

LUCECO PLC – 2024 INTERIM RESULTS

Strong first half revenue increase and 17% operating profit growth
Full year expectations unchanged

Luceco plc, the supplier of wiring accessories, EV chargers, LED lighting, and portable power products, today announces its unaudited results for the six months ended 30 June 2024 (“H1 2024” or “the period”).

H1 2024 Summary results

Six months ended 30 June 2024 (£m unless otherwise stated)	H1 2024	H1 2023	Change
Revenue	109.6	101.1	+8.4%
Adjusted Results¹			
Adjusted operating profit	12.6	10.8	+16.7%
Adjusted profit before tax	11.2	9.4	+19.1%
Adjusted profit after tax	8.8	7.7	+14.3%
Adjusted basic earnings per share	5.7p	5.0p	+14.0%
Statutory Results			
Operating profit ²	10.1	7.4	+36.5%
Profit before tax	8.7	6.2	+40.3%
Profit after tax	6.9	5.3	+30.2%
Basic earnings per share	4.5p	3.4p	+32.4%
Metrics			
Adjusted ¹ Operating margin %	11.5%	10.7%	+0.8ppts
Bank Net Debt	39.4	37.6	+4.8%
Bank Net Debt : EBITDA ³	1.1x	1.3x	(15.4%)
Adjusted ¹ Free cash flow	(1.7)	(8.0)	+£6.3m
Dividend per share	1.7p	1.6p	+6.3%

1. The definitions of the adjustments made and reconciliations to the reported figures can be found in note 1 of the condensed consolidated financial statements

2. Re-presented for H1 2023 – see note 1 of the condensed financial statements

3. Includes pro-forma adjustment for EBITDA of acquired businesses, as shown in note 1 of the condensed consolidated financial statements

Performance highlights

- The Group has performed strongly in the first half of the year:
 - Revenue: £109.6m up 8.4% over the prior year driven by organic and acquisition-led growth
 - Adjusted Operating Profit up 16.7% to £12.6m (H1 2023: £10.8m) reflecting an improvement in operating margin which increased 80 basis points over the prior year to 11.5%
 - Adjusted EPS: 5.7p (H1 2023: 5.0p) up 14.0% over the prior year
 - Bank Net Debt increased marginally year-on-year reflecting the acquisition of D-Line. Bank Net Debt : EBITDA ratio reduced to 1.1x (H1 2023: 1.3x) and remains at the lower end of our stated target range of 1-2x
- Strong performance despite challenging market conditions:
 - The Group grew market share delivering 3.6% organic growth in the first half of the year, an encouraging result, with UK residential property transactions below the historical average and the overall market in 2024 expected to decline c.3%
 - The Group has been encouraged by sales growth of nearly 10% in its Residential RMI related divisions which make up circa two thirds of Group sales, assisted by product range extensions with key customers. This more than compensated for the 13% reduction in infrastructure revenue, which is circa 15% of Group sales and can be dependent on individual project timings

Outlook

- The Group continues to perform in line with full year expectations*
- With UK interest rates easing we are hopeful that confidence in our sectors of the economy will begin to return, providing reasons to be more optimistic for 2025 and beyond
- Our Residential EV Charging business is growing strongly and we are excited by the imminent launch of EV Chargers for Commercial Premises, as well as a Home Energy Management System for integrating Residential Batteries, EV Chargers, PV Solar Systems and Heating Controls
- The cost of container shipping remains high but has begun to ease recently
- We continue to explore M&A opportunities, in line with our capital allocation policy

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

“These are strong results despite a challenging market backdrop. The Group’s diverse portfolio and channels have ensured that we continue to grow and achieve a good financial performance, with adjusted operating profit up 17% in H1 2024. We are successfully integrating D-Line, which we acquired in February 2024 and we expect it to add circa £15m of sales in 2024. The balance sheet remains strong with debt levels at the lower end of our target range, giving us flexibility to continue to invest in new organic and M&A opportunities in line with our capital allocation policy.”

** consensus at 9 September 2024, full year 2024 Adjusted Operating Profit £26.1m (Analyst Range £25.5m – £26.5m)*

Results information

A meeting for analysts will be held at 9:30am BST today, Tuesday 10 September 2024 at the offices of Deutsche Numis, 45 Gresham Street, London EC2V 7BF. To register to attend please email luceco@mhpgroup.com. To register to watch a live webcast of the meeting, please follow this link:

<https://stream.brrmedia.co.uk/broadcast/66b3897c9680466ed9656921>

Luceco plc

Contact

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

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

Note to Editors

Luceco plc - Bringing Power To Life

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

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

Forward-looking statements

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

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

Use of alternative performance measures

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

Chief Executive's review

Performance highlights

During the first half of 2024, we achieved revenue of £109.6m (H1 2023: £101.1m) and Adjusted Operating Profit of £12.6m (H1 2023: £10.8m), which is slightly ahead of the performance reported in our July trading update. We continue to outperform a softer market, growing revenue by 3.6% on a like-for-like basis.

Our lean operating model has enabled us to grow our operating margin, as material costs eased, albeit these have been partially offset by increasing wage and shipping costs.

Macroeconomic factors

Like most businesses, we continue to experience the effects of changes in macroeconomic and geopolitical influences.

Following the global supply and demand imbalances during the pandemic, we entered 2024 with easing material cost inflation. So far, this has helped to mitigate the impact of elevated sea freight prices and continuing wage inflation, though the latter has been at more modest levels than we experienced in the prior year and shipping costs have eased. Furthermore, following the conclusion of the previously reported temporary period of post-pandemic destocking, our customers returned to more normalised purchasing patterns.

Overall, these factors have resulted in our gross margin returning to through-the-cycle levels in the first half of 2024, and demand from key customers now more closely reflects end market conditions with consumers.

More recently, in quarter two of 2024, we have noted the price of copper becoming more volatile and freight costs increasing, linked to the events in the Red Sea and other geopolitical influences which we continue to monitor closely. We have hedging arrangements in place that offer short-term protection for copper prices and will continue to work with our customers to ensure our products are priced appropriately.

Underlying demand

Our like-for-like revenue growth of 3.6% in the first half of 2024 is put into context when we compare ourselves to the wider construction market, with data from the Construction Products Association ("CPA") indicating that output of our addressable markets is forecast to reduce c.3% in 2024. While this is less of a decline than reported in 2023 it still represents a significant headwind.

Despite these headwinds, it is encouraging that we have seen resilient demand in both residential professional and residential DIY markets, supported by our innovative product portfolio and our enviable sales channel access.

