



**RESULTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**FW Thorpe Plc** - a group of companies that design, manufacture and supply professional lighting systems - is pleased to announce its preliminary results for the year ended 30 June 2023.

**Key points:**

Continuing operations	2023	2022		Exc. SchalLED/ Zemper acquisition
Revenue	<b>£176.7m</b>	£143.7m	23.0% increase	10.7% increase
Operating profit (before acquisition adjustments)*	<b>£29.8m</b>	£25.8m	15.6% increase	7.9% increase
Operating profit	<b>£27.8m</b>	£24.7m	12.6% increase	8.8% increase
Profit before tax	<b>£26.9m</b>	£24.1m	11.7% increase	10.2% increase
Basic earnings per share	<b>18.72p</b>	17.16p	9.1% increase	9.2% increase

\* Acquisition adjustments are amortisation of acquisition related intangible assets

- Total interim and final dividend of 6.46p (2022: 6.15p) - an increase of 5.0%
- Final dividend of 4.84p (2022: 4.61p) - an increase of 5.0%
- Strong revenue growth across the Group, both organically with service levels returning to normal and from the contributions of acquisitions
- Solid operating profit growth despite inflationary cost pressures
- Expanded our presence in Germany with the addition of SchalLED in September 2022
- Net cash generated from operating activities remained strong - £31.9m (2022: £19.7m)
- Solid start to 2023/24, with operating performance in line with the start of the prior year

*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR) as supplemented by The Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) ("UK MAR").*

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**FW Thorpe Plc**

Mike Allcock - Chairman, Joint Chief Executive 01527 583200  
Craig Muncaster - Joint Chief Executive, Group Financial Director 01527 583200

**Singer Capital Markets - Nominated Adviser**

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**Chairman's statement**

Financial year 2022/23 was to a large extent less turbulent than the previous few years, notwithstanding some special challenges to deal with upon occasion. It has been the intention of the Board to make no further acquisitions whilst the Group builds its cash resource and fully integrates recent acquisitions, in order to formulate more efficient

whilst the Group builds its cash reserves and fully integrates recent acquisitions, in order to formulate more efficient Group activities whilst not losing the ability for individual companies to be autonomous and flourish.

Financial performance overall was strong, with significant organic revenue increases for most companies, primarily due to much improved material availability and the consequential fulfilment of the previous year's order backlog. All companies wrestled with inflationary effects on material and labour costs, and some were better able than others to adjust selling prices to maintain margins.

Group companies' service levels have returned to being good, and the order book and forecast situation is generally fine. Whilst material inflation is showing signs of slowing or even reversing, wage and salary inflation remains high.

The Annual Report and Accounts contains a more detailed appraisal of each company's individual achievements and challenges.

### **Group results**

Group revenue increased by 23% to £176.7m (an organic 11% increase excluding the SchahLED and Zemper acquisitions) whilst operating profit increased by 13% to £27.8m. Operating profit before acquisition adjustments, removing the impact of amortisation of intangible assets established at purchase, grew 16% to £29.8m.

Revenue and operating profits were supported by the recent acquisitions of Zemper and SchahLED. Last year's report included only nine months of Zemper's figures, with nine months of SchahLED's figures included this year. Excluding Zemper and SchahLED acquisition effects, for comparison's sake, like-for-like revenue increased by 11% to £159.1m and operating profit by 9% to £26.9m.

### **General overview**

The Group's stand-out performer this year was Thorlux Lighting, which benefitted from its ability to deliver its order backlog, which had previously been caused by component shortages, especially microchips and electronic components.

The Dutch operations made a wonderful contribution overall, although their recent growth trajectory took a bit of a breather this year, with the companies struggling to grow revenue, whilst Lightronics also saw its margins squeezed by inflationary pressures.

Portland Lighting's profit reduced significantly because the company lacked a typical large roll-out project for outdoor retail sign lighting and because business costs increased as the company built its product range and operations to diversify into road sign lighting - namely with the Portland Traffic division. This new division has developed well, won some successful small orders and will make a more significant contribution to 2023/24 figures.

TRT Lighting increased its profit but, at only a 3% profit-to-sales ratio, profit remains significantly below Group expectations and must improve. In recent months the TRT Board structure has been altered and strengthened, with a new operations director and new sales director, and the sales team has been refreshed. TRT is also developing some interesting technical innovations to enhance its product portfolio. These changes have started well and will result in further improved performance in the current financial year.

