FW THORPE PLC

Annual Report
and Accounts

2023

WELCOME

2023 Annual Report.

Who we are.

We specialise in designing and manufacturing professional lighting systems. We currently employ over 900 people and although each company works autonomously, our skills and markets are complementary.

Our purpose.

Provide technically advanced lighting solutions that deliver long-term lowest cost of ownership.

Our vision.

Maintain a consistently respected and profitable organisation with an environmental conscience.

Image: Demonstration vehicle fleet

Revenue (£m)

+23%

2023	**176.7**
2022	143.7
2021	117.9
2020	113.3
2019	110.6

Operating profit (£m)

+13%

2023	**27.8**
2022	24.7
2021	19.2[2]
2020	16.3
2019	17.6[3]

Dividend per share (pence)

+5%

2023	**6.46**
2022	6.15[1]
2021	5.80[1]
2020	5.66
2019	5.53

Basic earnings per share (pence)

+9%

2023	**18.72**
2022	17.16
2021	13.57
2020	11.45
2019	13.91

CO_2 emissions (tCO_2) (Scopes 1,2 and 3)

-13%

2023	**214,870**
2022	247,466
2021	285,365

Operational highlights.

- Strong revenue growth across the Group with service levels returning to normal
- Operating profit growth despite inflationary cost pressures
- Expanded our presence in Germany with the addition of SchahlLED
- Net cash generated from operating activities remained robust at £31.9m

1 2022, 2021 dividends exclude special dividends

2 2021 excludes the exceptional item in respect of Lightronics fire £1.6m

3 2019 excludes the profit on disposal of property of £1.9m

Contents.

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www.fwthorpe.co.uk

Our investment case.

01
Product innovation...

Product design and development is fundamental to our operations.

- We maintain a competitive advantage with market-leading products, utilising technology to attract new customers and retain them.
- We engage in continuous product development – products, software/controls, and lighting design. We have also focused on the further development of our SmartScan wireless system.
- In addition, our diversified product portfolio gives us the ability to supply a complete project – from "boiler room to boardroom, and beyond".
- Our Group spend on capitalised R&D this year was £1.9m (2022: £2.1m).

Read more about **Innovations from around the Group** on pages 48 to 49

Image: Ratio io7 EV charger

527
tonnes of CO_2e offset from solar panels (2022: 220 tonnes)

02
Our focus on sustainability...

Environmental issues are a significant focus for us:

- We carry the LSE Green Mark; we continue to plant trees (179,412 trees planted to date).
- We invest in installing solar panels across the UK, Spain and the Netherlands manufacturing facilities; and we monitor CO_2 emissions.
- Energy saving products are a substantial part of the business, as well as our carbon offsetting programme; we continue to invest in solar to reduce our emissions.
- We have family principles and a supportive culture. Our employees are fundamental to our success.
- We support local communities by giving to charities – this year, we gave £16,880.

Read more about **Sustainability** on pages 56 to 79

Image: Thorlux Lighting, Redditch

Image: Nunnery Wood High School, Worcester

04

Means we are positioned for sustainable, long-term growth.

Providing long-term value for us and for our stakeholders.

A well-positioned portfolio of companies across eight countries, serving many market sectors, means that we have resilience in the current economic climate and a strong direction for the future.

Read more about **Operational performance** on pages 38 to 46

£1.9m
Group spend on R&D this year (2022: £2.1m)

03

And financial performance...

We achieved an improved financial performance over this year despite challenging economic conditions, with revenue of £176.7m and operating profit of £27.8m. In addition, we had net cash generated from operating activities of £31.9m.

- Majority of companies managed to grow revenue and profitability this year.
- The Group has had a strong order performance, mainly attributed to our largest division, Thorlux Lighting, but supported by all Group companies.
- Positive contribution from our new acquisition, SchahlLED.
- Consistent revenue growth – Compound Annual Growth Rate (CAGR) across the last five years of 10.0%, ten years 12.3%, 15 years 8.5%.

Read more about **Financial performance** on pages 52 to 53

Image: Berrows House, University of Worcester

Our culture.

Our values...

Integrity

Striving to make the right decisions for all of our stakeholders and our planet.

Honesty

We honour our commitments and aim to deliver them in a dedicated and respectful manner.

Longevity

We have a long history and we genuinely care about our people, their professional development and work-life balance. Our employees are our most important assets.

Image:
The Zemper team with their six AENOR (Spanish Association for Standardisation and Certification) certificates

Our colleagues.

Across the Group we have employees who have been with the business for a few years to multiple decades, our Chairman will celebrate 40 years with the business in 2024. There are numerous people with long service tenures, demonstrating our commitment to employee satisfaction and development.

Our approach to sustainability.

FW Thorpe Plc has a longstanding commitment to tackling global environmental challenges, principally through its core business of manufacturing energy efficient lighting equipment.

Over the last two decades, at FW Thorpe we have sought to address our carbon impact by working towards carbon neutrality for our manufacturing and distribution operations. We are now independently verified as carbon neutral, with the same methodology adopted since 2012.

Our goal is to reach net-zero before the UK's target for achieving net-zero emissions, we will aim to achieve this by 2040. We have made initial assessments of our carbon impact right across our manufacturing and value chain, and this has enabled us to set science-based targets in line with the Paris Agreement on climate change.

Read more about **Sustainability** on pages 56 to 79

1994

First energy saving products introduced, controlling lighting and reducing energy consumption

2009

FW Thorpe begins carbon offsetting with tree planting project certified by Woodland Carbon Code

2012

FW Thorpe becomes carbon neutral as a Group

2016

Thorlux, the main revenue driver for the Group, introduces wireless controls technology to monitor and save energy usage called SmartScan

2020

FW Thorpe receives the Green Economy mark on the London Stock Exchange

2022

FW Thorpe officially recognised as being carbon neutral since 2012 through independent verification

2023

FW Thorpe announces net-zero target and applies to Science Based Target initiative (SBTi) to validate plans

What we do.

The complete service offering we provide...

Design & development

£1.9m

Group spend on capitalised R&D (2022: £2.1m)

Manufacturing

£0.8m

Investments in solar at Group facilities (2022: £0.4m)

Services

£8.6m

Revenue from services (2022: £4.5m)

Our strategic pillars...

Focus on high-quality products and good leadership in technology

Focus on manufacturing excellence

Continue to grow the customer base for Group companies

Continue to develop high-quality people

Our global footprint.

01
United Kingdom
Thorlux Lighting
Philip Payne
Solite Europe
Portland Lighting
TRT Lighting
Ratio EV Charging

02
Ireland
Thorlux Lighting

03
United Arab Emirates
Thorlux Lighting

04
Australia
Thorlux Lighting Australasia

05
Netherlands
Lightronics
Famostar
Ratio Electric

06
Germany
Thorlux Lighting
SchahlLED

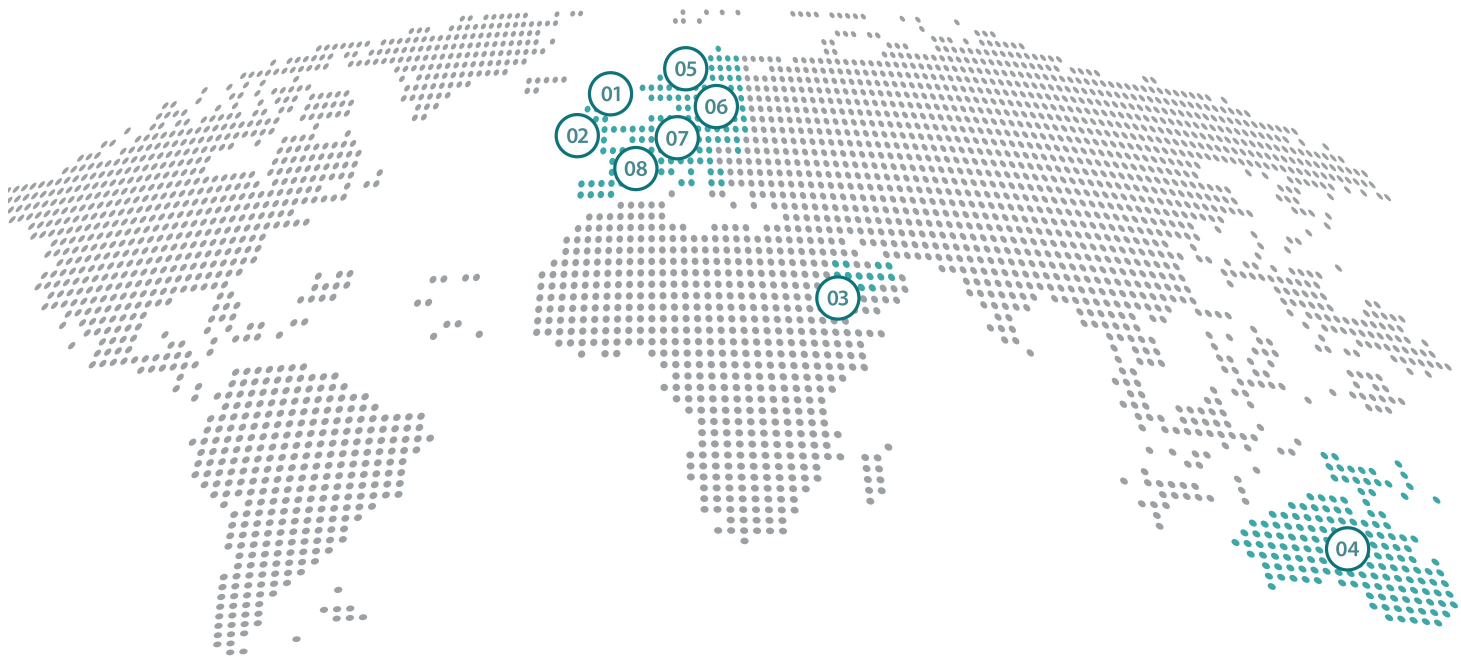
07
France
Zemper

08
Spain
Zemper

Revenue by region

UK	89.9
Netherlands	31.9
Germany	21.5
Rest of Europe	30.0
Rest of the World	3.4

UK	83.2
Netherlands	30.3
Germany	8.2
Rest of Europe	19.2
Rest of the World	2.8



Our timeline.

1936

Established by Frederick William Thorpe and his son Ernest Thorpe. Spinning circular reflectors

1940-1960

Moved to larger premises twice to cope with the expansion into linear fluorescent luminaires, and to enter the exterior and hazardous markets

1965

Floated on the London Stock Exchange

2014

Creation of an in-house LED printed circuit board production line

2015

Acquisition of Lightronics – Netherlands

Develop European market

Sugg Lighting disposal

2016

Minority investment in Spain

Target Spanish market and acquire lens specialism

2017

Acquired remaining share capital in Thorlux Australasia

Target Australian market, improve performance

2018

Acquired Famostar – Netherlands

Improved emergency lighting product offering

2019

Compact Lighting business successfully merged with Thorlux Lighting

Portsmouth facility sold

2020

All operating businesses housed in Group-owned property

Maintained operations during COVID-19 pandemic

1989

Moved to our Redditch headquarters

1990-1996

First acquisition – Mackwell Electronics

Start-up in retail and display lighting

Acquired Philip Payne emergency exit signs

2005

Transferred to AIM

2009

Acquired Solite Europe Lighting for clean rooms

2011

Acquisition of Portland Lighting

Mackwell Electronics disposal

2013

Start-up company TRT Lighting

Entered the street lighting market

2021

Lightronics recovers from factory fire with improved results

Sustainability focus

2022

Acquired Electrozemper – Spain

Joint venture investment with Ratio Electric – electric vehicle charging products

2023

Acquired SchahlLED – Germany

Global revenues exceed £176m

Our business.

Description

Thorlux luminaires have been manufactured continuously since 1936, the year Frederick William Thorpe founded the company.

The company now operates from the Group's modern 16,882m^2 self-contained factory in Redditch, Worcestershire, central England.