Although key industry metrics remain weak, the fundamental growth drivers supporting our industry and business remain in place. The drive towards net zero, ongoing regulatory change, new technology and an underlying need to invest in UK housing stock means we can be confident that our markets will deliver healthy and stable growth over the medium and long term.

The steps the business has taken in recent years leave us well positioned to continue to outperform whatever market conditions we face.

Strategic highlights

I am pleased with the work we have done to further progress our strategic priorities to Innovate, Grow and Sustain, which is enabling us to deliver on our purpose to help people harness power in everyday life and create value for our stakeholders.

Innovate

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

In 2024 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.

Within our professional LED lighting range, we have enhanced our portfolio of lighting solutions through the release of Climate Essence and Luxpack Essence ranges. These new products are designed to be both sustainable and adaptable, offering efficient and durable lighting solutions which support power and colour customisation, enhancing their versatility. They are designed to emphasise easy installation and maintenance, ensuring hassle-free upgrades and long-term reliability for industrial facilities.

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 brand and our new USB-C wall chargers sold under the Masterplug brand.

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.

Through years of experience, our strong sales teams are adept at using the innovative products we create to extend our market reach with £7m of sales in H1 2024 generated from products developed in the last three years.

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 charger sold under the Masterplug brand. This product extends our reach by utilising our existing strong customer relationships and leveraging our strong Masterplug brand.

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.

In February 2024, we were delighted to complete the acquisition of D-Line (Europe) Limited (“D-Line”). 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. It employs approximately 60 people and supplies retail, wholesale and eCommerce customers mainly in the UK, Europe and North America. The business supports its customers in North America from a sales and distribution facility in Kentucky, USA.

For the unaudited 12-month period ended 30 November 2023 D-Line generated revenue of £17.0m and underlying operating profit of £1.4m. Gross assets at the end of the period were £8.1m. The acquisition remains on track to be earnings enhancing and to deliver an operating margin consistent with that of the wider Group in its first full year of ownership.

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.

A further year of cash generation, driven by organic growth in addition to synergy delivery from previous acquisitions, means we end the half year with Bank Net Debt of £39.4m. With the right foundations we continue to explore M&A opportunities that have a strong strategic fit and the potential to deliver future growth.

Sustain

Our sustain strategy is focused on taking action to contribute to society’s sustainability goals as well as investing in our people and our industry. Taking these actions now will ensure we sustain our competitive advantage into the future. 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 Science Based Targets initiative (“SBTi”) validated targets of reducing operational emissions by 46.2% and reducing value chain emissions by 27.5% by 2031.

Together with these 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 in generating low carbon sales and helping our customers to make sustainable choices, we are mindful that consumer uptake of electric vehicles has been somewhat delayed when compared to 2021 market forecasts. As such, we will keep this target under review to ensure we set ourselves challenging but achievable objectives which align with the activity of the wider market.

We continue to invest in the next generation of contractors and are proud to sponsor both the prestigious eFIXX 30 under 30 awards and highly acclaimed SPARKS Learner of the Year. Both awards are aimed at recognising talented, young electricians in the UK, who are vital for the future of the industry.

We invest in our business model to sustain and accelerate future growth and in 2024 we are taking further steps to generate production and procurement cost savings from our facility in China. I am pleased with the progress we have made to extend and automate our production of EV chargers and DW Windsor products, which provide us with a great platform from which to scale as we move forwards.

Our attractive markets

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

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

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

Outlook

The Group's diverse portfolio and channels have ensured that we continue to grow both revenues and profits. Our successful integration of D-Line, which we acquired in February 2024 is progressing well and we expect it to add circa £15m of sales in 2024. The balance sheet remains strong with debt levels towards the lower end of our target range, giving us flexibility to continue to invest in new organic and M&A opportunities in line with our capital allocation policy.

With UK interest rates easing we are hopeful that confidence in our sectors of the economy will begin to return, providing reasons to be more optimistic for 2025 and beyond. The Group's trading remains in line with expectations for the year ending December 2024.

JOHN HORNBY
Chief Executive Officer

9 September 2024

Chief Financial Officer's review

Summary of reported results

Summary results (£m)	H1 2024	H1 2023
Revenue	109.6	101.1
Operating profit	10.1	7.4
Profit before tax	8.7	6.2
Taxation	(1.8)	(0.9)
Profit for the period	6.9	5.3

Operating profit of £10.1m was ahead of the prior year by 36.5% - a strong result despite the macroeconomic backdrop. Improvements in gross margin continue as cost pressures ease ensuring that margins are moving towards through-the-cycle levels. For H1 2023, we have re-presented the results to show the impact of currency hedging aligned with the associated cost of sales. This has the effect of changing gross profit and operating profit, however, revenue, profit before tax, profit after tax and earnings per share all remain unchanged.

Adjusting items

Certain alternative performance measures ("APMs") have been included within this report. These APMs are used by the Board to monitor and manage the performance of the Group, in order to ensure that decisions taken align with the Group's long-term interests. A table summarising the reconciliation of adjusted measures to statutory measures is included in note 1 of the consolidated financial statements. Adjusting items are those which we consider unusual by virtue of their size or incidence and therefore not representative of our underlying trading performance. We have identified £2.5m of such items within our reported operating profit for 2024 (H1 2023: £1.0m). They consist of:

- Amortisation of acquired intangibles: £1.0m (H1 2023: £1.0m)
- Acquisition related costs: £1.5m (H1 2023: nil)
- Fair value movements of hedging portfolio: nil (H1 2023: £2.4m charge)

Adjusted Operating Profit for the period, excluding the items above, was therefore £12.6m (H1 2023: £10.8m).

Income statement

Revenue

Revenue of £109.6m was £8.5m (8.4%) higher than H1 2023 with the main movements summarised below:

Revenue bridge:	Bridge from H1 2023		Bridge from H1 2022	
	£m	Change %	£m	%
2023/22	101.1		106.4	
Acquisitions/closures	5.9		(1.3)	
Like-for-like increase/(decrease) ¹	3.6	3.6%	(6.2)	(5.8%)
Constant Currency²	110.6		98.9	
Currency movements	(1.0)		2.2	
2024/23	109.6	8.4%	101.1	(5.0%)

1. Like-for-like revenue increase excludes the impact of currency movements and acquisitions, see note 11 of the condensed consolidated financial statements
2. 2024 revenue translated at 2023 exchange rates and 2023 revenue translated at 2022 exchange rates

Total revenue increased by 8.4% which included the acquisition of D-Line in February 2024. Like-for-like revenue increased by 3.6% against a backdrop of challenging economic conditions with the UK economy struggling to demonstrate real growth in the first half of the year.