The Group welcomed Zemper for its first full year - a year of getting to know each other better and a year for strategy and future planning. Zemper's facility in Spain is a credit to its founding family's professionalism. The company is very self-sufficient, with ownership of all its intellectual property, and with its own laboratory test facilities and state-of-the-art manufacturing equipment. In the year there were several exchange visits between Group company engineers and executives, and some significant technological projects are underway to harness Zemper's design, technical and manufacturing know-how. These projects will support the Group's electronic operations and its aspirations for premium connected technology in the emergency lighting sector.

Zemper's profit contribution to the Group in 2022/23 was marginally lower than forecast, with orders down in the first half year; however, various new products and marketing supported growth in the second half to recover the full year's numbers to be in line with the prior year's numbers. There was notable growth in both the French and Belgian markets - which, prior to Zemper's acquisition, were largely untapped by the Group - whilst the local Spanish market was tighter than in the previous year.

SchahLED, since joining the Group this financial year, has continued to grow its customer base, primarily in the German market, for high technology SmartScan industrial luminaires. It is a pleasure to welcome the SchahLED team, which excels at rooting out discerning industrial customers willing to pay for high quality luminaires with the latest Thorlux energy saving and controls technology. In the year, SchahLED added nine months of revenue to the consolidated figures of £16.9m and operating profit of £2.3m before acquisition adjustments.

The Group's joint venture with Ratio Electric BV commenced with the opening of a UK operation close to the Group HQ in Redditch, headed by a young Thorlux design engineer. Investments in the year have already resulted in the UK operation's own sales and marketing team, a website, preliminary manufacturing capabilities, and a new pillar standalone-style twin 22kW electric vehicle (EV) charger - the Ratio io7 - available for sale by all Group companies. The charger, developed with common components from a Thorlux outdoor luminaire, is widely recognised as an innovative and stylish product; it is suitable for many applications but is mainly targeted at workplace charging, which matches the Group's core market of professional users. Availability of the new EV charging pillar has been limited due to production capacity restraints, but Ratio hopes to be able to better satisfy the Group's sales teams in coming months, who are chomping at the bit to get going. In the Netherlands, at the Ratio HQ, operations have been adjusting to the fast moving EV marketplace, and investments in smart charging technology and connectivity have dented returns.

For many years some shareholders have questioned the rationale behind the Group holding large cash reserves. The Board chooses to maintain a large reserve as one never knows what is around the corner, as proven recently by the COVID lockdown. The Board remains prudent, with no plans to move away from this philosophy, and will not fund further growth unless it can do so from cash reserves. Although reserves have reduced with recent acquisitions activity and with stock control complexities, even with future earn-out provisions and commitments the Board remains confident that the current £35.0m at the year end, which remains well above its desirable minimum target, will more than suffice.

There are targets around the Group to reduce stock - of components, in particular. The easing of the recent supply shortage situation has now inevitably created an overstock in most Group companies and elsewhere throughout the extensive supply chain. Stock levels are being actively managed, in particular to ensure agility in Group businesses and to reduce possible obsolescence. Whilst stock increased last year from £32.8m to £33.4m, the number reduced from an interim high of £37.9m and will fall further.

On the capital investment front, I am pleased to report that investment at Famostar has completed, with a new

substantial factory/warehouse extension (£1.9m) setting up Farnostar for growth for some years to come. The extension was almost entirely funded by savings from closing external rented accommodation that had been used for storing stock. The new facility has solar PV, in keeping with the Group's sustainability targets, the investment having an excellent payback period due to recent increases in energy costs.

At Zemper, the Group has invested in a new and dedicated injection moulding shop (£0.7m) next to the current electronics factory in Ciudad Real, moving plant from an older facility some distance away. Opened in July 2023, this new factory has already started to produce some critical parts for the Thorlux SmartScan wireless transmitter housing and has capacity to take on more if this idea of insourcing becomes attractive. The new plant has the capacity to increase Zemper's productivity by 50%, and having local production cuts costs and CO<sub>2</sub> emissions. The factory also has its own solar PV array, which is particularly powerful, of course, in Spain. Finally, Zemper has purchased a new electronic production line to improve its capacity.

Sustainability is one of the key pillars for the Group, one that interests many of its shareholders and will continue to be a focus. All Group companies are now certified independently to ISO 14001, an international standard for providing a systematic framework for the continuous improvement of a company's environmental performance. Due to the Group's renowned carbon offsetting programme on its own land in Devauden, Wales, the Group is now independently certified as carbon neutral for Scope 1 and 2 emissions (those emissions produced by companies' own activities such as use of electricity, gas and diesel). To date, since the programme's inception in 2009, the Group has planted an amazing 179,412 trees and has now run out of land. Therefore, in July 2023, the Group purchased a further 195 acres of land, in Longtown, Hereford, which should satisfy its carbon offsetting plans for the next decade or more.