Thorlux is well known throughout the world and provides a comprehensive range of professional lighting and control systems for a wide variety of applications.

Key products

- Recessed, surface and suspended luminaires
- Emergency lighting systems
- Hazardous area lighting
- High and low bay luminaires
- Lighting controls
- Exterior lighting

Market sectors

- Commercial
- Education
- Manufacturing
- Industrial
- Healthcare
- Retail, display and hospitality

Description

SchahlLED Lighting is a turnkey provider of intelligent LED solutions for the industrial and logistics sectors with more than 50 years of lighting and 20 years of LED experience.

The company is based in Unterschleißheim near Munich and has sales offices in Cologne and Weyhe close to Bremen. As both manufacturer and full-service provider, SchahlLED plans lighting concepts and supplies intelligent LED lighting systems.

Key products

- Recessed, surface and suspended luminaires
- Hazardous area lighting
- High and low bay luminaires
- Lighting controls
- Exterior lighting

Market sectors

- Industrial
- Manufacturing
- Logistics

Description

Based in Waalwijk, Netherlands, Lightronics specialises in the development, manufacture and supply of external and impact resistant lighting, which includes street lighting, outdoor wall and ceiling luminaires as well as control systems. The majority of its revenue is derived from the Netherlands but there is also an export presence in other European locations.

Lightronics was originally established in 1946 and has a strong tradition of solid, reliable products as well as being known for its innovation.

Products are environmentally friendly in terms of energy use as well as in the prevention of light pollution.

Key products

- Road lighting
- Amenity lighting
- Outdoor wall and ceiling luminaires
- Lighting controls

Market sectors

- Infrastructure
- Facilities - car parking
- Housing

Description

Based in Velp, Netherlands, Famostar specialises in the development, manufacture and supply of emergency lighting products. Revenue is derived from the Netherlands, where it is considered one of the foremost brands in the market.

Famostar was originally established in 1947, with each product being designed and manufactured at its own production facility.

Famostar has a reputation for designing and manufacturing reliable luminaires offering solutions for sectors including commercial, industrial, education and retail applications.

Emergency lighting knowledge and expertise is key to the success of the business. Famostar offers both the correct technical solution and unique proposals to complement the needs of the customer.

Key products

- Emergency exit signage
- Emergency lighting systems

Market sectors

- Commercial
- Industrial
- Education
- Retail, display and hospitality

Our business. continued

ZEMPER

Description

Zemper was established in 1967 and is a leading independent producer of emergency lighting. It uses highly automated manufacturing processes and, through high levels of research and development and extensive in-house and third-party testing, supplies market-leading products, including wired and wireless self-testing systems.

Based in Ciudad Real, Spain, and with an additional sales and distribution facility in France, Zemper derives revenue from Spain, France and Belgium as well as other overseas territories.

Key products

- Emergency general illumination
- Emergency exit signage
- Emergency lighting systems

Market sectors

- Commercial
- Industrial
- Education
- Healthcare
- Infrastructure
- Retail, display and hospitality

TRT LIGHTING

ROAD & TUNNEL SYSTEMS

Description

TRT (Thorlux Road and Tunnel) Lighting is an independent specialist company which has evolved from Thorlux Lighting.

Building on years of lighting experience, TRT is dedicated to the design, manufacture and supply of LED road and tunnel luminaires. TRT produces high quality, efficient, stylish, high performance LED products, which are manufactured in the UK.

Key products

- Road and tunnel lighting
- Amenity lighting

Market sectors

- Infrastructure
- Facilities - car parking

Description

Solite Europe is a leading manufacturer and supplier of cleanroom lighting equipment and luminaires within the UK and Europe.

Solite provides luminaires for laboratories, pharmaceutical and semi-conductor manufacturing areas, hospitals, kitchens and food preparation applications.

Key products

- Cleanroom luminaires

Market sectors

- Pharmaceutical
- Healthcare
- Education
- Research & development

Description

Philip Payne recognises that most trade emergency exit signage products are designed with the functional requirements in mind. Philip Payne offers a backbone range of quality standard products but, more importantly, encourages direct dialogue with architects and designers to ensure, via product variation or bespoke work, aesthetic aspirations and requirements are fully met.

Key products

- Emergency exit signage
- Emergency lighting systems

Market sectors

- Commercial
- Hospitality
- Healthcare

Description

Portland Lighting designs, manufactures and supplies innovative lighting products to the advertising, brewery, retail and sign lighting industries.

The company operates from a modern 1,394m^2 facility in Walsall, which was purposely designed to enable the fast turnaround of customer orders.

Established in 1994, the product range has continually evolved to ensure that Portland remains one of the leading companies in its sector.

Key products

- Lighting for signs
- Road safety lighting

Market sectors

- Retail
- Hospitality
- Advertising
- Infrastructure

Image: Bremont, Henley-on-Thames

Strategic Report.


DICK LOVETT
CYLINDER
CLUB
CARS & COFFEE
BREMONT

Chairman's statement.

It is a pleasure to welcome the SchahlLED 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.

Mike Allcock
Chairman and Joint Chief Executive

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 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 SchahlLED 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 SchahlLED. Last year's report included only nine months of Zemper's figures, with nine months of SchahlLED's figures included this year. Excluding Zemper and SchahlLED 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

Image: Hoppern Skole, Norway

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.

SchahlLED, 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 SchahlLED 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, SchahlLED 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

Chairman's statement. continued

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 Famostar 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 CO2 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

Image: The Croft, Stratford-upon-Avon

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.

Michael Allcock

Mike Allcock
Chairman and Joint Chief Executive

12 October 2023

Marketplace.

The Group services a diverse range of clients across a variety of different sectors. These sectors are targeted by our sales teams, sector specialists and product experts as well as dedicated company specialisms in areas such as lighting controls, emergency and outdoor lighting.

The product portfolio across the Group gives us the ability to deliver a complete project, from boiler room to board room and beyond.

UK +8%

- Increased business from target sectors
- Services revenue with improved gross contribution
- Street lighting sector improved, supplemented with smaller tunnel projects

Netherlands +5%

- Growth in both the Lightronics and Famostar businesses
- Margin pressure at Lightronics continued but improved in the second half, similar operating profit at Famostar

Germany +163%

(+34% ex SchahlLED acquisition)

- Continued growth in Germany driven by SmartScan and the addition of SchahlLED
- Margin pressure continued at Zemper driven by material and utility cost increases

Rest of Europe +57%

- Revenue in line with expectations, improved levels in France via Zemper
- Scandinavian market continued to be positive

Rest of World +21%

- Improved demand in Australia, difficulty with logistics continued
- Dampened demand in UAE

Market Overview

FW Thorpe commenced the year with higher than usual order books and a backdrop of component shortages that had resulted in extended lead times for customers.

Normal service levels have resumed during the year with supply stabilising. Increased costs had been common in the prior year, these have now slowed, and we are starting to see some reversals in certain components and commodities. This has also allowed the Group to reduce stock holding in some areas, with further reductions expected in 2023/24.

There has been less focus on redesign this year, allowing our engineering teams to focus on product development. We continue to differentiate ourselves with product and system innovation, combined with our ability to service our markets through the life cycle of a project.

Across our domestic and international markets we face competition from listed multinationals as well as solid private businesses. Where information is available, we have seen improved financial performance of our main competitors perhaps buoyed by the ability to increase sales prices in the current economic climate.

Our continued investment in business development supports the ebbs and flows of demand across various sectors. We continually assess how to deploy our selling resource in order to target specific sectors and territories.

The product and technology portfolio continues to evolve, enabling us to compete across different sectors and geographies. We continue to focus on certain sectors, with renewed vigour around those that may have reduced in prior years.

Market sectors

- Pharmaceutical
- Hospitality
- Display
- Housing
- Advertising
- Research & development
- Commercial
- Facilities
- Retail
- Education
- Industrial
- Infrastructure
- Healthcare
- Manufacturing

Market-specific drivers . . .

Increase in demand for technology

What this means

- Evolution of controls technology – wireless
- Connectivity with the internet and other devices – the Internet of Things
- Ability to offer customers additional functionality by adding different sensor technology and presenting data
- The Group's shift to LED sales now representing over 90% of total revenue

The opportunity

- Improves ability to hold specification business with our own controls offering
- Potential to supply retrofit projects with wireless controls where wired controls were cost prohibitive
- Offer solutions to provide additional data specific to the market sector

How we are responding

- SmartScan continues to evolve since launching in 2016, the latest generation successfully launched
- Further development of the SmartScan platform, bringing other non-lighting devices into the web portal
- Occupancy profiling, air quality sensing, and the ability to change colour temperature are all features
- All new product developments are LED based
- Continual review of LED technology offerings to take advantage of the latest advances and ensure we are offering the best solutions to our customers

Drive for energy efficiency and carbon reduction

What this means

- Global emissions targets
- High energy costs in Europe

The opportunity

- Increased demand for sustainable, energy efficient lighting solutions
- Demand for retrofit lighting solutions driving energy savings using both LED and wireless controls technology
- Ability to harvest data to satisfy ongoing reporting requirements

How we are responding

- Continue to offer energy saving technology and the ability to report on energy usage with the SmartScan platform
- Financing options with partners to make solutions more affordable to customers to match the savings achieved
- Offering turnkey packages to customers to enable change
- Investment in electric vehicle charging products with Ratio

Macroeconomic drivers . . .

International economic conditions

What this means

- Countries are now dealing with the impact of the conflict in Ukraine and the global energy crisis
- Pressure remains on global supply chains – raw material price pressure, component shortages
- Certain sectors could slow investment given recent interest rate raises and concerns over future economic growth

The opportunity

- Higher energy costs are resulting in shorter payback periods for energy saving lighting projects
- Renewed focus on carbon saving investments with support from governments
- Potential to win market share or acquire competitors who struggle in these economic conditions

How we are responding

- Ensure our businesses are not reliant on any one sector in particular
- Continue to develop innovative product solutions in al our businesses
- Target sectors where demand is stable or increasing
- Redirect selling resource as appropriate

Globalisation

What this means

- Responding to the demands of our traditional customers who are developing a global footprint
- Harmonisation of technology from the adoption of LED brings the threat of increased competition
- Resilience in the supply chain is being tested post-pandemic and with increased logistics costs

The opportunity

- Chance to establish ourselves in new territories with established customers in the countries we currently supply into
- Sourcing opportunities – chance to review what is sourced from where. Considering not only price, quality, carbon footprint but the security of supply
- Potential for customers to reconsider sourcing strategies and buy "local"

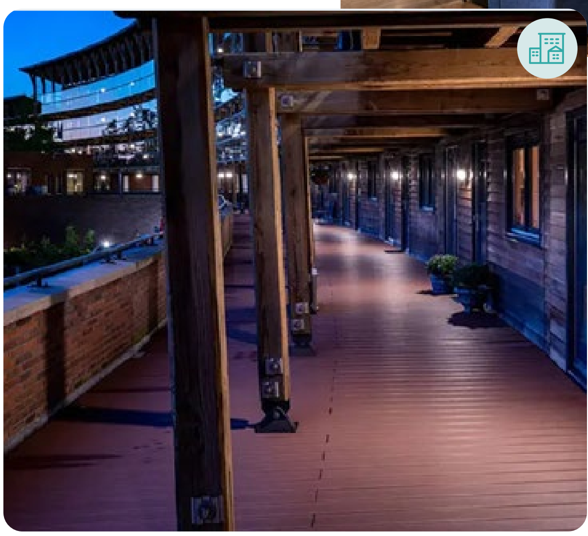
How we are responding

- Working with global customers
- Continual development of the supply chain
- Potential to establish new offices in chosen locations to support both customer and supply chain development in the future

Marketplace. continued

36%
of sales from
safety products (emergency
lighting systems)

96%
of sales from
LED technology, energy
saving controls and
related services



Market sectors

- Pharmaceutical
- Hospitality
- Display
- Housing
- Advertising
- Research & development
- Commercial
- Facilities
- Retail
- Education
- Industrial
- Infrastructure
- Healthcare
- Manufacturing

Business model.