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:	H1 2024 £m	H1 2024 % of total	Change v H1 2023 %
Retail	25.3	24.1%	21.1%
Hybrid	25.0	23.9%	2.9%
Professional Wholesale	27.7	26.5%	3.0%
Professional Projects	26.7	25.5%	(7.9%)
Like-for-like revenue	104.7	100.0%	3.6%
Currency impact	(1.0)		
Acquisitions	5.9		
TOTAL	109.6		8.4%

The Group achieved growth in all sales channels with the exception of Professional Projects in the first half of the year. The Retail channel grew by over 21% in the period largely as a result of portable power growth as activity returned to more normalised levels following more variable revenue after COVID. The Hybrid channel grew modestly in the period, with just less than 3% growth, with strong growth coming from wiring accessories products – a key growth driver for the Group.

The Professional Wholesale channel grew by 3% in the period again largely helped by wiring accessories product growth which is encouraging for future expectations. The Professional Projects channel reduced by around 8% in the period as a result of a reduction in LED product sales, largely due to infrastructure related market pressures.

Revenue by geographical location of customer:	H1 2024 £m	H1 2023 £m	Change v H1 2023 %
UK	86.8	86.5	0.3%
Europe	9.5	6.3	50.8%
Middle East and Africa	4.8	3.8	26.3%
Asia Pacific	1.7	1.2	41.7%
Americas	6.8	3.3	106.1%
Total revenue	109.6	101.1	8.4%

The change in revenue by geography has a number of characteristics by location of the customer.

Within the UK, professional residential and non-residential demand has been flat hence a very minor change in revenue from this geographic location.

With the acquisition of D-Line in the period, this has boosted our sales representation in both Europe and the Americas during the period – with overall sales growth increasing by 50.8% and 106.1% in Europe and the Americas respectively.

Moderate growth was achieved in the Middle East and Africa and Asia Pacific in the period, up £1.5m over the prior year.

Profitability

Adjusted Operating Profit of £12.6m for H1 2024 was £1.8m higher than H1 2023. The key drivers were as follows:

Adjusted Operating profit	Bridge from H1 2023 £m	Bridge from H1 2022 £m
2023/22	10.8	11.5
Acquisitions/closures	0.5	0.2
Organic increase/(decrease) ¹	1.3	(0.9)
2024/23	12.6	10.8

1. Organic movements exclude the impact of acquisitions

The organic operating profit increase includes the cost of targeted investments in some key areas of the Group's capabilities designed to generate future value, including marketing, EV charger and the lighting teams. Overhead wage inflation has been somewhat less pronounced than that experienced coming into 2023, overall Adjusted operating profit

on an organic basis increased by £1.3m. As previously outlined, the Group has strong operational leverage, so with future growth we expect operating margin to make further progress in the future.

Looking forward, we continue to drive efficiency improvements within our manufacturing facility which will serve to benefit 2025 and beyond.

Operating costs

Adjusted operating costs increased by £3.3m to £32.3m (11.4%), some of this increase was the impact of the acquisition of D-line which had operating costs of £1.4m from the acquisition date in February 2024 to the end of June 2024. Excluding D-line operating costs increased by £1.9m, with £1.5m being labour and associated cost increases.

Net finance expense

The Adjusted Net Finance Expense remained flat year-on-year at £1.4m in the first half. This has been aided by the fact that we have mitigated the interest risk by swaps which fixed the interest rate applicable to approximately 70% of our borrowings on a rolling three-year basis with 30% of our borrowings remaining at floating interest rates.

Taxation

We currently expect a Group adjusted effective tax rate of a little over c.21% for the year ending 31 December 2024, the increase reflects the higher UK tax rate.

Adjusted Free Cash Flow

Adjusted¹ Free Cash Flow (£m)	Adjusted¹ H1 2024	Adjusted¹ H1 2023
Operating profit	12.6	10.8
Depreciation and amortisation	3.6	3.8
EBITDA	16.2	14.6
Changes in working capital	(11.8)	(17.7)
Other items	0.7	0.6
Operating Cash flow	5.1	(2.5)
Operating cash conversion ²	40.5%	(23.1%)
Net capital expenditure	(2.8)	(2.4)
Interest paid	(1.3)	(1.3)
Tax paid	(2.7)	(1.8)
Free Cash Flow	(1.7)	(8.0)
Free Cash Flow as % revenue	(1.6%)	(7.9%)

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

2. Adjusted Operating Cash Conversion is defined as Adjusted Operating Cash Flow divided by Adjusted Operating Profit

Adjusted operating cashflow was strong in the first half of the year with an inflow of £5.1m versus an outflow of £2.5m in the prior year. Typically our cash generation is stronger in the second half of the year.

Capital expenditure

The Group's net capital expenditure consists of capitalised product development costs and the purchase of physical assets. Capital expenditure was £2.8m in the first half in line with the prior year (H1 2023: £2.4m) and was 2.6% of revenue (H1 2023: 2.4%). We continue to see opportunities to invest in low risk, high return automation projects in our Chinese production facility and continue to invest in R&D projects, particularly in relation to acquired businesses.

Capital structure and returns

Return on capital

Return on Capital Invested was higher than prior year at 19.6% (H1 2023: 15.7%). We expect average Return on Capital Invested through the economic cycle to be 20% or higher as recent acquisitions are fully integrated into the Group.

Capital structure

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

£m	H1 2024	H1 2023	Change
Reported net debt	£45.7m	£42.8m	6.8%
Less: IFRS 16 Finance Leases	(£7.0m)	(£5.8m)	20.6%
Finance Leases – pre-IFRS 16	£0.7m	£0.6m	16.7%
Bank Net Debt	£39.4m	£37.6m	4.8%
Bank Net Debt : EBITDA	1.1x	1.3x	(15.4%)

The Group's Bank Net Debt : EBITDA ratio of 1.1x remains at the lower end of the 1–2x target – an impressive performance with the £8.6m acquisition of D-Line within the period. The Group's non-utilised facilities totalled £36.6m, with an option (subject to lender consent) to add up to a further £40.0m under the terms of its syndicated bank facility signed in October 2021. The facility matures in September 2026. The Group is therefore in a position both to invest organically and execute its M&A strategy.

