0.9	—	0.9
<b>Total transactions with owners in their capacity as owners</b>	—	—	(8.0)	0.1	(7.9)
<b>Balance at 31 December 2023</b>	<b>0.1</b>	<b>24.8</b>	<b>64.6</b>	<b>(8.6)</b>	<b>80.9</b>
<b>Total comprehensive income</b>					
Profit for the year	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	—
<b>Transactions with owners in their capacity as owners:</b>					
Dividends	—	—	(7.5)	—	(7.5)
Purchase of own shares	—	—	—	(4.7)	(4.7)
Disposal of own shares	—	—	(1.7)	1.7	—
Share-based payments charge	—	—	1.5	—	1.5
<b>Total transactions with owners in their capacity as owners</b>	—	—	(7.7)	(3.0)	(10.7)
<b>Balance at 31 December 2024</b>	<b>0.1</b>	<b>24.8</b>	<b>56.9</b>	<b>(11.6)</b>	<b>70.2</b>

The accompanying notes on pages 171 to 175 form an integral part of these financial statements.

# Notes to the Company Financial Statements

for the year ended 31 December 2024

## 28 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. All applicable amendments to FRS 102 have been applied since its issue in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1m. The financial statements are prepared on the historical cost basis.

Under s408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The Company did not trade during the year.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period
- Cash flow statement and related notes
- Key management personnel compensation

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

## Going concern

Note 1 of the consolidated financial statements contains the going concern statement.

## Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Basic financial instruments

### Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.



29 Fixed asset investments

**Accounting policy**  
**Investments**  
These are the separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

**Accounting policy**  
**Share-based payments**  
Incentives in the form of shares are provided to employees through the Company's Share Incentive Plan ("SIP") and Long-Term Incentive Plan ("LTIP") schemes. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.  
The grant date fair value of an equity-settled payment under the SIP is measured as the face value of the award on the date of grant.  
The grant date fair value of the awards under the Group's LTIP is measured by the use of the Monte Carlo simulation for any market-related performance conditions (given the increased uncertainty around the potential vesting of share options).  
The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Charges made to the income statement in respect of share-based payments are credited to reserves.  
At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market-based vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.  
The Group operates an employee share benefit trust as part of its incentive plans for UK-based employees.  
All assets and liabilities of the trust are recorded in the balance sheet as assets and liabilities of the Company until such time as the assets are awarded to the beneficiaries. All income and expenditure of the trust is similarly brought into the results of the Company.  
Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly to equity.

£m	2024	2023
Balance at 1 January	5.2	4.3
Share-based payment charge relating to subsidiaries	1.5	0.9
<b>Balance at 31 December</b>	<b>6.7</b>	5.2

# Notes to the Company Financial Statements continued

for the year ended 31 December 2024

## 29 Fixed asset investments continued

The Company holds 100% of the share capital of the following companies (with only Luceco Holdings Limited being a direct investment) whose principal activities were as follows:

Company	Registered office	Principal activity	% of shares held
Luceco Holdings Limited <sup>1</sup> (Reg: 05254785)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Intermediate holding company	100
Luceco UK Limited <sup>1</sup> (Reg: 02255270)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Electrical accessories importer and distributor	100
BG Electrical Limited <sup>1</sup> (Reg: 01388059)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Electrical accessories importer and distributor	100
Luceco Electrical (Jiaxing) Limited	1,438 Jiachung Road Xiuzhou Industrial Park Jiaxing, Zhejiang 314000, China	Manufacturing company	100
Luceco (Hong Kong) Limited	Room 2401, 24th Floor CC Wu Building, 302-308 Hennessy Road, Wanchai, Hong Kong	Registered office	100
Luceco Inc	Batallon de San Patricio 109 Sur, Col. Valle Oriente San Pedro Garza Garcia, Mexico	Administrative and development office	100
Luceco SAS	3 Rue de Courtalin, 77700 Magny Le Hongre, France	Administrative and development office	100
Luceco GmbH	Holstenplatz 20b, 22765 Hamburg, Germany	Administrative and development office	100
Luceco Mexico	Batallon de San Patricio 109 Sur, Col. Valle Oriente San Pedro Garza Garcia, Mexico	Administrative and development office	100
BG Electrical SDN	No. 2 Jalan SS 24/17, 47301 Petaling Jaya, Selangor, Malaysia	Administrative and development office	100
Nexus Industries PTE Limited	3,791 Jalan Bukit Merah #09-25 (E-center@redhill), Singapore, 159471	Administrative and development office	100
Luceco Southern Europe SL	CL Bobinadora 1-5, Local 7, 08302 Mataro Barcelona, Spain	Administrative and development office	100
Luceco Middle East FZCO	Building 5EB, Office 342, DAFZA PO Box 371128, Dubai	Administrative and development office	100
Kingfisher Lighting Limited <sup>1</sup> (Reg: 02236337)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Electrical accessories importer, installer and distributor	100
DW Windsor Group Limited <sup>1</sup> (Reg: 08849218)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Intermediate holding company	100
D.W. Windsor Limited <sup>1</sup> (Reg: 01309755)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of electric lighting equipment	100

# Notes to the Company Financial Statements continued

for the year ended 31 December 2024

## 29 Fixed asset investments continued

Company	Registered office	Principal activity	% of shares held
Pulsar Lighting Solutions Limited <sup>1</sup> (Reg: 00943317)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of electric lighting equipment	100
Urban Control Limited <sup>1</sup> (Reg: 09950591)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of electric lighting equipment	100
EV Charge Points UK T/A EVCP Limited <sup>1</sup> (Reg: 12454736)	Burlands, Charlwood Road, Ifield, Crawley, RH11 0JZ, UK	Manufacturer of electric vehicle chargers	100
D-Line (Europe) <sup>1</sup> (Reg: 05193249)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of other electric equipment	100
D-Line USA Inc.	2671 Technology Drive, Suite 112, Louisville, KY 40299, USA	Manufacturer of other electric equipment	100
CMD Limited <sup>1</sup> (Reg: 02290387)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of light metal packaging, other electronic and electric wires and cables, and other electric equipment	100
Baltic Topco Limited <sup>1</sup> (Reg: 14330682)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of other electric equipment	100
Baltic Holdco Limited <sup>1</sup> (Reg: 14330838)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of other electric equipment	100
Baltic Midco Limited <sup>1</sup> (Reg: 14330934)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of other electric equipment	100
Baltic Bidco Limited <sup>1</sup> (Reg: 14331046)	Luceco Distribution Centre Stafford Park 1, Telford TF3 3BD, UK	Manufacturer of other electric equipment	100

1. All UK registered subsidiaries are exempt from audit, which is set out within Section 479A of the Companies Act 2006, for the year ended 31 December 2024. The Company will guarantee the debts and liabilities of each of the UK subsidiary undertakings at the balance sheet date in accordance with Section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Luceco Holdings Limited is the only company which is owned directly. All other companies are owned and controlled by virtue of the Company's holding in Luceco Holdings Limited.

## 30 Debtors

£m	2024	2023
Amounts owed by Group undertakings	63.5	75.7

Amounts owed by the Group's subsidiaries are repayable at the Company's demand and attract no interest.

31 Capital and reserves

**Accounting policy**  
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

	Allotted, called up and fully paid		Number of shares in issue (thousands)	
	2024 £	2023 £	2024 Number	2023 Number
At 1 January	80,400	80,400	160,800	160,800
At 31 December	80,400	80,400	160,800	160,800

Each ordinary share carries one vote, participates equally with the other ordinary shares in distribution of dividends and capital (including on a winding up) and is not redeemable.

32 Ultimate parent and controlling party

There is no controlling party.