Customers come to us for peace of mind. They want the correct technical solution, professional service, sustainability of products/services and the ability to provide support during a product's warrantable life and beyond.

Our business model is focused on the needs of customers and the marketplace, with a robust capital structure that underpins our ability to deliver sustainable growth, innovative products and excellent customer service.

The key resources we utilise . . .

Design & innovation
Continuous product development – products, software/controls, lighting design

Talented people
Continual development

Manufacturing facilities
UK – multiple sites,
Europe – Netherlands, Spain
Continual investment

Financial & environmental sustainability
Financial stability,
Carbon Offset Scheme

The service offering we provide . . .

Design & development

Designing and developing products in line with customer specifications and sustainability requirements.

£1.9m **(2022: £2.1m)**

Group spend on capitalised R&D

Manufacturing

Manufacturing bespoke lighting systems and components.

£0.8m **(2022: £0.4m)**

Investment in solar at Group facilities

Services

Supporting customers throughout the products lifecycle.

£8.6m **(2022: £4.5m)**

Revenue from services

Group operations . . .

Specification
renovations, new build, energy saving, compliance, technology adoption.

Diversified product portfolio
gives the ability to supply a complete project – "boiler room to board room"

Cross-selling opportunities
with other Group companies to offer a complete solution to a wide variety of sectors

Sustainability leadership
Group-wide initiatives and support in achieving sustainability targets.

Image: Berrows House, University of Worcester

Solutions provided for our customers

Value generated

We supply lighting systems, including the controls, and install them for our customers.

We then maintain the lighting system for its lifecycle and provide support.

Solutions provided

- Energy efficiency
- Low maintenance
- Rapid installation
- Longevity of product
- Low total cost of ownership

Read more about **Our customers** on pages 28 to 31

	Short term	Long term
Customers	Replacement of ageing technology with improved lighting systems	Innovative lighting that delivers cost savings and additional benefits, such as data capture and presentation
Shareholders	Opportunity to invest in a company that pays a progressive dividend and with a robust balance sheet	Sustainable profit growth drives future shareholder returns
Employees	Opportunity to work with an innovative market-leading company within the lighting industry	Continual development with a variety of Group companies in a number of different territories
Environment	Build on the work of many years, delivering energy saving products and continuing our carbon offset programme	Develop and implement our sustainability strategy as we drive towards net-zero
Communities	Employment opportunities and supporting local charities	Providing sustainable employment in the local areas where our businesses are located.

Strategy.

Our products are sold throughout the world. The Group management team is passionate about developing the business for the benefit of the shareholders, employees and customers. With the energy and ability of our staff we look forward to the future with enthusiasm. Our aim is to create shareholder value through market leadership in the design, manufacture and supply of professional lighting systems.

Our focus is for long-term growth and stability, achieved through the following priorities:

Overview of strategy

- Strategy was designed to build on the values that have been at the core of the company since its inception. FW Thorpe has been built on product innovation – design and product development is fundamental.
- The Group is product led. This enables us to maintain competitive advantage with marketing-leading products, utilising technology to retain and attract new customers.
- Sustainable growth is key to our stakeholders – targeting new customers in existing or new territories, using our product portfolio to drive into new sectors.
- Control of the manufacturing processes is of utmost importance – key processes are kept in-house with targeted investment in new machinery as required.
- Family principles and how we treat our people is fundamental to our success. The Group prides itself on the development of people from within the organisation, providing training and experience as well as maintaining our core values.

1 Focus on high quality products and good leadership in technology

Customers continually require new and innovative ways in which to reduce the operating costs of their lighting installations. There is also the requirement to reduce their environmental impacts.

Progress to date

- Continued enhancement of features for the SmartScan wireless system
- Shared product development between certain companies within the Group
- Electric vehicle charging and road safety products now to be marketed by a number of Group companies

Future opportunities

- Further development of SmartScan
- Continuous research and development
- Targeted acquisition

Associated risks C

- Product acceptance
- Initial product introduction

Strategy in action

See more on pages 48 to 51

2 Continue to grow the customer base for Group companies

With the continued investment in the product portfolio and the broad range of sectors we can service, the focus will be on expanding our customer base in new markets and territories.

Progress to date

- Targeted approach in the Netherlands and France with Thorlux industrial product and controls portfolio
- Introduce Famostar product portfolio to territories where the Group has a presence
- Introduce Zemper product portfolio to territories where the Group has a presence

Future opportunities

- Consider further sales offices overseas
- Potential business development investment
- Investment in sales personnel in the UK and Europe
- Targeted acquisition

Associated risks A C D J

- Short-term cost increase without immediate return
- Prolonged time required to establish FW Thorpe brands

Strategy in action

See more on pages 32 to 33

Risk key

- (A) Adverse economic conditions
- (B) Changes in government legislation or policy
- (C) Competitive environment
- (D) Price changes
- (E) Business continuity
- (F) Credit risk
- (G) Movements in currency exchange
- (H) Cyber security
- (I) Exit from the European Union
- (J) Impact of Ukraine conflict on domestic and global economies
- (K) Sustainability & climate-related risk

3 Focus on manufacturing excellence

Along with continued product development, the need to innovate the production process is essential.

Progress to date

- Famostar facility extension project successfully completed
- Completed solar investment at Thorlux
- Expanded injection moulding facility at Zemper Spain to support the manufacture of select components for the Group

Future opportunities

- Continued development of manufacturing facilities and processes for Ratio EV products in the UK at the Target Park facility
- Continual investment in facilities and processes across the Group

Associated risks C E

- Reduced productivity while changes are implemented
- Learning curve on introduction of new products and processes

Strategy in action

See more on pages 34 to 35

4 Continue to develop high quality people

One of our main sources of competitive advantage, it is imperative we continually develop and retain talent within the business.

Progress to date

- Apprentice scheme continues
- Investment in management training
- Training and development

Future opportunities

- Continued investment in training and personnel development
- Inter-company collaboration teams to develop a broader understanding of the whole business

Associated risks C I

- Ability to retain staff in competitive local job markets
- Potential loss of UK personnel from the EU

Strategy in action

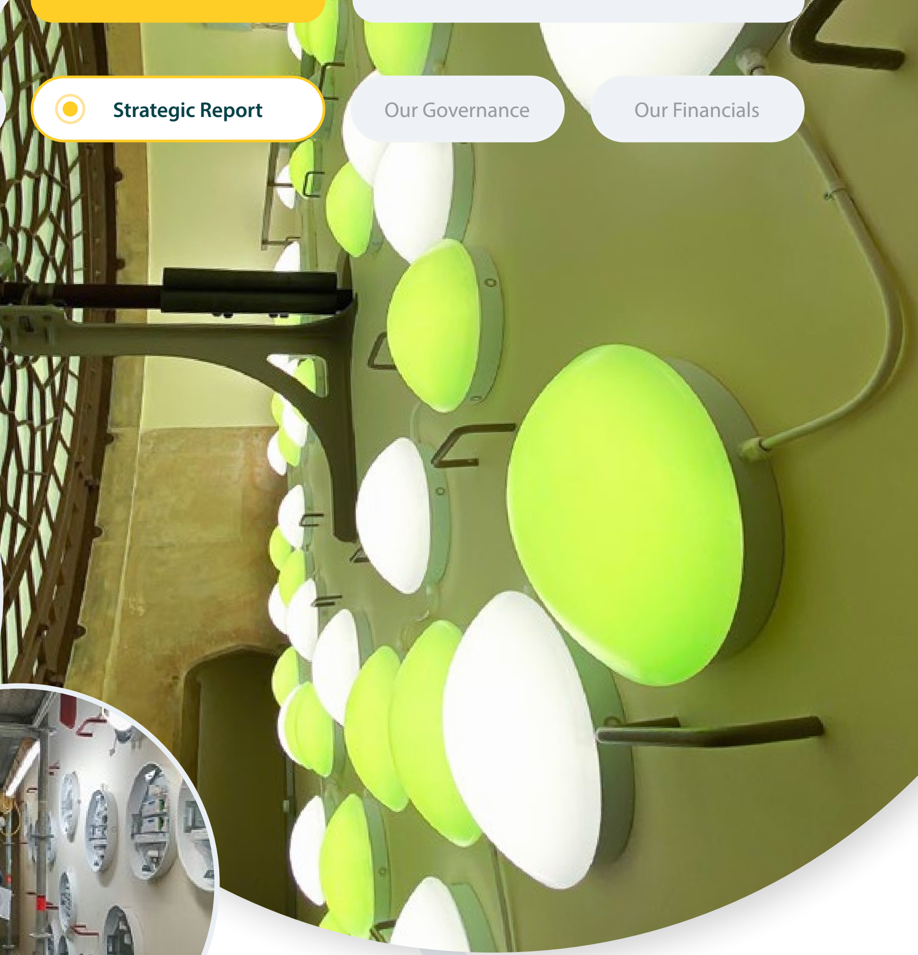
See more on page 63

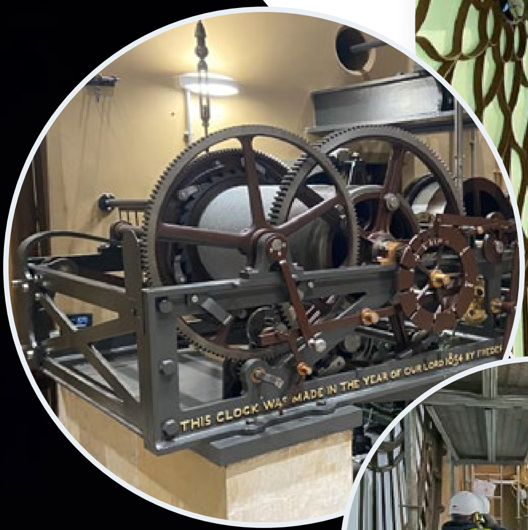
STRATEGY IN ACTION

Thorlux illuminates London landmark.

The Elizabeth Tower, better known as Big Ben, is one of the most instantly recognisable landmarks in the world. Standing at 96 metres (316 feet) high, the famous clock tower overlooks the River Thames at the north of the Palace of Westminster.

The tower is topped with the Ayrton Light, which was installed in 1885 and is a lantern-like structure which serves as an illuminating beacon. It is thought that Queen Victoria requested to see from Buckingham Palace when members of either the Commons or the Lords were sitting after dark. Initially the Ayrton Light was powered by gas jets and was then converted to electricity in 1903.





Thorlux is proud to have been involved with the five-year programme of essential renovations to conserve the tower, supplying luminaires and wireless lighting controls. In 2016, building services consulting engineers S I Sealy approached Thorlux to support them with the engineering and development of new lighting to the rooms and service areas of the tower, as well as bespoke fixtures for the clock faces and Ayrton Light.

SmartScan wireless controls were utilised in the rooms of the tower: wall-mounted switches provide wireless commands to the luminaires, resulting in less cabling and therefore less damage to the historic building fabric.

Clock face figures

228
Luminaires

55,000
Individual LED chips

60%
Energy saving

Illuminating the Great Clock faces

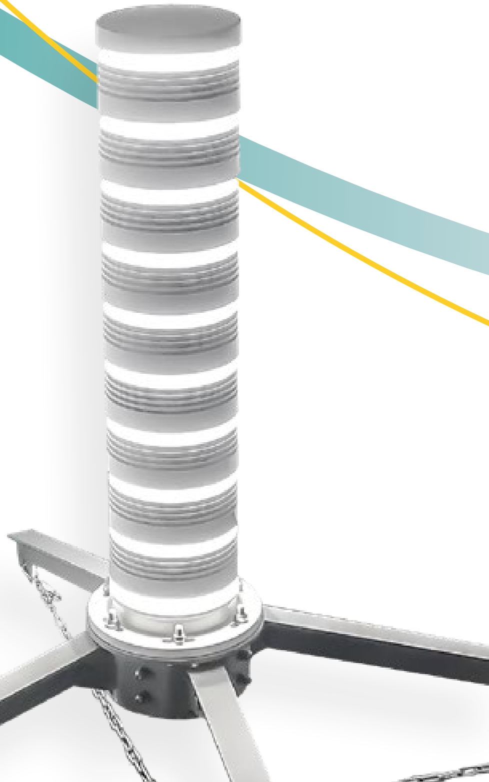
Surveys were first carried out to validate the existing lighting provision before Thorlux worked with S I Sealy to develop a solution that met the specification.