The Company's bank ratio position and headroom at 30 June 2024 were as follows:

H1 2024 Bank position	Covenant	Actual	Headroom
Bank Net Debt : EBITDA	3.0 : 1	1.1 : 1	Bank Net Debt headroom: £64.8m ¹ Bank EBITDA headroom: £21.6m
Bank EBITDA : Adjusted Net Finance Expense	4.0 : 1	24.8 : 1	Bank EBITDA headroom: £29.1m Net Finance Expense headroom: £7.3m

1. Headroom with increased facility. Current facility headroom is £39.9m.

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

	H1 2024	H1 2023
Adjusted ¹ Earnings Per Share (pence)	5.7	5.0
Bank Net Debt : EBITDA (times)	1.1x	1.3x
Adjusted ¹ Free Cash Flow (£m)	(1.7)	(8.0)

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

The Group complied with its bank requirements throughout the first half with significant headroom on all metrics. The Group has conducted a going concern review for the first half of 2024 and this is outlined in note 1 of the condensed consolidated financial statements. The Group has a strong balance sheet and significant facility headroom under even a realistic severe but plausible downside scenario. No bank 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 will pay an interim dividend of 1.7p per share, up 6.3% over the prior year. This will be paid to shareholders on 25 October 2024 who are on the register on 20 September 2024 and the last day for dividend reinvestment ("DRIP") elections is 4 October 2024. This equates to one third of the annual payout ratio of 40%.

Operating segment review

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

Wiring Accessories

	Adjusted ¹			Reported		
	H1 2024	H1 2023	Change	H1 2024	H1 2023	Change
Revenue	£48.9m	£41.1m	+19.0%	£48.9m	£41.1m	+19.0%
Operating profit	£9.4m	£7.1m	+32.4%	£7.8m	£6.1m	+27.9%
Operating margin %	19.2%	17.3%	+1.9ppts	16.0%	14.8%	(1.2ppts)

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

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

Sales from the Wiring Accessories segment were £48.9m which was a significant improvement of 19.0% over the prior period, in part due to the acquisition of D-Line which contributed £5.8m. Strong sales from the Hybrid channel helped deliver this result particularly from electrical switches particularly from the UK. Wiring Accessories contribution has returned to more normalised levels as destocking has been completed and material costs have eased.

LED Lighting

	Adjusted ¹			Reported		
	H1 2024	H1 2023	Change	H1 2024	H1 2023	Change
Revenue	£36.3m	£37.8m	(4.0%)	£36.3m	£37.8m	(4.0%)
Operating profit	£0.7m	£1.9m	(63.2%)	nil	£0.2m	(100.0%)
Operating margin %	1.9%	5.0%	(3.1ppts)	nil%	0.5%	(0.5ppts)

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

The Group entered the lighting market in 2013 as the industry adopted LED technology which represents about 33% of Group revenue.

Revenue from the LED Lighting segment was £1.5m (4.0%) lower than 2023. Demand has been particularly strong in the professional projects space in the period, as demand for energy-saving retrofits grows, however, this was offset with a reduction in growth within the infrastructure markets. Adjusted Operating Profit of £0.7m was behind the prior year by £1.2m largely driven by the decline in the infrastructure space which we expect to be temporary.

Portable Power

	Adjusted ¹			Reported		
	H1 2024	H1 2023	Change	H1 2024	H1 2023	Change
Revenue	£24.4m	£22.2m	+9.9%	£24.4m	£22.2m	+9.9%
Operating profit	£2.5m	£1.8m	+38.9%	£2.3m	£1.1m	+109.1%
Operating margin %	10.2%	8.1%	2.1ppts	9.4%	5.0%	+4.4ppts

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

The Portable Power segment consists of two main elements:

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

The Group enjoys a leading position in the UK portable power market. This business segment generates 22% of Group revenue and 20% of Group Adjusted Operating Profit. Revenue in the period was 9.9% higher than the prior year due to final customer destocking particularly impacting cable reel product categories in the prior year. Adjusted operating margin was stronger than the prior year at 10.2% (H1 2023: 8.1%).

We are still encouraged by EV charger sales which were over £4.3m in the period, a pleasing increase over the prior year. 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

The directors have reviewed the current financial performance and liquidity of the business and assessed its resilience to a reduction in sales through a series of scenarios. The directors report that, having reviewed current performance and forecasts, they have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have continued to adopt the going concern basis in preparing the interim financial statements.

WILL HOY

Chief Financial Officer

9 September 2024

Environmental, Social and Governance (“ESG”) update

We continue to make progress on our ESG workstreams:

- We committed to the Science Based Targets Initiative (SBTi) and this was validated by the SBTi during the first half of the year. This means we have committed to reductions in carbon emissions over the near-term consistent with the Paris Agreement
- Achievement of an improved management-level score (“B”) attained in March 2024 from the Carbon Disclosure Project
- We have delivered significant progress against our low carbon product revenue target and continue to work towards £100m of such revenue
- We continue to improve our packaging specifications, particularly around plastic packaging.

Key achievements by area

Products and services

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

Supply Chain

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

Research and Development

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

Operations

- Sourced renewable electricity for all group operations for 2024 and 2023, bringing our scope 2 emissions to zero.
- Offsetting residual Scope 1 emissions for 2024 and 2023
- Investment into energy efficiency and automation projects within the China manufacturing facility
- Evaluation of our key locations (manufacturing and distribution centres) to better understand physical climate risk exposure to understand vulnerabilities across direct operations
- All plastic packaging is recyclable with a minimum 30% recycled content

Our ESG objectives for 2024 are as follows:

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

Principal risks and uncertainties

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

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

The principal risks identified, and actions taken to minimise their potential impact are detailed on pages 66 to 71 in the Annual Report and Accounts. 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 72 to 73 of the 2023 Annual Report and Accounts considers the prospects of the Group should a number of these risks crystallise together.

Statement of Directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted for use in the UK;
- the interim management report includes a fair, balanced and understandable review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by a Committee of the Board on 9 September 2024 and signed on its behalf.

JOHN HORNBY
Chief Executive Officer

WILL HOY
Chief Financial Officer

9 September 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2024

	Note	H1 2024 £m	H1 2023 ¹ £m
Revenue	2	109.6	101.1
Cost of sales		(64.7)	(63.7)
Gross profit		44.9	37.4
Distribution expenses		(4.7)	(4.3)
Administrative expenses		(30.1)	(25.7)
Operating profit	2,3	10.1	7.4
Finance expense		(1.4)	(1.2)
Net finance expense		(1.4)	(1.2)
Profit before tax		8.7	6.2
Taxation	4	(1.8)	(0.9)
Profit for the period		6.9	5.3
Earnings per share (p)			
Basic	5	4.5p	3.4p
Fully diluted	5	4.5p	3.4p

1. Re-presented in respect of H1 2023 is detailed in note 1

Adjusted¹ Results

	Note	H1 2024 £m	H1 2023 £m
Adjusted operating profit	1	12.6	10.8
Adjusted profit before tax	1	11.2	9.4
Adjusted profit after tax	1	8.8	7.7
Adjusted basic earnings per share	5	5.7p	5.0p
Adjusted diluted earnings per share	5	5.7p	4.9p

1. See note 1 for alternative performance measures

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2024

	H1 2024 £m	H1 2023 £m
Profit for the period	6.9	5.3
Other comprehensive income – amounts that may be reclassified to profit or loss in the future:		
Changes in the fair value of equity investments at fair value through other comprehensive income	(0.3)	-
Foreign exchange translation differences – foreign operations	(1.0)	(3.2)
Total comprehensive income for the year	5.6	2.1

All results are from continuing operations.