Beyond carbon offsetting, the Group continually looks to lower its carbon footprint; this is good news for the environment but also, in most cases, lowers Group operating costs. All companies within the Group have specific KPIs that focus on general carbon reduction objectives and increasingly move towards the circularity of products, the impacts of the materials selected, and reducing waste.

Early in September 2023 the Group showed its commitment to achieving net-zero, by signing a Science Based Targets initiative (SBTi) letter of commitment and therefore commencing the process. The Group's own emissions data has been well accounted for many years as part of its carbon offsetting programme, but net-zero takes a large step forward by also measuring the impact of the Group's international supply chain and the impacts of the Group's products when installed and in use at customers' premises. The Group has been supported throughout the process by third party consultants, but nevertheless, to calculate the required emissions for all Group activities, upstream and downstream, has been an enormous task.

Now that emissions have been calculated, the SBTi commitment letter defines both the Group's near term (2030) targets and net-zero date. By 2030 the Group has set a target, relative to the baseline year 2020/21, to reduce Scope 1 and 2 emissions by 42%, and Scope 3 emissions by 51.6% per £m revenue. This will be done in a variety of ways but, in particular, by decarbonisation of Group resources and energy supplies - for example reducing gas use and switching to greener sources such as solar PV supplied electricity, using electric vehicles and making Group products even more efficient - together with increasing the use of SmartScan energy saving technology. The ultimate objective is to achieve net-zero, and the Group's target date is 2040 (ten years ahead of the UK Government's commitment); by this date the Group needs to have reduced its emissions by 90% (allowing for offsetting the remaining 10%). Watch this space.

To finish on a high, Thorlux is very proud to have successfully illuminated the famous Big Ben - or, more correctly, the Elizabeth Tower - in the City of London. Big Ben is one of the most photographed and most iconic buildings in the world. Thorlux developed special products between 2016 and 2022 which provide colour-tuneable illumination of all four clock faces and the balconies above, a new Ayrton Light (a special lighthouse style lamp used to indicate when Parliament is sitting), illumination of the clock mechanism, the bells, including floodlighting the Big Ben bell itself, all internal rooms, and the 340 steps, and all emergency lighting. SmartScan features heavily in the controls for ancillary areas. The project has been kept secret until now, even during the 2023 New Year celebrations. This year's Annual Report and Accounts is therefore adorned with some iconic Thorlux installation photographs.

### **Personnel**

I would like to thank all Group employees for their dedication and commitment throughout the financial year. I would also like to thank, again, David Taylor and Tony Cooper, who, as retiring directors, have spent a total of over 65 years serving the Group; I wish them a long and happy retirement.

### **Dividend**

Performance as a whole for the year to 30 June 2023 allows the Board to recommend an increased final dividend of 4.84p per share (2022: 4.61p), which gives a total for the year of 6.46p (2022: 6.15p excluding special dividend).

### **Outlook**

All Group companies are forecasting some sales growth and all are charged with keeping costs under control and a close eye on sales margins. The Board would like to see further improvements in profitability - especially at the lower performing companies in the Group, which need to step up and do their bit. As the Group becomes larger, costs of managing non-value-added activities become larger too; this means Group companies need to work harder to achieve a good return on sales.

The Group nowadays has excellent resilience to changing conditions, having a firm footprint in numerous geographical territories and across many market sectors.

As a whole, the outlook from the sales teams is positive. At the start of this new financial year, orders are slightly lower than in the same time period last year, and there is some evidence of projects slowing. Costs are under control and some margin improvements have been made, which will provide an improved return on sales. Revenues, however, are expected to see slower growth than in the recent few years.

**Mike Allcock**

Chairman and Joint Chief Executive

12 October 2023

## **Consolidated Results**

### **Consolidated Income Statement**

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
<b>Continuing operations</b>			
Revenue	2	176,749	143,715
Cost of sales		(98,891)	(80,440)
<b>Gross profit</b>		<b>77,858</b>	<b>63,275</b>
Distribution costs		(19,214)	(15,501)
Administrative expenses		(31,292)	(23,482)
Other operating income		480	423
<b>Operating profit</b>		<b>27,832</b>	<b>24,715</b>
Finance income		716	527
Finance expense		(1,094)	(1,367)
Share of (loss)/profit of joint ventures		(520)	228
<b>Profit before income tax</b>		<b>26,934</b>	<b>24,103</b>
Income tax expense	3	(5,000)	(4,030)
<b>Profit for the year</b>		<b>21,934</b>	<b>20,073</b>

Earnings per share from continuing operations attributable to the equity holders of the Company during the year (expressed in pence per share).