Site trials were undertaken to prove the solution, which involved replacing 12 of the existing luminaires in the south clock face with prototypes of the new LED fixtures. The trials were a huge success and proved that the LED solution would make no difference to the appearance of the clock faces, which are enjoyed by visitors from all over the world.

The final design was developed and supplied, with the four clock faces being illuminated by 228 luminaires and over 55,000 individual LED chips. All this was achieved whilst also providing a 60% energy saving.

"I think it is fair to say that Thorlux has provided a fantastic service, carrying out various different iterations of the clock face lighting and Ayrton light designs until the aesthetics were approved by the client. Their contribution began at the outset of the project, working directly with the team to develop the light fitting designs, and being involved in fine tuning of the lighting controls of the clock face to match the original gaslight colour."

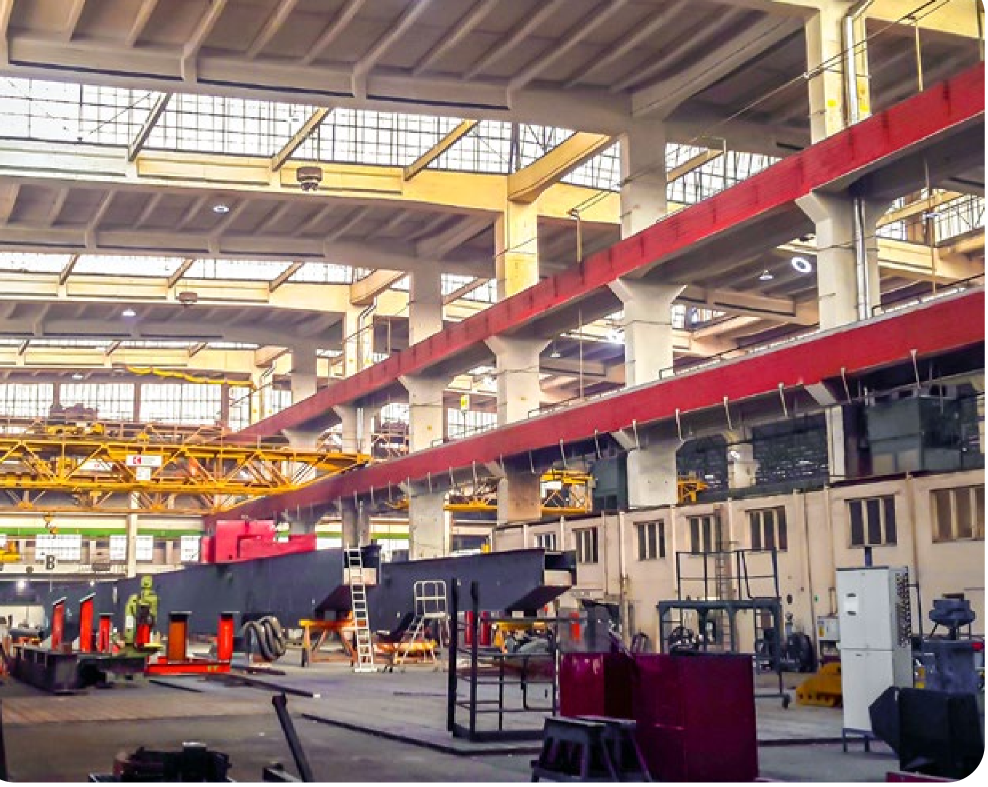
Patrick Busby
Head of Building Services (South)
for Sir Robert McAlpine Ltd



Upgrading the Ayrton Light

The challenge was to provide a solution in keeping with the history of the structure while modernising the light and reducing its environmental impact.

Thorlux developed a bespoke fixture using energy-saving LED technology with highly efficient lenses to control and distribute the light, providing an intense downward beam of light through 360 degrees. The optics are a modern-day equivalent of the original Fresnel lenses used to control and distribute the light. A series of 'light rings' stacked on top of each other provide the visual effect required in a compact size to fit inside the lantern structure. The modern optics also significantly reduce the amount of upward light. A prototype was produced and a site trial was conducted to validate the principle and observe the effects. Different locations throughout the city were used as test sites for viewing and evaluation purposes. The final solution was then designed and engineered with a bespoke mounting bracket to utilise existing fixing points within the structure.



STRATEGY IN ACTION

INTELLIGENT LIGHTING
SCHAHLLED

Company profile...

In September 2022, FW Thorpe acquired 80% of the share capital of SchahlLED Lighting, solidifying its business in Germany and providing further growth opportunities.

- SchahlLED is a leading turnkey provider of intelligent LED lighting systems for industrial and logistics applications in the DACH region (Germany, Austria and Switzerland)
- The company's roots date back to 2006, when it was established through a spin-off from Richard Schahl GmbH & Co KG, a German distributor of speciality lamps.
- In 2019, financial investor Active Capital Company acquired a majority stake in SchahlLED to support the company in its strategic growth plan.
- SchahlLED has since successfully enlarged its sales network through organic growth and two add-on acquisitions of betterLeds in North Germany and LED Technics in West Germany.
- The company conceptualises projects, delivers the lighting systems, oversees installation and assists in software integration and data analysis.
- SchahlLED and Thorlux have worked together since 2019, distributing SmartScan products primarily into the German market.

50 yrs+
Lighting experience

700+
Projects completed

80,000+
Intelligent LED luminaires installed

Locations and sales network...

- SchahlLED is headquartered in Unterschleißheim/Munich.
- In addition to its headquarter, the company has installed two sales hubs in the North (Weyhe/Bremen) and West (Cologne) of Germany.
- SchahlLED has a sales network of six internal salespeople and 19 external sales partners.
- It is active throughout the DACH region, Poland and Czechia.

History...

1964
Foundation of Richard Schahl GmbH & Co. KG
Distribution of special lamps for photography, film and television

1999
Formation of LED segment with acquisition of LED team of Elite Inc, a LED distributor
First German distributor of high-performance LED technology

2006
Formation of SchahlLED GmbH & Co. KG via a spin-off of the LED components and luminaires business

2012
Start of intelligent LED technology sales

2013-2017
Innovations: IPL-series corrosion resistant luminaires, SLL-series IP65 linear luminaires, the slimline-series, LED hall luminaires (SLH-series)

2019
Key supplier relationship established with Thorlux Lighting

2019-2020
Launch of strategic road map
Addition of management and sales capacities
Market launch of Thorlux technology

2021
Acquisition of betterLeds
Acquisition of LED Technics
Addition of attractive lightline product range

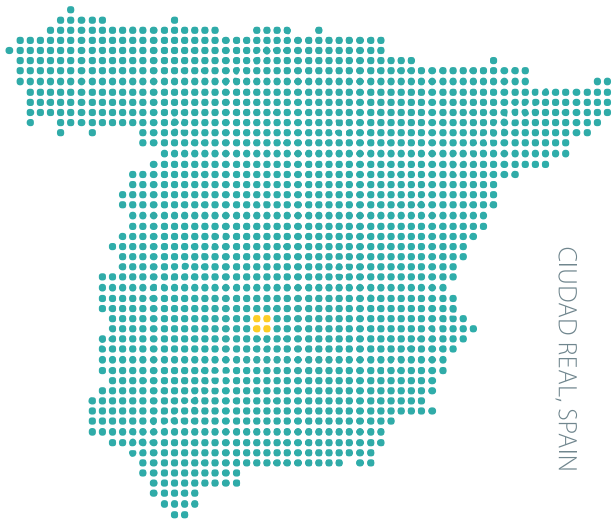
2022
FW Thorpe acquires 80% of the share capital of SchahlLED Lighting

120.5kW
Photovoltaic system

50%
Increased production capacity

Two
Additional cutting-edge machines

830m²
Newly built factory



CIUDAD REAL, SPAIN

STRATEGY IN ACTION

Zemper injection moulding factory.

To address the challenges faced by several Group companies in sourcing plastic moulded components externally, a strategic decision was taken to leverage the expertise and production facilities of Zemper. However, Zemper's plant in Almagro had insufficient production capacity and space to meet the increased demand.

The most viable solution was to construct a new factory adjacent to Zemper's main facility in Ciudad Real, to produce all Zemper's plastic components. As well as providing the necessary space to manufacture plastic components for other Group companies, this approach also eliminated the need for daily transportation of components from Almagro to Ciudad Real.

The newly built 830m² factory now accommodates six machines, including two cutting-edge automated production machines and CNC machining capabilities for efficient mould production. Plastic production capacity has increased by 50%, which is a significant improvement.

In line with a commitment to sustainable practices, a noteworthy addition to the new factory is the installation of a 120.5kW photovoltaic system on its roof. This renewable energy infrastructure further reinforces the company's efforts to reduce its carbon footprint and operate in an environmentally responsible manner.

STRATEGY IN ACTION

New warehouse facility for Famostar.

Famostar recently unveiled its state-of-the-art warehouse facility in the Netherlands. With the previous warehouse operating at maximum capacity, the company had resorted to utilising off-site storage facilities. The newly constructed building offers an additional 1,076m² of space, eliminating the need for external storage and streamlining the movement of goods within the company's operations.

The design of the new warehouse prioritises energy efficiency. Natural light floods the interior space through large windows, reducing the reliance on artificial lighting. In addition, on the roof, 266 photovoltaic panels are projected to generate approximately 110,000kWh of energy per year, resulting in a significant reduction of 52 tonnes of CO_2e emissions.

266 photovoltaic panels to generate 110,000kWh of energy per year

38% increase in space

1,076m² additional space

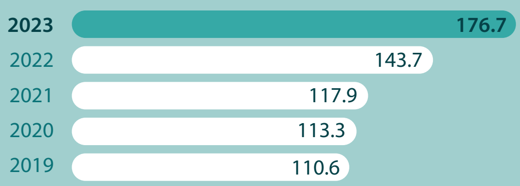
Key performance indicators.

The following key performance indicators are considered to be the most appropriate for measuring how successful the Group has been in meeting its strategic objectives.

Financial...

Revenue (£m)

+23%

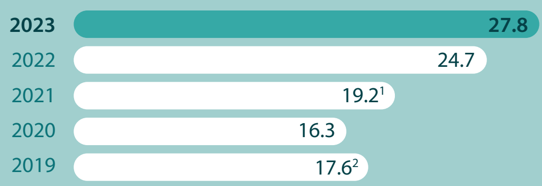


Performance in 2023

- Another year of growth, building on 2022 performance
- Revenue growth across the Group, driven by Thorlux
- Addition of SchahlLED, nine months of results included

Operating profit (£m)

+13%

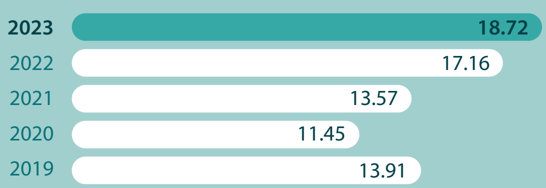


Performance in 2023

- Solid improvement, positive addition of SchahlLED
- Increase suppressed by margin pressures from material costs and increased operating cost pressure from wage rate and general inflation

Basic earnings per share (pence)

+9%

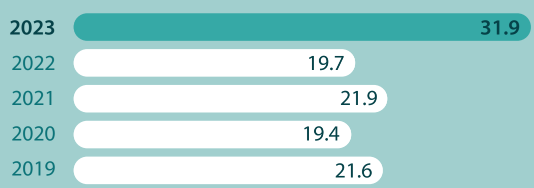


Performance in 2023

- Driven by operating results
- Increased number of shares due to exercise of executive share options

Operating cash (£m)

+61%



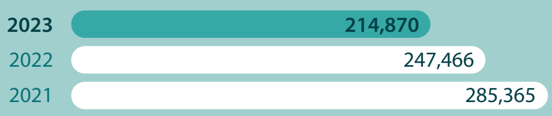
Performance in 2023

- Impacted by operating results
- Stock holding starting to reduce following investment to protect against supply chain disruption

Sustainability...