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2024

	Note	H1 2024 £m	H1 2023 £m	FY 2023 £m
Non-current assets				
Property, plant and equipment	7	20.4	19.7	20.0
Right-of-use assets		9.6	5.7	7.6
Intangible assets	8	44.0	40.5	40.1
Investment in equity instruments		2.3	-	2.3
Financial assets measured at fair value through profit or loss		-	0.8	0.4
Deferred tax asset		1.2	0.7	2.5
		77.5	67.4	72.9
Current assets				
Inventories		54.0	45.7	40.8
Trade and other receivables		63.4	63.7	55.7
Financial assets measured at fair value through profit or loss		0.3	0.8	0.3
Current tax asset		2.4	1.6	2.5
Cash and cash equivalents		4.7	3.2	4.6
		124.8	115.0	103.9
Total assets		202.3	182.4	176.8
Current liabilities				
Trade and other payables		53.5	42.9	47.9
Financial liabilities measured at fair value through profit or loss		1.2	4.8	1.5
Other financial liabilities		2.5	2.1	2.0
		57.2	49.8	51.4
Non-current liabilities				
Interest-bearing loans and borrowings	9	43.4	40.1	22.3
Other financial liabilities		4.5	3.8	3.1
Deferred tax liability		2.4	1.8	3.6
Financial liabilities measured at fair value through profit or loss		0.2	-	0.3
Provisions		4.1	2.1	2.3
		54.6	47.8	31.6
Total liabilities		111.8	97.6	83.0
Net assets		90.5	84.8	93.8
Equity attributable to equity holders of the parent				
Share capital		0.1	0.1	0.1
Share premium		24.8	24.8	24.8
Other reserves		(0.6)	(0.6)	0.7
Treasury reserve		(11.6)	(7.4)	(8.6)
Retained earnings		77.8	67.9	76.8
Total equity		90.5	84.8	93.8

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024

	Share capital	Share premium	Translation reserve	Financial assets at FVOCI	Retained earnings	Treasury reserve	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2023	0.1	24.8	2.6	-	67.9	(8.7)	86.7
Total comprehensive income							
Profit for the period	-	-	-	-	5.3	-	5.3
Currency revaluations of investments	-	-	(0.1)	-	-	-	(0.1)
Currency translation differences	-	-	(3.1)	-	-	-	(3.1)
Total comprehensive income for the period	-	-	(3.2)	-	5.3	-	2.1
Transactions with owners in their capacity as owners:							
Dividends	-	-	-	-	(4.7)	-	(4.7)
Disposal of own shares	-	-	-	-	(1.3)	1.3	-
Deferred tax on share-based payment transactions	-	-	-	-	0.1	-	0.1
Share-based payments charge	-	-	-	-	0.6	-	0.6
Total transactions with owners in their capacity as owners	-	-	-	-	(5.3)	1.3	(4.0)
Balance at 30 June 2023	0.1	24.8	(0.6)	-	67.9	(7.4)	84.8
Balance at 1 January 2024	0.1	24.8	0.1	0.6	76.8	(8.6)	93.8
Total comprehensive income							
Profit for the period	-	-	-	-	6.9	-	6.9
Investment revaluation	-	-	-	(0.3)	-	-	(0.3)
Currency revaluations of investments	-	-	(0.6)	-	-	-	(0.6)
Currency translation differences	-	-	(0.4)	-	-	-	(0.4)
Total comprehensive income for the period	-	-	(1.0)	(0.3)	6.9	-	5.6
Transactions with owners in their capacity as owners:							
Dividends	-	-	-	-	(4.9)	-	(4.9)
Purchase of own shares	-	-	-	-	-	(4.7)	(4.7)
Disposal of own shares	-	-	-	-	(1.7)	1.7	-
Deferred tax on share-based payment transactions	-	-	-	-	0.1	-	0.1
Share-based payments charge	-	-	-	-	0.6	-	0.6
Total transactions with owners in their capacity as owners	-	-	-	-	(5.9)	(3.0)	(8.9)
Balance at 30 June 2024	0.1	24.8	(0.9)	0.3	77.8	(11.6)	90.5

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2024

	Note	H1 2024 £m	H1 2023 ¹ £m
Cash flows from operating activities			
Profit for the period		6.9	5.3
Adjustments for:			
Depreciation and amortisation	7,8	4.6	4.8
Finance expense		1.4	1.2
Taxation	4	1.8	0.9
Share-based payments charge		0.6	0.6
Increase in provisions		0.1	-
Non-cash items		-	2.4
Operating cash flow before movement in working capital		15.4	15.2
(Increase) in trade and other receivables		(5.0)	(11.0)
(Increase)/decrease in inventories		(8.0)	0.8
Increase/(decrease) in trade and other payables		2.5	(7.5)
Cash from operations		4.9	(2.5)
Tax paid		(2.7)	(1.8)
Net cash from operating activities		2.2	(4.3)
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(1.6)	(1.9)
Acquisition of other intangible assets	8	(1.3)	(0.6)
Disposal of tangible assets	7	0.1	0.1
Acquisition of subsidiary		(7.8)	-
Investments		(0.3)	-
Net cash used in investing activities		(10.9)	(2.4)
Cash flows from financing activities			
Origination of borrowings		21.1	11.7
Interest paid		(1.3)	(1.3)
Dividends paid		(4.9)	(4.7)
Finance lease liabilities		(1.3)	(1.0)
Purchase of own shares		(4.7)	-
Net cash from financing activities		8.9	4.7
Net increase/(decrease) in cash and cash equivalents		0.2	(2.0)
Cash and cash equivalents at 1 January		4.6	5.3
Effect of exchange rate fluctuations on cash held		(0.1)	(0.1)
Cash and cash equivalents at 30 June		4.7	3.2

1. Re-presented in respect of H1 2023 is detailed in note 1

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2024

1. Basis of preparation

Luceco plc (the “Company”) is a company incorporated and domiciled in the United Kingdom. These condensed consolidated interim financial statements (“interim financial statements”) for the period ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the supply of wiring accessories, EV chargers, LED lighting and portable power products to global markets (see note 2).

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group for the year ending 31 December 2023 have been prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company’s published consolidated financial statements for the year ended 31 December 2023 which were prepared in accordance with UK-adopted international accounting standards (“UK-adopted IFRS”).

The interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The interim financial information has been reviewed, not audited.

Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group is described in the 2023 Annual Report and Accounts. Risk is an inherent part of doing business and the Directors believe that the Group is well placed to manage the key risks it faces.

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 £8.7m for the six months to June 2024 (H1 2023: £6.2m), has net current assets of £67.6m (30 June 2023: £65.2m and 31 December 2023: £52.5m) and net assets of £90.5m (30 June 2023: £84.8m and 31 December 2023: £93.8m), net debt of £45.7m (30 June 2023: £42.8m and 31 December 2023: £22.8m) and net cash inflow from operating activities of £2.2m (six months to 30 June 2023: outflow £4.3m and 12 months to 31 December 2023: inflow £29.0m). The bank facilities mature on 30 September 2026.

The capital resources at the Group’s disposal at 30 June 2024:

- A revolving credit facility of £80.0m, £43.4m drawn at 30 June 2024

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

- 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 at the 2023 year end and for the first half of 2024 have completed a reverse stress test which is implausible. The assumptions in the 2023 year end scenarios 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 bank ratio nor any breach in facility. All modelling has been conducted without any mitigation activity. There have been no changes to post balance sheet liquidity positions. The Directors are

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

Statutory and non-statutory measures of performance – adjusted measures

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

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

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

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
Adjusted Gross Profit Margin	Gross Profit Margin	Condensed consolidated income statement	Based on the related IFRS measure but excluding the	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	Condensed consolidated income statement	adjusting items. A breakdown of the	
Adjusted Operating Profit	Operating profit	Condensed consolidated income statement	adjusting items from H1 2024 and H1 2023, which reconciles	
Adjusted Basic EPS	Basic EPS	Condensed consolidated income statement	the adjusted measures to statutory figures, can be found later in this document	
Constant Currency			Current period reviewed translated at the average exchange rate of the prior period	Allows management to identify the relative year-on-year performance of the business by removing the impact of currency movements that are outside of management's control
EBITDA	Operating profit	Condensed consolidated income statement	Consolidated earnings before interest, tax, depreciation and amortisation	Provides management with an approximation of cash generation from the Group's operational activities
Low Carbon Sales	Revenue	Segmental operating revenue	EV charger revenue and LED revenue less sales from lighting columns and downlight accessories	Provides management with a measure of low carbon sales
Adjusted EBITDA	Operating profit	Condensed consolidated income statement	EBITDA excluding the adjusting items excluded from Adjusted	Provides management with an approximation of cash generation from the

Nature of measure	Related IFRS measure	Related IFRS source	Definition	Use/relevance
			Operating Profit except for any adjusting items that relate to depreciation and amortisation	Group's underlying operating activities
Bank EBITDA	Operating profit	Condensed 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	Condensed consolidated income statement	Contribution profit is after allocation of directly attributable adjusted operating expenses for each operating segment	Provides management with an assessment of profitability by operating segment
Contribution margin	Operating profit and operating costs	Condensed 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	Condensed consolidated cash flow statement	Adjusted Operating Cash Flow is the cash from operations but excluding the cash impact of the adjusting items excluded from Adjusted Operating Profit	Provides management with an indication of the amount of cash available for discretionary investment
Adjusted Free Cash Flow	Net increase/(decrease) in cash and cash equivalents	Condensed 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	Condensed consolidated cash flow statement	Adjusted Free Cash Flow less cash flows relating to dividend payments and the purchase of own shares	Provides management with an indication of the net cash flows generated by the business after dividends and share purchases
Adjusted Operating Cash Conversion	None	Condensed consolidated cash flow statement and condensed consolidated income statement	Operating Cash Conversion is defined as Adjusted Operating Cash Flow divided by Adjusted Operating Profit	Allows management to monitor the conversion of operating profit into cash
Return on Capital Invested ("ROCI")	None	Operating profit and Net assets	Adjusted Operating Profit divided into the sum of net assets and net debt (average for the last two years) expressed as a percentage	To provide an assessment of how profitability capital is being deployed in the business

Re-presented prior year comparative

Revenue, profit before and after tax and EPS all unchanged

In the 2023 Annual Report and Accounts the Group amended its presentation of its net finance expense line. Previously in the 2022 Annual Report and Accounts and 2023 Interim accounts the Group combined the finance interest together with the impact of re-measurement of the fair value of the hedging portfolio. Given that the impact of the hedging relates to the purchase of goods bought in a foreign currency, the Board believes it is preferable for the reader to show this as a cost of sale item rather than a net finance expense item. This leaves the finance expense line with borrowing and cash interest impacts only. Accordingly, the presentation of the accounts has been restated for the interim 2023 and the impact is as follows from the 2023 interim Reported numbers:

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

	H1 2023		H1 2023
		Presentation	
	Reported	restatement	Re-presented
Revenue	101.1	-	101.1
Cost of sales	(61.3)	(2.4)	(63.7)
Gross profit	39.8	(2.4)	37.4
Distribution expenses	(4.3)	-	(4.3)
Administrative expenses	(25.7)	-	(25.7)
Operating profit	9.8	(2.4)	7.4
Finance expense	(3.6)	2.4	(1.2)
Net finance expense	(3.6)	2.4	(1.2)
Profit before tax	6.2	-	6.2
Taxation	(0.9)	-	(0.9)
Profit for the period	5.3	-	5.3
Earnings per share (p)			
Basic	3.4p	-	3.4p
Fully diluted	3.4p	-	3.4p

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

£m	H1 2023 Reported	Presentation restatement	H1 2023 Re-presented
Cash flows from operating activities			
Profit for the period	5.3	-	5.3
Adjustments for:			
Depreciation and amortisation	4.8	-	4.8
Finance expense	3.6	(2.4)	1.2
Taxation	0.9	-	0.9
Share-based payments charge	0.6	-	0.6
Other non-cash items	-	2.4	2.4
Operating cash flow before movement in working capital	15.2	-	15.2
(Increase)/decrease in trade and other receivables	(11.0)	-	(11.0)
Decrease in inventories	0.8	-	0.8
Decrease in trade and other payables	(7.5)	-	(7.5)
Cash from operations	(2.5)	-	(2.5)
Tax paid	(1.8)	-	(1.8)
Net cash from operating activities	(4.3)	-	(4.3)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1.9)	-	(1.9)
Acquisition of other intangible assets	(0.6)	-	(0.6)
Disposal of tangible assets	0.1	-	0.1
Net cash used in investing activities	(2.4)	-	(2.4)
Cash flows from financing activities			
Repayment of borrowings	11.7	-	11.7
Interest paid	(1.3)	-	(1.3)
Dividends paid	(4.7)	-	(4.7)
Finance lease liabilities	(1.0)	-	(1.0)
Net cash from financing activities	4.7	-	4.7
Net decrease in cash and cash equivalents	(2.0)	-	(2.0)
Cash and cash equivalents at 1 January	5.3	-	5.3
Effect of exchange rate fluctuations on cash held	(0.1)	-	(0.1)
Cash and cash equivalents at 31 December	3.2	-	3.2