# Glossary

## A

**AGM:** Annual General Meeting

**AI:** Artificial Intelligence

**APMs:** Alternative performance measures; a table summarising the reconciliation of adjusted measures to statutory measures is included in note 1 of the consolidated financial statements

**Articles:** The Company's Articles of Association

## B

**BAU:** Business-as-usual

## C

**CAGR:** Compound annual growth rate

**Capex:** Capital expenditure

**CDP:** Carbon Disclosure Project

**CEO:** Chief Executive Officer

**CFO:** Chief Financial Officer

**CGU:** Cash-generating unit

**CO<sub>2</sub>:** Carbon dioxide

**Code:** 2018 UK Corporate Governance Code

**2024 Code:** 2024 UK Corporate Governance Code

**COO:** Chief Operating Officer

**CPA:** Construction Products Association

**CPI:** Consumer Price Index

**CSOP:** Company Share Option Plan

## D

**DIY:** Do it yourself

**DSR:** Demand side response

**DTR:** Disclosure Guidance and Transparency Rules

## E

**EAC:** Energy Attribute Certificate

**EBITDA:** Earnings before interest, tax, depreciation and amortisation

**EBT:** Employee Benefit Trust

**ECCTA:** Economic Crime and Corporate Transparency Act

**ECL:** Expected credit loss

**EcoVadis:** Globally recognised sustainability assessment platform

**EEIO:** Environmentally extended input output

**EICR:** Electrical Installation Condition Report

**EPD:** Environmental Product Declarations

**EPS:** Earnings per share

**ESG:** Environment, Social and Governance

**ESOS:** Energy Savings Opportunity Scheme

**EUR:** Euro, currency of the Eurozone

**EV:** Electric vehicle

## F

**FCA:** Financial Conduct Authority

**FOB:** Free On Board, comprising products shipped directly from our facility in China to the customer

**FRS:** Financial Reporting Standards

**FTSE:** Financial Times Stock Exchange

**FVOCI:** Fair Value through Other Comprehensive Income

## G

**GBP:** British pound sterling

**GDP:** Gross domestic product

**GHG:** Greenhouse gas

## H

**HEA:** Highway Electrical Association

**HEMs:** Home Energy Management system

**HFC:** Hydrofluorocarbon, used as coolants in air conditioning units

**HGV:** Heavy goods vehicle

**HR:** Human resources

## I

**IAS:** International Accounting Standards

**IEA:** International Energy Agency

**IET:** Institute of Engineering and Technology

**IFRS:** International Financial Reporting Standards

**IP:** Intellectual property

**IPCC:** Intergovernmental Panel on Climate Change

**IPO:** Initial public offering

**ISO:** International Organization for Standardisation

## K

**KPI:** Key Performance Indicator

## L

**L&D:** Learning and development

**LBM:** Location-based methodology

**LCMP:** Low Carbon Manufacturing Programme

**LED:** Light emitting diode

**LED Lighting:** A type of low energy lighting

**LGV:** Light goods vehicle

**LPG:** Liquefied petroleum gas

**LTIP:** Long-term incentive plan

## M

**M&A:** Mergers and acquisitions

**MAR:** Market Abuse Regulation

**MBM:** Market-based methodology

## N

**NED:** Non-Executive Director

**NGFS:** Network for Greening the Financial System

## O

**OCI:** Other Comprehensive Income

**OECD:** Organisation for Economic Co-operation and Development

**OEM:** Original equipment manufacturer



## P

**PCA:** Persons closely associated

**PCAF:** Partnership for Carbon Accounting Financials

**PSP:** Performance Share Plan

## R

**R&D:** Research and development

**RMB:** Renminbi, currency of China

**RM:** Repairs, maintenance and improvements

**RNS:** Regulatory News Service

**ROCI:** Return on Capital Invested

**RPI:** Retail Price Index

## S

**SBTi:** Science Based Targets initiative

**SECR:** Streamlined Energy and Carbon Reporting

**SIC:** Standard Industrial Classification

**SID:** Senior Independent Director

**SIP:** Share Incentive Plan

**SKU:** Stock keeping unit

**Solar PV:** Solar photovoltaic; technology which converts sunlight into electricity

**SONIA:** Sterling Overnight Index Average

## T

**tCO<sub>2</sub>e:** Tonnes of carbon dioxide equivalent

**TCFD:** Task Force on Climate-related Financial Disclosures

**TM65 and TM66 assessment:** calculation of the total CO<sub>2</sub> emitted in the production of a product

**TPT:** Transition Plan Taskforce

**TSR:** Total shareholder return

## U

**UAE:** United Arab Emirates

**USD:** United States dollar

## W

**WEEE:** Waste Electrical and Electronic Equipment

**WWF:** World Wide Fund for Nature

# Company Information

## Financial calendar

Ex-dividend date	10 April 2025