	Notes	2023 pence	2022 pence
<b>Basic and diluted earnings per share</b>			
- Basic	8	18.72	17.16
- Diluted	8	18.70	17.13

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
<b>Profit for the year:</b>		<b>21,934</b>	<b>20,073</b>
<b>Other comprehensive income/(expenses)</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		231	(268)
		231	(268)
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of financial assets at fair value through other comprehensive income		(105)	(57)
Movement on associated deferred tax		26	14
Actuarial (loss)/gain on pension scheme		(123)	953
Movement on unrecognised pension scheme surplus		177	(1,143)
		(25)	(233)
Other comprehensive income/(expense) for the year, net of tax		206	(501)
<b>Total comprehensive income for the year</b>		<b>22,140</b>	<b>19,572</b>

## Consolidated Statement of Financial Position

For the year ended 30 June 2023

		2023 £'000	2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	38,763	33,818
Intangible assets	6	70,891	51,865
Investments in subsidiaries		-	-
Investment property		1,986	1,984
Financial assets at amortised cost		1,587	1,124
Equity accounted investments and joint arrangements		5,592	6,112
Financial assets at fair value through other comprehensive income		3,364	3,470
Deferred income tax assets		382	120
<b>Total non-current assets</b>		<b>122,565</b>	<b>98,493</b>
<b>Current assets</b>			
Inventories		33,437	32,758
Trade and other receivables		35,733	33,018
Financial assets at amortised cost		1,266	1,800
Short-term financial assets	7	4	5,079
Cash and cash equivalents		35,013	35,505
<b>Total current assets</b>		<b>105,453</b>	<b>108,160</b>

<b>Total assets</b>	<b>228,018</b>	206,653
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(37,457)	(35,801)
Financial liabilities	(1,435)	(332)
Lease liabilities	(812)	(506)
Current income tax liabilities	(1,143)	(641)
<b>Total current liabilities</b>	<b>(40,847)</b>	(37,280)
<b>Net current assets</b>	<b>64,606</b>	70,880
<b>Non-current liabilities</b>		
Other payables	(11,987)	(12,880)
Financial liabilities	(1,461)	(1,830)
Lease liabilities	(3,822)	(2,510)
Provisions for liabilities and charges	(3,299)	(2,536)
Deferred income tax liabilities	(6,261)	(4,264)
<b>Total non-current liabilities</b>	<b>(26,830)</b>	(24,020)
<b>Total liabilities</b>	<b>(67,677)</b>	(61,300)
<b>Net assets</b>	<b>160,341</b>	145,353
<b>Equity</b>		
Issued share capital	1,189	1,189
Share premium account	2,976	2,827
Capital redemption reserve	137	137
Foreign currency translation reserve	2,039	1,808
Retained earnings		
At 1 July	139,392	131,631
Profit for the year attributable to the owners	21,934	20,073
Other changes in retained earnings	(7,326)	(12,312)
	<b>154,000</b>	139,392
<b>Total equity</b>	<b>160,341</b>	145,353

## Consolidated Statement of Changes in Equity.

For the year ended 30 June 2023

	Notes	Issued share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2021</b>		<b>1,189</b>	<b>1,960</b>	<b>137</b>	<b>2,076</b>	<b>131,631</b>	<b>136,993</b>
<b>Comprehensive income</b>							
Profit for the year to 30 June 2022		-	-	-	-	20,073	20,073
Actuarial gain on pension scheme		-	-	-	-	953	953
Movement on unrecognised pension scheme surplus		-	-	-	-	(1,143)	(1,143)
Revaluation of financial assets at fair value through other comprehensive income		-	-	-	-	(57)	(57)
Movement on associated deferred tax		-	-	-	-	14	14
Exchange differences on translation of foreign operations		-	-	-	(268)	-	(268)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(268)</b>	<b>19,840</b>	<b>19,572</b>
<b>Transactions with owners</b>							
Shares issued from exercised options		-	867	-	-	-	867
Dividends paid to shareholders	4	-	-	-	-	(12,079)	(12,079)
<b>Total transactions with owners</b>		<b>-</b>	<b>867</b>	<b>-</b>	<b>-</b>	<b>(12,079)</b>	<b>(11,212)</b>
<b>Balance at 30 June 2022</b>		<b>1,189</b>	<b>2,827</b>	<b>137</b>	<b>1,808</b>	<b>139,392</b>	<b>145,353</b>
<b>Comprehensive income</b>							
Profit for the year to 30 June 2023		-	-	-	-	21,934	21,934
Actuarial loss on pension scheme		-	-	-	-	(123)	(123)
Movement on unrecognised pension scheme surplus		-	-	-	-	177	177
Revaluation of financial assets at fair value through other comprehensive income		-	-	-	-	(105)	(105)
Movement on associated deferred tax		-	-	-	-	26	26
Exchange differences on translation of foreign operations		-	-	-	231	-	231
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>21,909</b>	<b>22,140</b>
<b>Transactions with owners</b>							
Shares issued from exercised options		-	149	-	-	-	149