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

	Adjusted H1 2024 £m	Amortisation of acquired intangibles and related acquisition costs ¹ £m	Re-measurement to fair value of hedging portfolio ² £m	2023 Adjustments £m	Reported H1 2024 £m
Revenue	109.6	-	-	-	109.6
Cost of sales	(64.7)	-	-	-	(64.7)
Gross profit	44.9	-	-	-	44.9
Distribution expenses	(4.7)	-	-	-	(4.7)
Administrative expenses	(27.6)	(2.5)	-	(2.5)	(30.1)
Operating profit	12.6	(2.5)	-	(2.5)	10.1
Net finance expense	(1.4)	-	-	-	(1.4)
Profit before tax	11.2	(2.5)	-	(2.5)	8.7
Taxation	(2.4)	0.6	-	0.6	(1.8)
Profit for the period	8.8	(1.9)	-	(1.9)	6.9
Gross margin	41.0%	-	-	-	41.0%

1. Relating to Kingfisher Lighting, DW Windsor, Sync EV and D-Line

2. Relating to currency/interest hedges

	Adjusted H1 2023 £m	Amortisation of acquired intangibles and related acquisition costs ¹ £m	Re-measurement to fair value of hedging portfolio ² £m	H1 2023 Adjustments £m	Reported H1 2023 £m
Revenue	101.1	-	-	-	101.1
Cost of sales	(61.3)	-	(2.4)	(2.4)	(63.7)
Gross profit	39.8	-	(2.4)	(2.4)	37.4
Distribution expenses	(4.3)	-	-	-	(4.3)
Administrative expenses	(24.7)	(1.0)	-	(1.0)	(25.7)
Operating profit	10.8	(1.0)	(2.4)	(3.4)	7.4
Net finance expense	(1.4)	-	0.2	-	(1.2)
Profit before tax	9.4	(1.0)	(2.2)	(3.2)	6.2
Taxation	(1.7)	0.2	0.6	0.8	(0.9)
Profit for the period	7.7	(0.8)	(1.6)	(2.4)	5.3
Gross margin	39.4%	-	-	-	37.2%

1. Relating to Kingfisher Lighting, DW Windsor and Sync EV

2. Relating to currency/interest hedges

The following tables indicate how alternative performance measures are calculated:

	H1 2024 £m	H1 2023 £m
Adjusted 12 months rolling EBITDA		
Adjusted Operating Profit	25.8	21.3
Adjusted Depreciation and Amortisation	7.2	7.7
Adjusted 12 months rolling EBITDA	33.0	29.0

	H1 2024 £m	H1 2023 £m
Bank EBITDA		
Adjusted 12 months rolling EBITDA	33.0	29.0
EBITDA from acquisitions from 1 January to the date of acquisition and share based payment expense	1.8	0.6
Bank EBITDA	34.7	29.6

	H1 2024 £m	H1 2023 £m
Adjusted Operating Cash Conversion		
Cash from operations (from condensed consolidated cash flow statement)	4.9	(2.5)
Adjustments to operating cash flow	0.2	-
Adjusted Operating Cash Flow	5.1	(2.5)
Adjusted Operating Profit	12.6	10.8
Adjusted Operating Cash Conversion	40.5%	(23.1%)

	H1 2024 £m	H1 2023 £m
Adjusted Net Cash Flow as % of revenue		
Adjusted Free Cash Flow (see below)	(1.7)	(8.0)
Purchase of own shares	(4.7)	-
Dividends	(4.9)	(4.7)
Adjusted Net Cash Flow	(11.3)	(12.7)
Revenue	109.6	101.1
Adjusted Net Cash Flow as % of revenue	(10.3%)	(12.6%)

	H1 2024 £m	H1 2023 £m
Adjusted Free Cash Flow as % of revenue		
Adjusted Operating Cash Flow (see table above)	5.1	(2.5)
Net Cash used in investing activities excluding acquisitions (from condensed consolidated cash flow statement)	(2.8)	(2.4)
Interest paid (from condensed consolidated cash flow statement)	(1.3)	(1.3)
Tax paid (from condensed consolidated cash flow statement)	(2.7)	(1.8)
Adjusted Free Cash Flow	(1.7)	(8.0)
Revenue	109.6	101.1
Adjusted Free Cash Flow as % of revenue	(1.6%)	(7.9%)

	H1 2024	H1 2023
	£m	£m
Return on Capital Investment		
Net assets	90.5	84.8
Net debt	45.7	42.8
Capital invested	136.2	127.6
Average capital invested (from last two years)	131.9	135.4
Adjusted Operating Profit (from above)	25.8	21.3
Return on Capital Invested (Adjusted Operating Profit/average capital invested)	19.6%	15.7%

Standards and interpretations issued

The following UK-adopted IFRS have been issued and have been applied in these financial statements. Their adoption did not have a material effect on the financial statements, unless otherwise indicated, from 1 January 2024:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (July 2020) Non-current liabilities with Covenants (Oct 2022)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

The following UK adopted IFRS have been issued but have not been applied and adoption is not expected to have a material effect on the financial statements, unless otherwise indicated, from 1 January 2025:

- Amendments to IAS 21: Lack of Exchangeability
- Optional adoption for Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. Operating segments

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

	Adjusted		Reported	Adjusted		Reported
	H1 2024	Adjustments	H1 2024	H1 2023	Adjustments	H1 2023
	£m	£m	£m	£m	£m	£m
Revenue						
Wiring Accessories	48.9	-	48.9	41.1	-	41.1
LED Lighting	36.3	-	36.3	37.8	-	37.8
Portable Power	24.4	-	24.4	22.2	-	22.2
	109.6	-	109.6	101.1	-	101.1
Operating profit						
Wiring Accessories	9.4	(1.6)	7.8	7.1	(1.0)	6.1
LED Lighting	0.7	(0.7)	nil	1.9	(1.7)	0.2
Portable Power	2.5	(0.2)	2.3	1.8	(0.7)	1.1
Operating profit	12.6	(2.5)	10.1	10.8	(3.4)	7.4

Revenue by location of customer

	H1 2024	H1 2023
	£m	£m
UK	86.8	86.5
Europe	9.5	6.3
Middle East and Africa	4.8	3.8
Asia Pacific	1.7	1.2
Americas	6.8	3.3
Total revenue	109.6	101.1

3. Expenses recognised in the condensed consolidated income statement

Included in the condensed consolidated income statement are the following:

	H1 2024	H1 2023
	£m	£m
Research and development costs expensed as incurred	2.4	2.0
Depreciation of property, plant and equipment and right-of-use assets	3.0	3.0
Amortisation of intangible assets	1.6	1.8

4. Income tax expense

A tax charge for the six-month period has been included in the condensed consolidated income statement of £1.8m (H1 2023: £0.9m) and has been calculated using the anticipated effective tax rate on the taxable profit of the Group. The anticipated adjusted effective tax rate for the year ending 31 December 2024 is expected to be c21%.