CO_2 emissions (tCO_2) (Scopes 1,2 and 3)

-13%

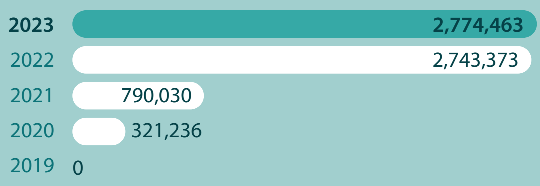


Performance in 2023

- Investment in solar energy generating capacity at factories in the UK, Netherlands and Spain
- All remaining electricity consumed across the Group is from renewable sources

Renewable energy usage (kWh)

+1%



Performance in 2023

- Solar generation, renewably sourced electricity
- Further solar investment to be completed in 2023/24

1 2021 excludes the exceptional item in respect of Lightronics fire £1.6m

2 2019 excludes the profit on disposal of property of £1.9m

Operational performance.

2023 Group company overview

FW Thorpe Plc encompasses individual companies that concentrate on particular market sectors and geographical locations. The companies provide the Group with diversity as well as risk mitigation, as they do not compete with one another and are complementary.

The companies within the Group can be affected differently by trends and economic impacts within their respective markets. The continuing development and market adoption of LED lighting and controls technology allows Group companies to share the benefits of their product and technical expertise, differentiating themselves from competitors.

The 2022/23 financial year was another year of improved performance, driven largely by improved operating results at Thorlux Lighting and the addition of SchahlLED in Germany, the Group's long-term distribution partner, for which nine months of results are included. This year was the first when the operating results for the Group's Dutch companies, Famostar and Lightronics, did not improve, due to inflationary pressures on margins; however, both companies produced a creditable ratio of operating profit to sales.

Zemper performed well in its first full financial year as part of the Group; with strong performance in France and an improved second half performance in Spain, the company delivered results in line with expectations.

Within the Group's 'other companies' segment, there were improved results at TRT following a disappointing 2021/22, as well as, generally, progress across the other UK companies.

The supply chain challenges suffered last year have dissipated to a degree. Although the Group continues to carry forward higher stocks of certain electronic components, it has actively reduced stocks in other areas. Group procurement teams will switch their attention from sourcing to value going forwards.

Employee costs continued to increase, driven by wage increases; this will continue for the coming months until headline inflation rates come under control. Within the Group, companies take pride in paying above minimum wage levels. This year, an additional special cost-of-living payment was also made in December across the Group, targeted at those suffering hardship from increased domestic bills.

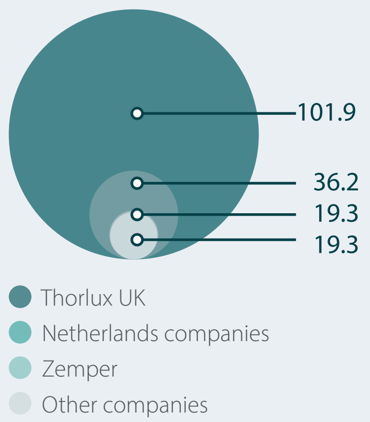
Selling prices have been increased where possible, in a fair and responsible manner, to combat inflationary pressures, but negotiating these increases through to the order book has been more successful with some companies than others. Electricity cost increases have been somewhat offset by successful investments in solar PV on the roofs at the majority of Group buildings.

In summary, there has been a solid increase in revenue across most Group companies, with operating results improving in most companies compared with last year. The addition of SchahlLED and continued growth in Thorlux's export business continues to match the Group's ambition of diversifying its revenues in terms of territorial sales.

The Group continues to be underpinned by the development of market-leading lighting equipment and by investment in manufacturing and employee capabilities, as well as continuing to strive to deliver excellent customer service.

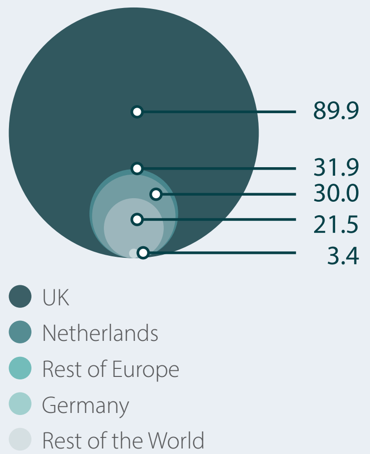
The following is an overview of 2022/23 for each company.

Group total revenue (£m)[1]



[1] Excluding intercompany

Revenue by region (£m)



[1] Excluding intercompany

Thorlux Lighting

This was another record year in terms of revenue and operating profit, with service levels returning to normal. Orders, as expected, were lower than last year, with less activity in certain sectors; however, this allowed manufacturing to catch up, returning the outstanding order book to more realistic and manageable levels.

The operations team have certainly delivered this year; with supply chain challenges easing, the focus has been on improving customer service and reducing lead times to more sensible levels. With the improvement in component availability, Thorlux's engineering resource has been able to move the focus away from sourcing and redesigns, to more forward-looking activities supporting product innovation.

Continued investment in sales activities has yielded dividends again this year. Some investment in sales support teams is required to underpin this growth, as well as further investment in direct selling presence in certain sectors and territories continuing in 2023/24.

Large scale projects also had a positive effect on results this year. Whilst these have a dilutive impact on operating results because of lower than normal margins in the services element, such as for surveying or subcontract installation activities, the contribution to operating profit improved again this year.

Revenue

£92.7m

+10% (+15%), excluding SchahlLED adding £16.9m (9mths)

Thorlux's capability to offer a turnkey service enables it to secure significant projects with solid product margins.

Revenue from outside the UK has grown again, with strong contributions from Germany and Scandinavia in particular. Revenue from Australia was good for the second half of the year, with solid results for the whole year. Results from the Republic of Ireland were also strong.

SchahlLED is included in the Thorlux segment this year. The Group is pleased to welcome SchahlLED, having worked together for many years selling Thorlux energy saving solutions into the German market, targeting the industrial and logistics sectors. Initial performance has been as expected, adding £17m to revenues and a solid operating profit return before acquisition related accounting adjustments.

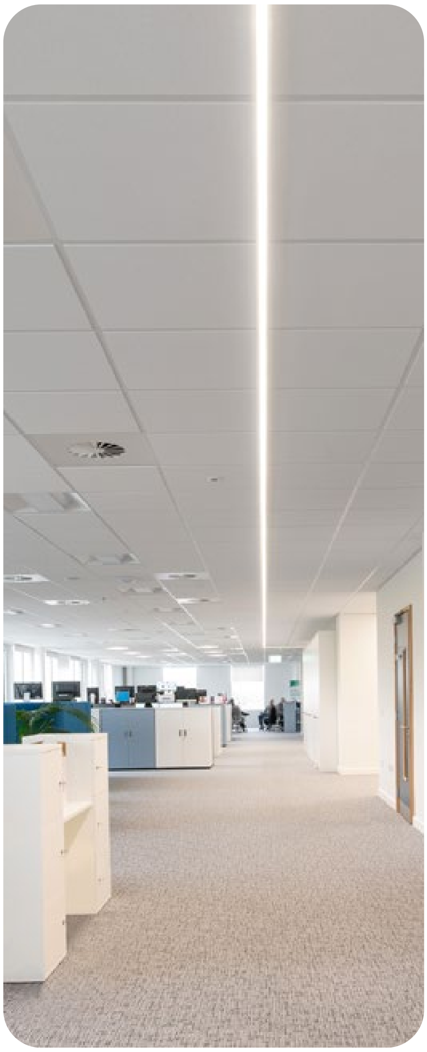
See pages 32 to 33

Product innovation is a founding principle of the Group, and Thorlux continues to lead the way. The SmartScan platform has delivered strong revenue growth again this year, with new features added as part of the generation 2 launch. New products include a commercial luminaire range with reduced material usage and energy consumption, underpinning Thorlux's sustainability credentials. Adding to this, Thorlux will market and distribute Ratio EV's io7 charger before the end of 2023, bringing lighting and electric vehicle charging together as a one-stop solution for customers.

Capital investment centred around the completion of the solar PV project as well as extending the electric vehicle fleet, continuing Thorlux's commitment to sustainability and reducing its total carbon emissions.

With Thorlux having delivered another year of strong revenue growth, the target will be to progress again following investments in customer-facing activities as well as targeted investments in new territories. The wider economic conditions of inflation and higher interest rates may have an impact on demand, as will a potential change of government in the UK. Whilst energy costs are slowly reducing, there is still a push for both carbon reduction and data reporting – areas where the SmartScan system excels and has a proven track record. Along with the impending ban on fluorescent lamps across the UK and the EU, these factors should counteract any slowdown in general capital investment commitments.

Image: Fujifilm, Bedford



Operational performance. continued

Philip Payne

Another respectable performance this year built on the results of last year. Operating profit has again improved but was dampened by investments in sales and marketing resource, planning for the future and working with both Famostar and Zemper to develop the UK market.

Products for the architecturally discerning are at the core of the Philip Payne business model. The ability to offer something different to the standard trade portfolio distinguishes the company from its competitors. The recent launch of the company's new iON exit sign is an example of a new product targeted directly at the specifier.

This year Philip Payne supplied products for the following notable projects including the London Stadium and Birmingham Council house, to name but two.

Specto-XT, a wireless emergency lighting solution, offers customers the ability to comply with safety standards with minimal disruption. This important compliance tool is sadly overlooked in some organisations. Philip Payne will continue to market this essential safety system to targeted market sectors.

Philip Payne continues to target growth from other segments of the emergency lighting market whilst supporting the development of the Group as a whole, aiming to promote both the Zemper and Famostar brands in the UK, targeting different parts of the market, utilising diverse sales channels. The investment in sales and marketing in these areas will hopefully come to the fore during the next few years.

New Philip Payne managing director Nick Revell is welcomed to the Group. Nick is charged with continuing the many years of stability and profitable growth delivered under the stewardship of David Taylor, who retired at the end of the 2022/23 financial year. The Group looks forward to Nick moving the business forward from solid foundations built by David and the team over many years.

Whilst this year has seen some improvement in performance at Philip Payne, the Group expects the combination of investment in the selling function, expansion of the product range and new management to deliver progressive results over the next few years and beyond.

Revenue

£3.9m

+20% (+16%)

Image: Birmingham Council House, Birmingham

Solite

Another year of growth for Solite was delivered by a combination of clean-room and bespoke projects. Operating profits also rose as sales price increases and material cost management yielded some benefits. This operating profit performance, returning the business closer to pre-pandemic levels, is especially pleasing.

Solite continues to focus on operational performance and managed to return lead times to more acceptable and competitive levels. There will be further investment in this area during 2023/24, as Solite looks to build for the future by improving key manufacturing processes.

The product portfolio continues to be refreshed: the ability of Solite to offer engineered solutions specific to customer needs is an important facet of the business. As well as supplying the traditional customer base this year, Solite has also supplied projects in both the retail and transportation sectors, demonstrating its capability to deliver a bespoke solution for a variety of sectors.

As Solite starts the new financial year, the order book is good; the business has secured a large project for a UK battery plant for electric vehicles and has a number of prospects in more traditional business areas as well as in some new sectors targeted in recent years. Solite is in a good position to build on the success of this year.

Revenue
£4.4m
+12% (+21%)

Image: WuXi Biologics, Dundalk, Ireland

Operational performance. continued

Image: The Sir Robert Peel pub, Walsall

Portland Lighting

Fortunes for Portland were mixed this year. Traditional outdoor sign lighting sales were down, and the development of a new selection of products to target the road and traffic sign market has yet to deliver the growth planned. However, with a new dedicated person now leading the road safety division, there were some promising signs as the Group closed the financial year and started 2023/24.