Dividends paid to shareholders	4	-	-	-	-	(7,301)	(7,301)
<b>Total transactions with owners</b>		-	149	-	-	(7,301)	(7,152)
<b>Balance at 30 June 2023</b>		<b>1,189</b>	<b>2,976</b>	<b>137</b>	<b>2,039</b>	<b>154,000</b>	<b>160,341</b>

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

		2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	36,216	24,789
Tax paid		(4,341)	(5,049)
<b>Net cash generated from operating activities</b>		<b>31,875</b>	<b>19,740</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(7,739)	(5,510)
Proceeds from sale of property, plant and equipment		535	423
Purchases of intangible assets		(2,255)	(2,366)
Purchases of subsidiaries (net of cash acquired)		(12,602)	(14,625)
Purchase of shares in subsidiaries		(6,445)	(15,219)
Purchase of investment property		(22)	(36)
Net sale of financial assets at fair value through			
Other Comprehensive Income		1	268
Investment in joint venture		-	(4,958)
Property rental and similar income		93	113
Dividend income		209	246
Net withdrawal of short-term financial assets		5,075	18,524
Interest received		434	218
Repayment of loans		1,813	-
New loans granted		(1,748)	(806)
<b>Net cash used in investing activities</b>		<b>(22,651)</b>	<b>(23,728)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from the issuance of ordinary shares		149	867
Addition of lease liabilities		203	236
Proceeds from borrowings		1,039	-
Repayment of borrowings		(2,532)	(1,271)
Payment of lease liabilities		(789)	(535)
Payment of interest		(339)	(139)
Dividends paid to Company's shareholders	4	(7,301)	(12,079)
<b>Net cash used in financing activities</b>		<b>(9,570)</b>	<b>(12,921)</b>
<b>Effects of exchange rate changes on cash</b>		<b>(146)</b>	<b>146</b>
<b>Net decrease in cash in the year</b>		<b>(492)</b>	<b>(16,763)</b>
Cash and cash equivalents at beginning of year		35,505	52,268
<b>Cash and cash equivalents at end of year</b>		<b>35,013</b>	<b>35,505</b>

## Notes

### 1 Basis of preparation

The consolidated and company financial statements of FW Thorpe Plc have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, with future changes being subject to endorsement by the UK Endorsement Board.

The financial statements have been prepared on a going concern basis, under the historical cost convention except for the financial instruments measured at fair value either through other comprehensive income or profit and loss per the provisions of IFRS 9 and contingent consideration that are measured at fair value.

There are no other standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The financial statements are presented in Pounds Sterling, which is the Company's functional and presentation currency, rounded to the nearest thousand.

The preparation of financial information in conformity with the basis of preparation described above requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and Group's accounting policies.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Company income statement.

The directors confirm they are satisfied that the Group and Company have adequate resources, with £35.0m cash to

continue in business for the foreseeable future, including the affect of increased costs caused by the on-going Ukraine and Russia conflict, where the Group has no sales, and other global events. The directors have also produced a severe, but plausible downside scenario that demonstrates that the Group could cover its cash commitments over the following year from approving these accounts. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

The financial information set out in this document does not constitute the statutory financial statements of the Group for the year end 30 June 2023 but is derived from the Annual Report and Accounts 2023. The auditors have reported on the annual financial statements and issued an unqualified opinion.

## 2 Segmental Analysis

### (a) Business segments

The segmental analysis is presented on the same basis as that used for internal reporting purposes. For internal reporting FW Thorpe is organised into twelve operating segments based on the products and customer base in the lighting market - the largest business is Thorlux, which manufactures professional lighting systems for industrial, commercial and controls markets. The business acquired through acquisition of Lumen Intelligence Holding GmbH in September 2022 is included in this segment in accordance with the Group's internal reporting. The businesses in the Netherlands, Lightronics and Famostar, are material subsidiaries and disclosed separately as Netherlands companies. The businesses in the Zemper Group are also material and disclosed separately as the Zemper Group.

The seven remaining operating segments have been aggregated into the "other companies" reportable segment based upon their size, comprising the entities Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting L.L.C., Thorlux Australasia Pty Limited and Thorlux Lighting GmbH.

FW Thorpe's chief operating decision-maker (CODM) is the Group Board. The Group Board reviews the Group's internal reporting in order to monitor and assess performance of the operating segments for the purpose of making decisions about resources to be allocated. Performance is evaluated based on a combination of revenue and operating profit. Assets and liabilities have not been segmented, which is consistent with the Group's internal reporting.