5. Earnings per share

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

	H1 2024	H1 2023	FY 2023
	£m	£m	£m
Earnings for calculating basic earnings per share	6.9	5.3	16.7
Adjusted for:			
Amortisation of acquired intangibles and related acquisition costs	2.5	1.0	2.3
Remeasurement to fair value of hedging portfolio	-	2.2	-
Income tax on above items	(0.6)	(0.8)	(0.5)
Other tax items	-	-	(1.2)
Adjusted earnings for calculating adjusted basic earnings per share	8.8	7.7	17.3

	H1 2024	H1 2023	FY 2023
	Number	Number	Number
	Million	Million	Million
Weighted average number of ordinary shares			
Basic	153.8	155.2	155.2
Dilutive effect of share options on potential ordinary shares	0.9	1.4	1.3
Diluted	154.7	156.6	156.5

	H1 2023	H1 2023	FY 2023
	Pence	Pence	Pence
Basic earnings per share	4.5	3.4	10.8
Diluted earnings per share	4.5	3.4	10.7
Adjusted basic earnings per share	5.7	5.0	11.1
Adjusted diluted earnings per share	5.7	4.9	11.1

6. Dividend

An interim dividend of 1.7 pence per share will be paid to shareholders on 25 October 2024. This compares to a 1.6 pence interim dividend in 2023.

7. Property, plant and equipment

During the six months ended 30 June 2024, the Group purchased assets at a cost of £2.1m (H1 2023: £1.9m and FY 2023: £6.4m); including plant and equipment £0.7m, tooling £0.6m, construction in progress £0.4m, land and buildings £0.3m and fixtures and fittings £0.1m. Assets with a fair value of £1.0m were acquired as part of the D-Line (Europe) Limited (“D-Line”) acquisition. Assets with a book value of £0.1m were disposed of (H1 2023: £0.1m and FY 2023 £0.2m). Total depreciation for the period was £1.8m (H1 2023: £2.0m and FY 2023: £3.9m). Assets with a book value of £0.5m were transferred out of the tooling category and into the development cost category.

During the period there were lease additions totalling £1.5m and a depreciation charge of £1.2m. Right-of-use assets with a fair value of £1.8m were acquired as part of the D-Line acquisition. The net book value of right-of-use assets at 30 June 2024 was £9.6m (30 June 2023: £5.7m and 31 December 2023: £7.6m).

The Group has not included any borrowing costs within additions in 2024 (2023: £nil). There were no funds specifically borrowed for the assets and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material.

8. Intangible assets and goodwill

Development expenditure is capitalised and included in intangible assets when it meets the criteria laid out in IAS 38, “Intangible Assets”. During the six months ended 30 June 2024, the Group incurred internally generated development costs of £0.8m (H1 2023: £0.6m and FY 2023: £1.8m). The Group has not included any borrowing costs within capitalised development costs. There were no funds specifically borrowed for this asset and the amount eligible as part of the general debt instruments pool (after applying the appropriate capitalisation rate) is not considered material. Amortisation for the six months ended 30 June 2024 was £1.6m (H1 2023: £1.8m and FY 2023: £3.4m). Additionally, intangibles and goodwill were recognised on acquisition of D-Line – see note 10 for further information.

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

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

9. Interest-bearing loans and borrowings

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

	H1 2024 £m	H1 2023 £m	FY 2023 £m
Non-current liabilities			
Revolving credit facility	43.4	36.3	22.3
Overdrafts	-	3.8	-
	43.4	40.1	22.3

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

10. Acquisitions

On 29 February 2024, the Group acquired the entire issued share capital of D-Line, the supplier of cable management solutions for initial consideration of £8.6m. The fair value (which is currently being assessed in conjunction with our independent valuation experts who have not issued their final report) 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	2.8
Property, plant and equipment	2.8
Inventories	5.6
Trade and other receivables	2.9
Cash	0.8
Interest-bearing loans and borrowings	(1.7)
Corporation tax (liability)	(0.1)
Deferred tax (liability)	(1.1)
Provisions	(0.9)
Trade and other payables	(3.0)
Total	8.1
Consideration - cash	8.6
Contingent consideration	0.8
Goodwill arising	1.3

11. Exchange rates

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

	Average rate		Reporting date spot rate	
	H1 2024	H1 2023	H1 2024	H1 2023
USD	1.27	1.23	1.26	1.27
EUR	1.17	1.14	1.18	1.16
RMB	9.13	8.54	9.18	9.18

12. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

These interim financial statements do not include all financial risk management information and disclosures required in the Annual Report and Accounts. They should therefore be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2023. There have been no changes to the risk management policies since the year ended 31 December 2023.

13. Related party transactions

The Group has related party relationships with its subsidiaries and with its Directors. Transactions between Group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There have been no related party transactions with Directors other than in respect of remuneration.

14. Date of approval of financial information

The interim financial information covers the period 1 January 2024 to 30 June 2024 and was approved by the Board on 9 September 2024. Further copies of the interim financial information can be found at www.lucecopl.com.

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated balance sheet, condensed consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the Directors are responsible for assessing the group’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 the Directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusion relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis of conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Gordon Docherty
for and on behalf of KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

9 September 2024

Additional information

Financial calendar

Item	Date
2024 Interim dividend record date	20 September 2024
2024 Interim dividend reinvestment elections (DRIP)	04 October 2024
2024 Q3 trading update	24 October 2024
2024 Interim dividend payment date	25 October 2024
2024 Year end	31 December 2024
2024 Full year trading update	23 January 2025
2024 Full year results statement	01 April 2025
2025 AGM	20 May 2025
2025 Half year end	30 June 2025
2025 Half year trading update	22 July 2025
2025 Half year result statement	09 September 2025

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Financial advisors and brokers	Deutsche Numis	45 Gresham Street London EC2V 7BF	www.dbnumis.com
	Panmure Liberum	Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY	www.panmureliberum.com
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