Results for the year were mainly impacted by a reduction in spending in the traditional retail and hospitality sectors. This was further compounded by investment in personnel to support Portland's endeavours in the road safety market.

Portland continues to develop products for the road safety market as well as investing in sales and marketing resource. The business has developed some excellent innovations, including a retrofit solution to road crossing safety lights ('Belisha beacons').

This retrofit option provides local authorities with an opportunity to reutilise existing groundworks and mounting posts, saving the time and expense of road closures. Another road safety product is well advanced and will be launched early next year.

Sustainability remains a focus. Following a reduction in plastic packaging last year, the business has managed to reduce its gas usage considerably – saving both carbon emissions and cost.

Whilst the traditional markets of sign lighting have been quiet recently, Portland continues to be optimistic about growth from sales into the road safety market.

Revenue

£3.2m

–17% (+35%)

TRT Lighting

TRT's revenue bounced back this year. Selling prices started to improve in the second half of the year and, whilst the operating profit performance continues to be below the standards set by the Group, it is a solid improvement on last year's results.

Street lighting projects contributed most of the revenues for this year. Tunnel projects were at lower levels, with only some smaller scale projects in the UK and Australia. Some larger projects have been secured and ordered for delivery in 2023/24; these higher margin projects will make a strong contribution to results for 2023/24.

The new operational leader at TRT has made a positive impact. Service levels are good, and the business continues to improve its ability to respond to peaks in customer demand. Some improvement is required in stock management following investment in certain stock lines to protect against supply challenges; this now needs to be managed to more sustainable and lower levels.

Significant effort is being focused on product development; for example, an exciting new product will be launched into the street and amenity lighting market towards the end of 2023 which further underpins the Group's reputation for innovation and sustainability, and other new ideas are progressing. The business will continue to build its amenity range, collaborating with other businesses within the Group. Expect to see the results of these innovations in next year's annual report.

TRT starts the new financial year with a solid order book and a few decent sized tunnel projects on the books and in progress. The Group expects a strong operating profit performance for the coming financial year, building on the improved performance for this year.

Revenue

£10.1m

+16% (–18%)

Image: Hereford Cathedral Close, Hereford

Operational performance. continued

Image: Hoge rij, Deventer, Netherlands

Lightronics

Whilst revenue has grown this year, operating results for Lightronics are a little disappointing. Margins were squeezed in the first half of the year; however, the business continues to deliver a very respectable ratio of operating profit to sales.

The main challenge during the year has been managing increases to supply chain costs. Some progress was made both in improving selling prices and reducing costs, but there is work to do. The commercial organisation continues to develop under the leadership of Lightronics' new commercial director.

Product innovation is fundamental for Lightronics, as it is across the Group. The company is working on a number of shared developments with both TRT and Thorlux.

These businesses share certain product lines and customer types, so the company will continue to find ways to exploit these synergies to the Group's benefit.

Following the completion of building works last June, the Group has invested in further solar PV, which supports operations at Lightronics today as well as into the future. The business will look to invest further in the new financial year to support sales and marketing activities.

Margins improved in the second half of the year; Lightronics expects this to continue into the new financial year, following some positive results on purchase price negotiations in the supply chain. The business starts the new year with a solid order book, with a clear target of improving operating returns in 2023/24.

Revenue

£24.8m

+13% (–2%) (constant currency +10% (+2%)) (exc. Thorlux)

Famostar

Having delivered many years of double digit and profitable growth, the business has taken a "pause for breath". The business continues to target certain customer activity, embed SmartScan technology into its product offering, and develop Thorlux product sales into the Dutch market.

Famostar has a solid position in the Dutch market, producing high quality sustainable emergency lighting solutions; however, Famostar continues to look for ways to expand into new territories. The project with Philip Payne to expand sales into the UK market continues, although progress has been limited to date.

The sale and distribution of Thorlux products into the Dutch market continues to make steady progress. Famostar continues to invest in sales and marketing resources and hopes to see improved results. Finding additional good quality people is the main challenge in a tight local labour market.

Sustainability is a key focus for all Group businesses, and Famostar continues to review ways of reducing the impact on the environment in terms of the composition and manufacture of its products. This year Famostar committed to introducing solar PV panels on the roof of its new facility, which will generate enough electricity to power the building each year.

The new warehouse and manufacturing facility was completed before the close of the financial year. The Group expects to see operational efficiencies this coming financial year now that all operations are on one site.

See page 35

Famostar will continue to strive for growth domestically through existing channels, offering SmartScan and delivering projects with the Thorlux product portfolio. Export markets will continue to be explored in conjunction with other Group companies.

Revenue

£11.5m

+4% (+20%) (constant currency +3% (+25%))

Image: The Streetfood Club, Breda, Netherlands

Operational performance. continued

Image: ExitAlya Surface (surface wall mounted exit sign) and the Spazio Nano (recessed emergency luminaire)

Zemper

Zemper joined FW Thorpe in September 2021. Since becoming part of the Group, Zemper has delivered a solid financial performance. Revenues are derived primarily from the local Spanish market, France and Belgium. The business also supplies a wide variety of export markets.

The business is deeper into the value chain than most Group companies: with its ability to injection mould its own plastic components and populate finished printed circuit boards; it also has its own robotic final assembly and testing process. There has been further investment in these facilities during the year, with the addition of injection moulding capacity that will support the Group as well as additional investment in surface mount machinery that will also facilitate synergy projects for the wider group.

See page 34

Supply cost increases hampered operating results; however, this was partially offset by increased revenues in the targeted growth territories of France and Belgium and several new successful product launches which stimulated order intake in the second half year.

Synergy projects continue, and the Zemper team has added some significant emergency lighting knowledge and technical expertise to the Group. Projects include in-sourcing of troublesome plastic components, standardisation of product offerings across multiple territories, and continual development of shared product ideas. These synergies take time to implement, but the Group expects to see some benefit later in the new financial year.

This year there is the benefit of a full financial year's results for the Group. Zemper will target continued growth, supported by projects in the UK and the UAE, and drive the improvement of margins so the business can deliver on its medium-term growth projections.

Revenue

£19.3m

+37% (last year 9mths included)

Image: Shrewsbury Cricket School, Shrewsbury

PRODUCT SPOTLIGHT

Innovations from around the Group.

Ratio **io7**

The io7 pillar integrates high-performance area illumination and electric vehicle (EV) charging into a single stylish and robust unit. As well as incorporating up to 2 x 22kW fast charging capabilities, the io7 also provides essential illumination for users to safely connect to the charger whilst identifying potential trip hazards such as trailing cables.

The sophisticated optics of the io7 deliver exceptional area illumination with high uniformity, minimal glare and less than 2% upward light emission, effectively mitigating light pollution concerns. This design ensures a well-lit environment whilst minimising any adverse effects on the surrounding areas.

Furthermore, the io7 can be customised to meet specific requirements, including power availability, charging demands, internet connectivity, lighting preferences and budget considerations. Compatibility with the Thorlux Lighting SmartScan platform guarantees optimal functionality.

By combining efficient lighting and EV charging capabilities, the io7 provides a versatile solution for modern infrastructure. Its contemporary design, durable construction and user-focused features make it an ideal choice for those seeking a comprehensive and sustainable solution to meet their EV charging and area illumination needs.

TRT **I-Range**

The robust I-Range has been designed and tested for tunnel and urban passageway applications.

Features include a tough extruded aluminium body, narrow projection, toughened safety glass cover, and IP66 and IK08 ratings (for water and impact-resistance, respectively). This compact, lightweight luminaire has a smooth flat finish to reduce dirt build-up.

A choice of three lengths, four wattages and eight optical distributions ensures that the I-Range can be integrated into most exterior lighting projects. An angled bracket allows optimal positioning, and a bespoke lensing arrangement maximises efficiency. The I-Range is supplied with a pre-wired mains cable, making this out-of-the-box solution easy to install.

Additionally, the product is delivered in a highly sustainable packaging solution that utilises non-virgin cardboard throughout and avoids the use of plastic. This eco-friendly packaging has the optimal dimensions to protect the product during transportation.

Lightronics **CEDER**

The CEDER luminaire, with its conical shape, is used in a wide range of applications in public areas.

The luminaire has been designed for maximum circularity, minimising the use of raw materials, maximising the reuse of parts and facilitating efficient recycling. The collar can be recycled at the end of the luminaire's service life and used as a base material for a new light post or similar, and the aluminium parts are anodised to allow future recycling without additional treatment to remove a coating.

The luminaire is also designed to accommodate the rapid integration of the latest lighting technology. The LED board and driver unit can be effortlessly replaced without the need for specialised tools, ensuring that future upgrades can be easily incorporated and extending the lifespan of the luminaire.

PRODUCT SPOTLIGHT

SkyCore family.

The new SkyCore family is the next generation of luminaires for commercial environments. SkyCore luminaires are designed with the principles of circularity and sustainability in mind. Modularity, maintainability and reduced waste are key considerations, as well as high performance for a variety of lighting solutions.

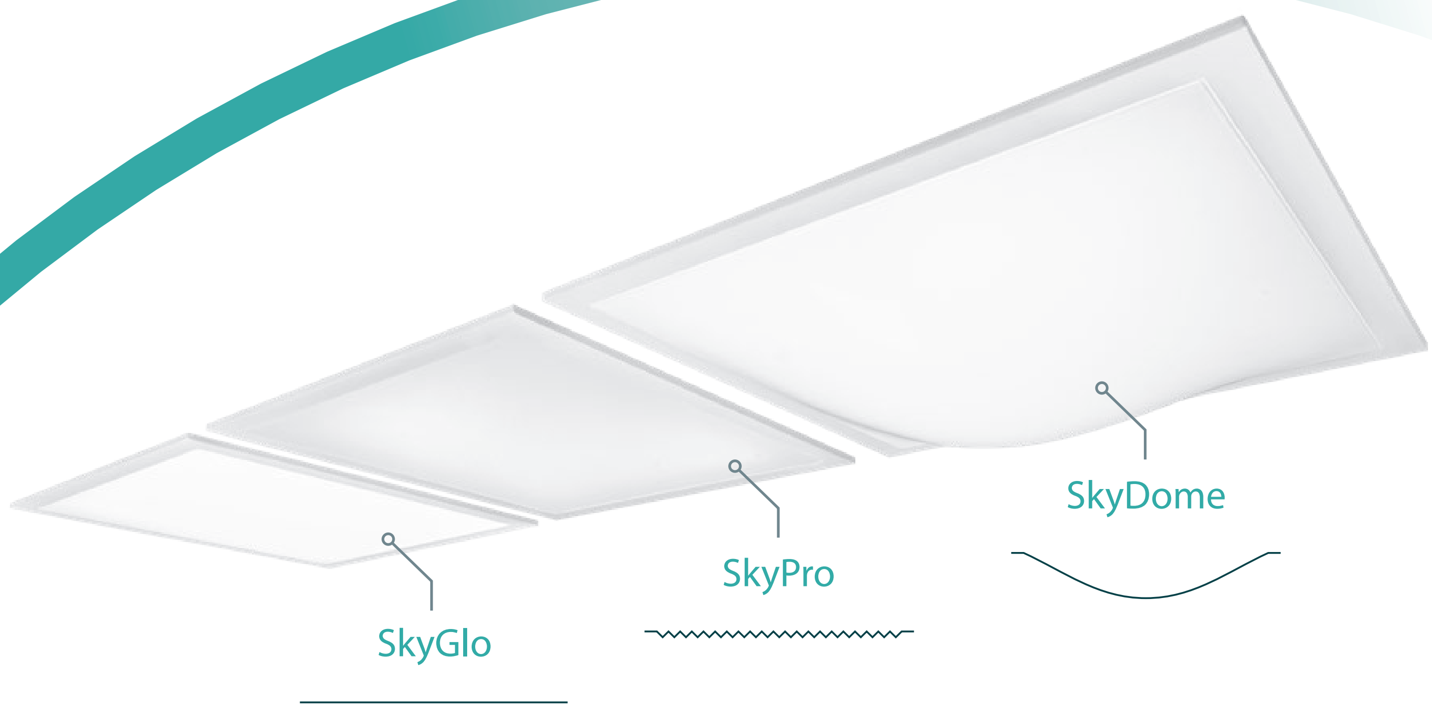
The SkyCore family includes the SkyGlo, SkyPro and SkyDome. All three luminaire types share a common luminaire body, but each has a diffuser option for a different application. SkyGlo has a homogeneously lit flat opal diffuser, ideal for areas where diffuse lighting is required. SkyPro uses a low-glare micro-prism diffuser, making it ideal for office applications or areas with computer screens, and SkyDome, which uses an iconic domed diffuser providing excellent wall and ceiling illumination, is perfect for creating well-lit and stimulating classrooms.