	Thorlux £'000	Netherlands companies £'000	Zemper Group £'000	Other companies £'000	Inter- segment adjustments £'000	Total continuing operations £'000
<b>Year to 30 June 2023</b>						
Revenue to external customers	101,859	36,226	19,328	19,336	-	176,749
Revenue to other group companies	3,601	417	-	4,667	(8,685)	-
<b>Total revenue</b>	<b>105,460</b>	<b>36,643</b>	<b>19,328</b>	<b>24,003</b>	<b>(8,685)</b>	<b>176,749</b>
EBITDA	21,458	7,952	4,205	2,392	588	36,595
Depreciation and amortisation	4,212	983	2,307	1,261	-	8,763
Operating profit before acquisition adjustments	18,062	7,187	2,801	1,131	588	29,769
<b>Operating profit</b>	<b>17,246</b>	<b>6,969</b>	<b>1,898</b>	<b>1,131</b>	<b>588</b>	<b>27,832</b>
Net finance expense						(378)
Share of loss of joint ventures						(520)
Profit before income tax						26,934

Included in the Thorlux segment are additional revenues from SchahLED of £16.9m and operating profits of £1.4m. Acquisition adjustments includes amortisation of intangible assets.

<b>Year to 30 June 2022</b>						
Revenue to external customers	78,912	34,676	14,152	15,975	-	143,715
Revenue to other group companies	5,171	377	-	5,794	(11,342)	-
<b>Total revenue</b>	<b>84,083</b>	<b>35,053</b>	<b>14,152</b>	<b>21,769</b>	<b>(11,342)</b>	<b>143,715</b>
EBITDA	16,887	8,514	3,107	2,692	506	31,706
Depreciation and amortisation	3,378	1,043	1,525	1,045	-	6,991
Operating profit before acquisition adjustments	13,509	7,846	2,242	1,647	506	25,750
<b>Operating profit</b>	<b>13,509</b>	<b>7,471</b>	<b>1,582</b>	<b>1,647</b>	<b>506</b>	<b>24,715</b>
Net finance expense						(840)
Share of profit of joint ventures						228
Profit before income tax						24,103

Inter segment adjustments to operating profit consist of property rentals on premises owned by FW Thorpe Plc, adjustments to profit related to stocks held within the Group that were supplied by another segment and elimination of profit on transfer of assets between Group companies.

### (b) Geographical analysis

The Group's business segments operate in five main areas, the UK, the Netherlands, Germany, the rest of Europe and the rest of the World. The home country of the Company, which is also the main operating company, is the UK.

	2023 £'000	2022 £'000
		(Restated)*
UK	88,847	88,240

UK	89,917	85,242
Netherlands	31,845	30,323
Germany	21,548	8,205
Rest of Europe	30,039	19,139
Rest of the World	3,400	2,806
	<b>176,749</b>	<b>143,715</b>

\* Figures are restated as a result of inclusion of Germany as separate geographical segment in the current year.

### 3 Income Tax Expense

Analysis of income tax expense in the year:

	2023 £'000	2022 £'000
<b>Current tax</b>		
Current tax on profits for the year	5,515	4,717
Adjustments in respect of prior years	(313)	(279)
<b>Total current tax</b>	<b>5,202</b>	<b>4,438</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(202)	(408)
<b>Total deferred tax</b>	<b>(202)</b>	<b>(408)</b>
<b>Income tax expense</b>	<b>5,000</b>	<b>4,030</b>

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before income tax	26,934	24,103
Profit on ordinary activities multiplied by the standard rate in the UK of 20.5% (2022: 19.0%)	5,521	4,580
Effects of:		
Expenses not deductible for tax purposes	1,150	329
Accelerated tax allowances and other timing differences	(145)	(348)
Adjustments in respect of prior years	(313)	(279)
Patent box relief	(1,718)	(812)
Foreign profit taxed at higher rate	505	560
<b>Tax charge</b>	<b>5,000</b>	<b>4,030</b>

The effective tax rate was 18.56% (2022: 16.72%). Adjustments in respect of prior years relate to refunds received for prudent assumptions on additional investment allowances and patent box relief in the tax calculations.

The UK corporation tax rate increased from 19% to 25% from 1 April 2023, which was substantively enacted in May 2021 and an average standard rate of 20.50% is applicable to the Company during the current year. Deferred tax assets and liabilities have been calculated based on a rate at which they are expected to crystallise.