Dividend record date	11 April 2025
Dividend reinvestment plan final date for election	30 April 2025
Annual General Meeting	20 May 2025
Dividend paid	22 May 2025
Half-year end	30 June 2025
Half-year end trading update	22 July 2025
Half-year interim management statement	9 September 2025
Q3 trading update	22 October 2025
Year end	31 December 2025
Full-year results	March 2026

## Share price history

The following table sets out the reported high, low, average and financial year end (31 December or immediately preceding business day) closing middle market quotations of Luceco's ordinary shares on the London Stock Exchange for the period 1 January 2024 to 31 December 2024.

Share price (pence)	High	Low	Average	Financial year end <sup>1</sup>
<b>2024</b>	<b>192.0</b>	<b>117.9</b>	<b>149.3</b>	<b>128.4</b>
2023	152.8	100.0	122.2	124.0

1. Last trading day at the London Stock Exchange, 31 December 2024.

## Shareholder queries

Shareholders who change address, lose their share certificates, wish to amalgamate multiple shareholdings or have payments paid directly into their bank account, or otherwise have a query or require information relating to their shareholding, should contact the Company's registrar.

This can be done by writing to **MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL**. Alternatively, shareholders can contact **MUFG Corporate Markets on 0371 664 0300 and +44 (0)371 664 0300 (international)**. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales, or email their enquiry to **shareholderenquiries@cm.mpms.mufg.com**, indicating they are a Luceco shareholder.

Shareholders are also able to access and amend details of their shareholding, via the registrar's website at **www.signalshares.com**. If you have not previously registered to use this facility you will need your investor code, which can be found on your proxy card or on any share certificate issued by MUFG Corporate Markets.

You can access the service via the investor relations section of Luceco's website at **www.lucecoplc.com**.

## Online shareholder services

Luceco provides a number of services online in the investor relations section of its website at **www.lucecoplc.com**, where shareholders and other interested parties may:

- View and/or download annual and half-year reports
- Check and/or download current or historic share prices
- Check the amounts and dates of historic payments to shareholders
- Use interactive tools to calculate the value of shareholdings
- Chart Luceco ordinary share price changes against indices
- Register to receive email alerts regarding press releases, including regulatory news announcements, Annual Reports and Company presentations

### ShareGift

Luceco supports ShareGift, the share donation charity (registered charity number 1052686). ShareGift was set up so that shareholders who have only a very small number of shares which might be considered uneconomic to sell are able to dispose of them by donating them for the benefit of UK charities. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. Donating shares to charity gives rise neither to a gain nor a loss for UK capital gains purposes and UK taxpayers may also be able to claim income tax relief on the value of the donation.

Further information about donating shares to ShareGift is available either from its website at [www.sharegift.org](http://www.sharegift.org), by writing to **ShareGift at 4th Floor Rear, 67/68 Jermyn Street, London SW1Y 6NY** or by contacting them on **+44 (0)20 7930 3737**.

Even if the share certificate has been lost or destroyed, the gift can be completed. The service is generally free; however, there may be an indemnity charge for a lost or destroyed share certificate where the value of the shares exceeds £100.