All versions are available recessed, surface mounted or suspended, making the SkyCore family a versatile range of luminaires for a wide variety of applications.

A solution for every space.

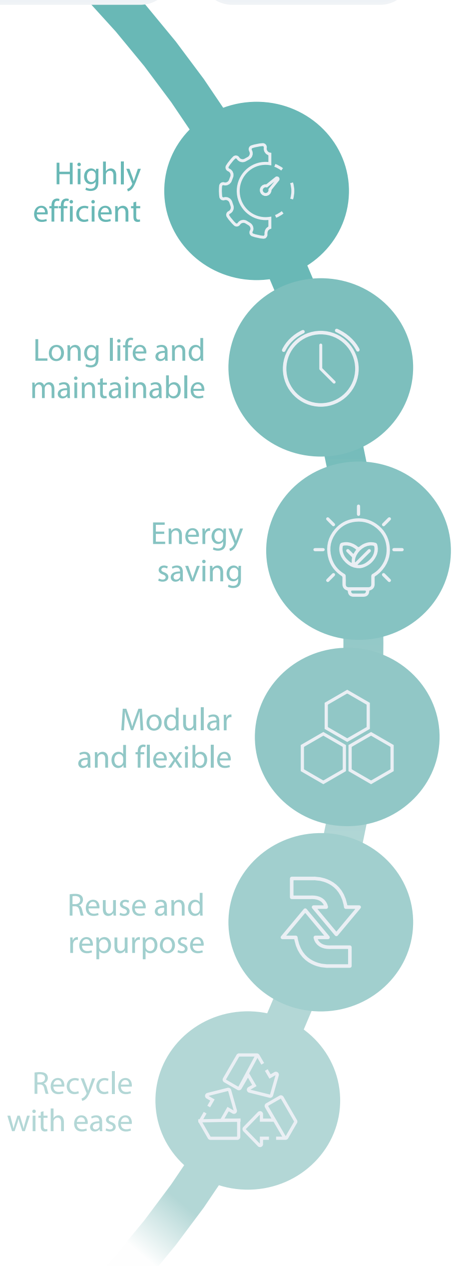
Lighting for your comfort.

The power is in your hands.



PRODUCT SPOTLIGHT

Making changes that matter.



Thorlux is passionate about minimising its environmental impact. The SkyCore family was therefore designed as follows:

Using modular components; giving flexible options

The principles of circularity aim to eliminate waste by keeping as much of the original product material in use for as long as possible, which is why the SkyCore family has been designed to provide a long and reliable life of at least 100,000 hours.

The luminaires are fully serviceable and have a modular design. Each luminaire comprises a luminaire head and gearbox which can easily be separated for servicing or repurposing in the future, helping to reduce maintenance time, waste, and the costs associated with replacement. The modular serviceable design allows the luminaire to be fully maintainable throughout its life, keeping it in service longer. Individual components can be removed for ease of servicing or replaced for upgrading should the need arise.

Once the product reaches its end of life, it can easily be disassembled and recycled.

Each SkyCore luminaire can be adjusted on site to one of four predetermined wattages, through the wattage selector mounted on the gearbox.

This clever feature means room light levels can be increased or decreased if there is a change in use or occupier.

Reducing material waste

During development of the SkyCore family, manufacturing efficiency and reduced waste were key considerations; this led to a change in the design process.

The development team carefully considered material types and how they could be used to improve the design and minimise waste during the manufacturing process. Through careful selection of steel sheet size and optimising the component layout, two luminaires can be manufactured from each sheet, with a utilisation of over 80%. The waste material from the centre of the luminaire frame is used to manufacture the accompanying gearbox. The steel comprises at least 27% recycled content.

Minimising energy consumption

The greatest environmental impact of a luminaire is during its operating phase – more specifically, due to the energy it consumes.

The SkyCore family has been designed to be highly efficient, with versions producing 146.9 lumens per circuit watt (LL/cW), minimising a building's lighting load. This can be reduced further with SmartScan, the award-winning wireless lighting management system, which ensures that luminaires consume only the energy required to light the space.

Financial performance.

The increase in **Group profitability** has been driven by another **positive year from Thorlux** and a **positive contribution** by recent acquisitions."

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary

The directors have pleasure in submitting their annual report and the audited consolidated financial statements of the Group and the Company for the year ended 30 June 2023.

Results and dividends

Revenue increased by 23.0% to £176.7m with operating profit increasing by 12.6% to £27.8m, supplemented by the addition of SchahlLED acquired in September 2022 and an additional three month's contribution from Zemper, acquired October 2021. Excluding both additional elements, revenue increased 10.7%, with operating profit up 8.8%.

The increase in Group profitability has been driven by another positive year from Thorlux and a positive contribution by recent acquisitions (although dampened by acquisition related fair value adjustments). There was a solid performance by the Netherlands companies, with the other UK companies improving performance in the main. Operating profit before acquisition adjustments reached £29.8m (2022: £25.8m), up 15.6%.

Both acquisitions, Zemper and SchahlLED, made positive contributions of £4.1m (2022: £2.2m) before amortisation costs of acquisition related intangible assets. Given the Group has committed to acquiring the remaining shares over the next few years, we account for 100% of the revenue derived by these companies but adjust the operating profit for intangibles valued at acquisition and profit before tax to reflect the minority shareholding. For added complexity, SchahlLED predominantly distribute Thorlux products, so there are further adjustments at a revenue and operating profit level.

The remaining UK companies all posted positive contributions with improvements in all except for Portland; however, the overall results for the other companies continues to be dampened by the results from our overseas sales offices in the UAE and Australia.

Net finance expense is impacted by both the Zemper and SchahlLED acquisitions; however, the recent upturn in interest rates have seen returns on our significant cash holding improve in the last quarter of the year.

The taxation charge represents an effective rate of 18.6% (2022: 16.7%). The rate is higher than the previous year driven by the addition of profits from Germany and Spain with a higher headline rate and the substantively enacted higher future UK tax rate. The effective tax rate for UK companies is lower than the current corporation tax rate due to patent box relief driven by the Group's product innovations.

Cash balance remained strong following significant investments during the year.

In April 2023, the Company paid an interim dividend of 1.62p per share (2022: 1.54p) amounting to £1,898,000 (2022: £1,803,000). There were no special dividends during the year (2022: 2.27p, £2,659,000). A final dividend of 4.84p (2022: 4.61p) per ordinary share is proposed, amounting to £5,674,000 (2022: £5,403,000). If approved, the dividends will be paid on 24 November 2023. Total dividends paid during the year amounted to £7,301,000 in aggregate (2022: £12,079,000). The final dividend for 2022 was paid on 25 November 2022.

Cash and liquidity management

The Group's cash is managed in accordance with the treasury policy. Cash is managed centrally on a daily basis to ensure that the Group has sufficient funds available to meet its needs and invests the remainder. The majority of cash is placed with approved counterparties either on overnight deposit or time deposit. There is a series of time deposits that are maturing on a rolling cycle in order to meet regular business payments, with a margin for larger regular and one-off payments as well as seasonal variation in cash requirements.

The Group primarily trades in sterling. There is an exposure to foreign currency as the Group buys and sells in foreign currencies and maintains currency bank accounts in US dollars, Australian dollars, UAE dirhams and euros. The activities of buying and selling in foreign currency are broadly matched with currencies bought and sold as required in order to minimise currency exposures. Larger exposures would be hedged in order to reduce the risk of adverse exchange rate movement. There were no currency hedging derivatives in place as at 30 June 2023 or 30 June 2022.

Pension scheme position and funding

The latest triennial actuarial valuation was completed as at 30 June 2021. This valuation showed that the pension scheme position remains in surplus and a funding level for the future has been agreed between the trustees of the scheme and the directors of the Company. The directors consider it unlikely that any changes to the present funding levels will have any significant effect on the strength of the Company's statement of financial position.

Group research and development activities

The Group is committed to research and development activities in order to maintain its market share in the sectors and territories we operate. These activities encompass constant development of both new and existing products to ensure that a leading position in the lighting market is maintained. During the year, the Group spent £1,874,000 (2022: £2,096,000) on capitalised development costs, which includes internal labour.

Property, plant and equipment

The directors are of the opinion that the market value of the freehold land and buildings is in excess of their net book value. Whilst it is considered that the market value is significantly greater than the net book value for many of the Group's properties as a result of being acquired between one and over 20 years ago, management considers that undertaking formal valuation exercises would be costly for limited value and consequently no formal exercise has been undertaken.

Investment this year continued at a higher level compared with previous years. The main capital expenditure focused on the extension of the Famostar building, a new injection moulding facility for Zemper to support an insourcing project for the Group and an increased investment in solar PV panels for the Thorlux and Lightronics factories, further underpinning of our sustainability credentials.

Creditor payment policy

The Group's policy concerning the payment of its trade creditors is to accept and follow the normal terms of payment among suppliers to the lighting industry. Payments are made when they fall due, which is usually on the day after the end of the calendar month following the month in which delivery of goods or services is made. Where reasonable settlement discount terms are offered for early payment, these terms are usually taken up. The number of days represented by the Company's year-end trade payables is 45 (2022: 42). The Group continues to report on payment practices and performance as per UK legislation.

Internal financial control

During the year, a member of the Group finance department has visited all operating sites to assess their compliance with a selection of key control procedures and any non-compliance reported to the Group Board. If there any areas of non-compliance noted as part of this process they are addressed.

In addition, the executive directors regularly visit all operating sites and review with local management financial and commercial issues affecting the Group's operations. Regular financial reporting includes rolling forecasts and monthly financial reports comparing performance against plan as well as the previous year. These reports are reviewed locally with a Group representative and monitored by the Group Board. Accordingly, the directors do not consider that an internal audit department is required.

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary

12 October 2023

Group total revenue (£m)
+23% (2022: +22%)
£176.7m

Group operating profit (£m)
+13% (2022: +29%)
£27.8m

Net cash generated from operations (£m)
+61% (2022: -10%)
£31.9m

Net assets (£m)
+10% (2022: +6%)
£160.3m

Section 172.

Stakeholder engagement

The Group has the responsibility for managing the challenges that affect the business on a daily basis; this also includes our impact on our key stakeholders. Our ability to engage and work constructively with these stakeholders underpins the long-term success and sustainability of the Group.

Key stakeholders and how we engage with them:

The directors are aware of their duty under Section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term.
- The interest of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the Company.

The Board considers its key stakeholders to be its employees, customers, shareholders, suppliers and the communities and environment we operate within.

Employees

Why we engage

The right people, capabilities and engagement across the Group is the platform to drive our long-term success.

How we engage

- Employee committees
- Health & safety committees
- Employee appraisals, training and development
- Communication via web portal, notices and company newsletter
- Group board meetings held periodically at different company sites

Customers

Why we engage

Understanding the needs of our customer is fundamental. We aim to deliver the correct technical solution, professional service, sustainability of products/services and support the customer during a product's warrantable life and beyond.