### 4 Dividends

Dividends paid during the year are outlined in the tables below:

<b>Dividends paid (pence per share)</b>	2023	2022
Final dividend	4.61	4.31
Special dividend (final)	-	2.20
Interim dividend	1.62	1.54
Special dividend (interim)	-	2.27
<b>Total</b>	<b>6.23</b>	<b>10.32</b>

A final dividend in respect of the year ended 30 June 2023 of 4.84p per share, amounting to £5,674,000 (2022: £5,403,000) is to be proposed at the Annual General Meeting on 16 November 2023 and, if approved, will be paid on 24 November 2023 to shareholders on the register on 27 October 2023. The ex-dividend date is 26 October 2023. These financial statements do not reflect this dividend payable.

<b>Dividends proposed (pence per share)</b>	2023	2022
Final dividend	4.84	4.61

<b>Dividends paid</b>	2023 £'000	2022 £'000
Final dividend	5,403	5,043
Special dividend (final)	-	2,574
Interim dividend	1,898	1,803
Special dividend (interim)	-	2,659
<b>Total</b>	<b>7,301</b>	<b>12,079</b>

<b>Dividends proposed</b>	2023 £'000	2022 £'000
Final dividend	5,674	5,403

### 5 Property, Plant and Equipment



\* Acquisition of subsidiaries are the assets acquired from the purchase of the Lumen companies with a fair value of £146,000.

\* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies with a fair value of £4,003,000

\* Acquisition of subsidiaries are the assets acquired from the purchase of the Lumen companies with a fair value of £7,151,000, excluding goodwill.

Write-offs relate to development assets where no further economic benefits will be obtained.

[illegible]

<b>Cost</b>									
At 1 July 2021	14,431	7,871	2,846	1,257	-	2,811	150	182	29,548
Acquisition of subsidiaries*	18,320	6,346	45	2,588	9,468	266	6	-	37,039
Additions	-	2,096	-	-	-	267	3	-	2,366
Currency translation	27	7	4	-	(8)	-	-	-	30
<b>At 30 June 2022</b>	<b>32,778</b>	<b>16,320</b>	<b>2,895</b>	<b>3,845</b>	<b>9,460</b>	<b>3,344</b>	<b>159</b>	<b>182</b>	<b>68,983</b>
<b>Accumulated amortisation</b>									
At 1 July 2021	241	4,415	2,179	1,006	-	1,852	150	-	9,843
Acquisition of subsidiaries*	-	3,770	-	-	-	250	6	-	4,026
Charge for the year	-	1,820	308	262	465	358	-	-	3,213
Currency translation	11	4	8	5	8	-	-	-	36
<b>At 30 June 2022</b>	<b>252</b>	<b>10,009</b>	<b>2,495</b>	<b>1,273</b>	<b>473</b>	<b>2,460</b>	<b>156</b>	<b>-</b>	<b>17,118</b>
<b>Net book amount</b>									
<b>At 30 June 2022</b>	<b>32,526</b>	<b>6,311</b>	<b>400</b>	<b>2,572</b>	<b>8,987</b>	<b>884</b>	<b>3</b>	<b>182</b>	<b>51,865</b>

\* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies with a fair value of £14,693,000, excluding goodwill.

## 7 Short-Term Financial Assets

	2023 £'000	2022 £'000
Beginning of year	5,079	23,603
Net withdrawals	(5,075)	(18,524)
	4	5,079

The short-term financial assets consist of term cash deposits with an original term in excess of three months.

## 8 Earnings Per Share

### Basic and diluted earnings per share for profit attributable to equity holders of the Company

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Basic	2023	2022
Weighted average number of ordinary shares in issue	117,199,805	116,953,866
Profit attributable to equity holders of the Company (£'000)	21,934	20,073
Basic earnings per share (pence per share) total	18.72	17.16

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, plus the number of shares earned for share options where performance conditions have been achieved.

Diluted	2023	2022
Weighted average number of ordinary shares in issue (diluted)	117,294,937	117,209,308
Profit attributable to equity holders of the Company (£'000)	21,934	20,073
Diluted earnings per share (pence per share) total	18.70	17.13

## 9 Cash Generated from Operations

	2023 £'000	2022 £'000
Profit before income tax	26,934	24,103
Depreciation charge	4,289	3,759
Depreciation of investment property	20	19
Amortisation of intangibles	4,454	3,213
Profit on disposal of property, plant and equipment	(192)	(197)
Net finance expense	378	855
Retirement benefit contributions less current and past service charge	54	(190)
Share of joint venture loss/(profit)	520	(228)
Research and development expenditure credit	(382)	(306)
Effects of exchange rate movements	952	(520)
Changes in working capital		
- Decrease/(increase) in inventories	3,117	(8,986)
- (Increase)/decrease in trade and other receivables	(98)	(603)
- (Decrease)/increase in payables and provisions	(3,830)	3,870
<b>Cash generated from operations</b>	<b>36,216</b>	<b>24,789</b>