### Unsolicited mail

The Company is obliged by law to make its share register publicly available should a request be received. As a consequence, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should either write to **Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS**, register online at [www.mpsonline.org.uk](http://www.mpsonline.org.uk) or call the Mailing Preference Service ("MPS") on **+44 (0) 207 291 3310**. MPS is an independent organisation which offers a free service to the public.

### Warning to shareholders – boiler room scams

Each year in the UK, £1.2bn is lost to investment fraud, with the average victim losing around £20,000. What is more, it is estimated that only 10% of the people that become victims of investment fraud actually report it.

Investment scams are becoming ever-more sophisticated – designed to look like genuine investments, they are increasingly difficult to spot. They are targeted at those most at risk, typically people in retirement who are actively seeking an investment opportunity.

### Protect yourself

#### 1) Reject cold calls

If you have been cold called with an offer to buy or sell shares, it is likely to be a high-risk investment or scam. You should treat the call with extreme caution. The safest thing to do is hang up.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should get the name of the person and organisation contacting you and take these steps before handing over any money.

#### 2) Check the firm on the Financial Services Register at [www.fca.org.uk/register](http://www.fca.org.uk/register)

The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA. Use the details on the Financial Services Register to contact the firm.

#### 3) Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

#### REMEMBER, if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme if things go wrong.

### Report a scam

If you suspect you have been approached by fraudsters, please tell the FCA using the share fraud reporting form at [www.fca.org.uk/consumers/report-scam-us#Report](http://www.fca.org.uk/consumers/report-scam-us#Report) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **+44 (0)800 111 6768**.

If you have lost money to investment fraud, you should report it to **Action Fraud** on **+44 (0)300 123 2040** or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk).

Find out more at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).

## Company's registered office

### Luceco plc

Building E Stafford Park 1  
Stafford Park  
Telford TF3 3BD  
[www.lucecoplc.com](http://www.lucecoplc.com)  
[ir@luceco.com](mailto:ir@luceco.com)

## Independent auditor

### KPMG LLP

Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham B4 6GH

## Financial advisers and brokers

### Numis Securities

45 Gresham Street  
London EC2V 7BF

### Peel Hunt LLP

Moor House  
120 London Wall  
London EC2Y 5ET

## Registrars

### MUFG Corporate Markets

Central Square  
29 Wellington Street  
Leeds LS1 4DL  
[shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com)

## Company secretarial services

### MUFG Corporate Markets

19th Floor  
51 Lime Street  
London EC3M 7DQ  
[luceco@cm.mpms.mufg.com](mailto:luceco@cm.mpms.mufg.com)

## Financial PR advisers

### MHP Communications

6 Agar Street  
London WC2N 4HN  
[luceco@mhpgroup.com](mailto:luceco@mhpgroup.com)

## Cautionary statement

This Annual Report and Financial Statements has been prepared for the shareholders of Luceco plc, as a body, and no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Group, the potential for those strategies to succeed and for no other purpose. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

This Annual Report and Financial Statements contains certain forward-looking statements that are subject to risk factors associated with, amongst 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 Strategic Report will be realised.

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

## Strategic Report and Governance

The Strategic Report, Governance and the Financial Statements form part of the Directors' Report. In particular, the Board has taken advantage of Section 414C(11) of the Act to include disclosures in the Strategic Report including:

- Employee involvement
- The employment of disabled people
- The future development, performance and position of the Group
- Research and development activities

Each of the Strategic Report and Governance section have been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law. In particular, the Directors would be liable to the Company (but not to any third party) if the Strategic Report and/or Governance section contained errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

The Strategic Report forms part of the Annual Report and Financial Statements and full copies are available on the Group's website at [www.lucecoplc.com](http://www.lucecoplc.com) or from the Company's registered office.



The paper used in this report is produced using virgin wood fibre from well-managed, FSC®-certified forests and other controlled sources. All pulps used are elemental chlorine free and manufactured at a mill that has been awarded the ISO 14001 and EMAS certificates for environmental management. The use of the FSC® logo identifies products which contain wood from well-managed forests and other controlled sources certified in accordance with the rules of the Forest Stewardship Council®.

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