## 10 Business Combination

On 23 September 2022, the Group acquired 80% of the share capital and hence control of Lumen Intelligence Holding

GmbH, a company that holds 100% equity interest in SchahLED Lighting GmbH, a turnkey provider of intelligent energy saving lighting products for the industrial and logistics sectors. The company was acquired for an initial consideration of €14.6m (£12.9m). There is a fixed commitment to acquire the remaining shares, based on current best estimates, a further €7.5m (£6.6m) could be payable, which is subject to future performance conditions. Amounts recognised in respect of this acquisition are shown below:

	€'000	£'000
Intangible assets	8,124	7,151
Property, plant & equipment	57	50
Right of use assets	109	96
Deferred tax assets	150	132
Inventories	4,450	3,917
Trade and other receivables	3,856	3,394
Cash	324	286
Trade and other payables	(4,466)	(3,931)
Financial liabilities	(2,563)	(2,256)
Lease liabilities	(549)	(483)
Current income tax liabilities	(729)	(642)
Provisions for liabilities and charges	(800)	(704)
Deferred tax Liabilities	(2,428)	(2,137)
<b>Total identifiable assets</b>	<b>5,535</b>	<b>4,873</b>
Goodwill	16,616	14,624
<b>Total purchase consideration</b>	<b>22,151</b>	<b>19,497</b>

**Total purchase consideration satisfied by:**

Cash	14,643	12,888
Redemption liability	5,185	4,563
Contingent consideration	2,323	2,046
<b>Total consideration</b>	<b>22,151</b>	<b>19,497</b>

**Net cash flow arising acquisition of subsidiaries**

Cash consideration	14,643	12,888
Less cash in subsidiaries acquired	(324)	(286)
<b>Cash outflow on acquisition of subsidiaries</b>	<b>14,319</b>	<b>12,602</b>

On acquisition, a valuation exercise on the assets and liabilities of Lumen Intelligence Holding GmbH has been performed; the book value of all assets and liabilities except for warranties are considered to represent fair value. For provision for warranties, additional provision of €500,000 (£440,000) was applied to reflect the longer term nature of these commitments.

Fair value of intangible assets was assessed and determined on the basis of brand name and customer relationships acquired. Brand name elements was determined using an industry typical royalty rate over a ten years period and customer relationships was determined using an industry typical royalty rate over a six years period, all discounted to the present day.

The goodwill relates to the ongoing level of profitability of the business model, opportunity to sell existing Group and third party products into the German market and potential sourcing benefits for Group companies.

The acquisition of Lumen Intelligence Holding GmbH has been accounted for as if the Group acquired 100% of its share capital as the Group has a commitment and obligation to acquire the remaining outstanding shares in Lumen Intelligence Holding GmbH. Therefore, any post-acquisition profits attributable to non-controlling interests are treated as finance expense of the Group.

For the nine months to 30 June 2023 the Lumen companies contributed €19.3m (£16.9m) to Group revenue and €1.2m (£1.0m) to Group profit before tax for the current financial year.

If the acquisition had occurred on 1 July 2022 the consolidated pro-forma revenue and profit before tax for the year ended 30 June 2023 would have been €23.9m (£20.8m) and €1.3m (£1.1m) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in accounting policies between the Group and the subsidiary; and
- the additional depreciation and amortisation that would have been charged, assuming that the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2022, together with the consequential tax benefits.

## 11 Events after the Statement of Financial Position date

On 17 July 2023, the Group completed its commitment to purchase a piece of land in Wales for a consideration of £2.0m. The land will be used to plant trees as part of the Group's effort to reduce its carbon emission footprint.

On 3 October 2023, the Group paid the third tranche of payments for the acquisition of Electrozemper S.A. totalling €5.0m (£4.3m).

## 12 Cautionary statement

Sections of this report contain forward looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates. By their nature, forward looking statements involve a number of risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward looking statements. No assurance can be given that the forward-looking statements in this preliminary announcement will

statements. No assurance can be given that the forward looking statements in this preliminary announcement will be realised. Statements about the Chairman's expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change, and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Company's control. Actual results could differ materially from the Company's current expectations. It is believed that the expectations set out in these forward looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially, including but not limited to, changes in risks associated with the Company's growth strategy, fluctuations in product pricing and changes in exchange and interest rates.

### **13 Annual report and accounts**

The annual report and accounts will be sent to shareholders on 16 October 2023 and will be available, along with this announcement, on the Group's website ([www.fwthorpe.co.uk](http://www.fwthorpe.co.uk)) from 16 October 2023. The Group will hold its AGM on 16 November 2023.

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