How we engage

- Meetings/maintaining close relationships via regional sales or business development teams
- Providing Continuing Professional Development seminars and education opportunities
- Company websites
- Customer specific events including trade shows
- Order execution – from lighting design, through to delivery, installation and commissioning

Shareholders

Why we engage

Trust from our shareholders is key to delivering our strategy and long-term success. We endeavour to provide fair, balanced and meaningful information to shareholders and potential investors to ensure they understand our performance and strategy.

How we engage

- Trading updates at appropriate times
- Regulatory News Service
- Investor meetings and presentations, including company visits
- Dedicated Group website
- Annual and Interim reports
- Annual General Meetings

Suppliers

Why we engage

We need to maintain reliable relationships with suppliers for mutual benefit and ensure they are meeting our standards, from value for money, quality, through to business ethics.

How we engage

- Meetings and negotiations with key suppliers
- Site visits
- Quality management reviews and audits
- Attending supplier forums and trade shows

Communities & environment

Why we engage

The Group is committed to be a responsible member of the community and considers the environmental impacts of the customer's use of our products as well as our own operations.

How we engage

- Support local and national charities
- Engagement with local MPs and Chambers of Commerce
- Members of appropriate trade and industry bodies
- Carbon offset scheme in place since 2009, accredited under the Woodland Carbon Code
- Recent investment in solar panels in the UK and Netherlands facilities
- Products and systems support energy saving and carbon reduction – London Stock Exchange Green Economy mark in 2020

Our sustainability journey.

The Group is committed to addressing today's sustainability challenges and opportunities, adjusting its business strategy accordingly. Understanding the needs of customers and key stakeholders and the expectations they have is central to ensuring that the Group prioritises the most critical issues and operates a responsible and sustainable business.

Sustainability has been at the core of FW Thorpe for many years. Products are designed for longevity using recyclable materials, and the Group's direct carbon impact has been measured for over a decade, with emissions offset using its own independently certified tree planting scheme. Thorlux Smart technology has been saving energy for customers as well as reducing their carbon impact since 2003.

FW Thorpe holds the Green Economy Mark, which identifies companies and funds listed on the London Stock Exchange that generate between 50 and 100% of total annual revenues from products and services that contribute to the global green economy.

The journey so far: the Group's progress and plans for the future

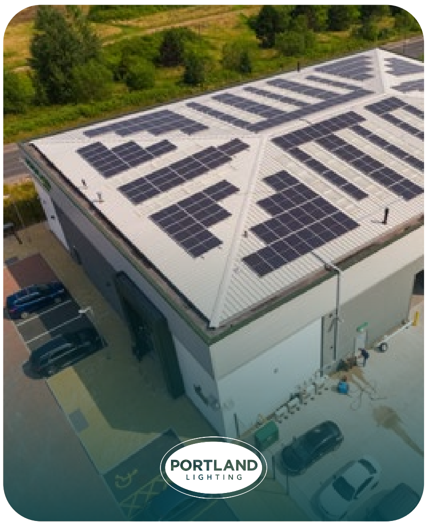
Over the last two decades, FW Thorpe has sought to address the carbon impact of its manufacturing and distribution operations. This has led to a major employee engagement programme on energy efficiency of Group operations, as well as significant recent investments in renewable energy generation with the addition of roof-top solar photovoltaic (PV) panels to the Group's manufacturing facilities.

Since 2009, FW Thorpe has been planting trees on its own land in Wales to offset Group emissions each year. To date, the Group has planted 179,412 trees, offsetting more than 44,385 tonnes CO_2e over the next 100 years.

FW Thorpe has completed its woodland creation project in Devauden, Wales and has purchased 195 acres of land in Herefordshire.

The land has significant potential for connecting existing woodlands for biodiversity and landscape enhancement and the transition from grazing sheep to woodland creation will have little to no impact on food security.

FW Thorpe has been officially recognised as being carbon neutral, with systems of reduction, measurement and certified offsetting in place, since 2012. This status has been independently assessed by a third party in accordance with ISO 14064-1, an international standard for the quantification and reporting of greenhouse gas emissions and removals. Meeting this standard provides independent assurance of the Group's longstanding commitment to sustainability across all its operations worldwide.



25
year projection of 12,500 tonnes CO_2e avoided by the use of solar panels
(Based on 2022 conversion factors.)

25
year projection of 50,000,000 kWh of electricity produced from solar panels

500
tonnes CO_2e avoided per annum by the use of solar panels
(estimated average)

2m
kWh electricity production capability per annum from solar panels

Mapping sustainability.

Alignment with the Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were launched in 2015 by the United Nations (UN). The SDGs aim to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet. Global sustainable development priorities and aspirations for 2030 are defined which seek to mobilise global efforts among governments, business and civil society around a common set of targets.

FW Thorpe's activities align most closely with six UN SDGs covering the themes of good health and well-being, affordable clean energy, decent work and economic growth, sustainable human settlements, responsible consumption and production and climate action.

SUSTAINABLE DEVELOPMENT GOALS

3

Ensure healthy lives and promote well-being for all at all ages.

7

Ensure access to affordable, reliable, sustainable and modern energy for all.

8

Promote sustained, inclusive and sustainable economic growth.

11

Sustainable cities and communities.

12

Ensure sustainable consumption and production patterns.

13

Take urgent action to combat climate change and its impacts.

Sustainability in action.

The link between the Group's sustainability journey and its strategic priorities related to its products, operations, business model and people is vital to the long-term success of the business.

Products (design and innovation)

New products:

- New product design follows the Group's Circular Design Strategy including the development of retrofit solutions for new and existing customers.
- The Group continues to offer increasingly energy efficient products and lighting management systems that further reduce energy and prolong lifetimes.
- The Group focuses on smart technology including enhancements to the SmartScan lighting management system.

Read more about **Sustainability in Action** on pages 60 to 62

Sourcing:

- The Group is working to increase the use of sustainable materials in products.
- Initiatives are in place to reduce supplier packaging waste.

Supply chain:

- The Group is committed to its Supplier Code of Conduct.
- Group companies are working with key suppliers to embed sustainable practices and remove single-use plastic from the supply chain.

Read more on pages 61 to 62

Operations (manufacturing excellence) "responsible production"

Energy usage

- The majority of the Group's electricity usage is from renewable sources.
- The Group's solar installations have the capability to produce 2m kWh of electricity per annum.
- Continued investment in carbon offsetting programmes.

Read more on pages 56 to 57

Waste

- All Group companies have been tasked to reduce waste to landfill.

Distribution

- Systems are being introduced to enable returnable and reusable packaging.
- A policy is in place to increase the use of electric and hybrid vehicles.

External activities

- The majority of Group companies have electric vehicle (EV) charging stations at the workplace.
- Sales engineers fleet switching to EV.

Business model

- New product developments support the green economy e.g. electric vehicle chargers
- Several Group companies offer financing models for customer projects.
- The Group promotes the refurbishment or reuse of existing luminaires – e.g. replacement light engines
- Existing products support the green economy – SmartScan.

Read more about **Our Business Model** on page 64

People

- All Group companies are certified to the international standard ISO 45001 (Occupational Health and Safety Management) or equivalent.
- The Group offers a fully funded employee assistance programme (EAP) and 24/7 GP video helpline.
- All employees are paid above the minimum wage rates and the majority are enrolled in some form of bonus scheme.
- The Group supports equal opportunity, regardless of gender, age, religion, ethnic origin or sexual orientation.

Read more about **Our People** on page 63

Products.

From an environmental point of view, the greatest impact of a luminaire is during the operating phase and, more specifically, in the amount of energy it consumes.

The Group continues to invest in the development of energy-efficient luminaires and control systems, utilising LED technology, including circuit board design, software development, thermal modelling and optical lens design, ensuring its luminaires provide the optimum lighting performance with the best use of energy and minimal stray emissions. Using the most up-to-date and high-quality LEDs, based on criteria such as colour rendering, luminous flux and thermal stability, guarantees that Group luminaires offer exceptional luminous efficacy and long lifetimes.

New products

The Group endeavours to limit the environmental impact of its products throughout their lifetime, and new product design follows an FW Thorpe agreed circular design strategy. Offering increasingly energy-efficient luminaires and lighting solutions reduces energy consumption and prolongs the lifetime of all products.

Group products have always been engineered to last and extending the life of a product allows it to remain in use for as long as possible; this may be by designing products to be physically durable or to allow the product to be adapted to a user's changing needs through easy upgrade.

The Group actively promotes retrofit solutions for existing and new customers, utilising the bodies of existing luminaires. Designing custom-made gear trays to replace traditional light sources with LEDs realises significant benefits in terms of energy efficiency, maintenance costs and luminaire lifetime.

Sustainability in action - Philip Payne

Philip Payne supplied the original emergency luminaires for the London Stadium and was approached by the appointed engineering services provider to retrofit the luminaires to be LED. Philip Payne designed custom-made gear trays, utilising the existing luminaire bodies and eliminating the expense and inconvenience of replacing the entire luminaire.

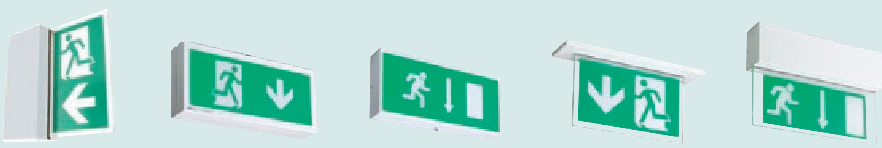


Image: Emergency luminaires from the Philip Payne architectural range

Image: Philip Payne secures the retro fit exit signs for London Stadium

Sustainability in action

Famostar

Famostar has joined the Circular Circuits consortium, a five-year research programme focused on the design of next generation electronics for a circular economy. The project involves 11 universities and research institutes and 17 industrial partners.

Thorlux

Thorlux continues to collaborate with WMG Business through a Knowledge Transfer Partnership. The focus for the project is to assess and improve product development processes to ensure new products become more circular in their design.

The aim is to embed circular principles and concepts into the new product development team through workshops and design-related activities.

Solite

Solite is supplying retrofit gear trays to sites with old Solite fluorescent luminaires. Reusing approximately 70% of the original product significantly reduces the quantity of new materials required and the CO_2 associated with their production and transportation.

Portland

Portland Lighting has developed the Crossafe Converter, a variant of its Crossafe illuminated post oversleeve, providing the potential to upgrade thousands of older illuminated pedestrian crossing posts installed throughout the country.

The heavy gauge base of the existing steel post is still serviceable after many years. By cutting and removing the top of the old post, the existing old base housing is left in situ to be repurposed. The new Crossafe Converter is installed in just 20 minutes, fitted, and secured to the old base with a built-in clamp system without the need to close the crossing.

Sourcing

Sustainable sourcing, which includes considering social, ethical and environmental performance factors, is integrated into the Group's practices and procurement decisions. All materials used in manufacture comply with the Restriction of Hazardous Substances (RoHS) directive, which applies to electrical and electronic equipment. The choice of material in a luminaire has a significant environmental impact throughout the product's lifetime, so the Group is working to increase the use of sustainable materials to reduce this impact. The recycled content of all raw materials is being established and increased wherever possible.

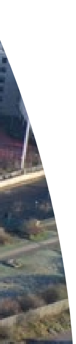
As the Group begins to embed the principles of the circular economy, one of the first initiatives is to reduce the amount of packaging waste generated by the business. Improved planning will allow Group companies to successfully manage inventory, reduce excess, consolidate deliveries and eliminate the purchase of unnecessary items, all of which will reduce the amount of supplier-delivered waste.

Supply chain

The Group is committed to its Supplier Code of Conduct to ensure an ethical and sustainable supply chain and is working with suppliers to embed sustainable practices.

The Group's mainline suppliers are based throughout the world and vary considerably, both in terms of size and amount spent with them. All product suppliers are subject to an approvals process before they are permitted to supply products. Many hold international quality standards and accreditations and are regularly audited to ensure ongoing compliance with quality standards and other regulatory requirements.

In addition, the Group has a large number of non-product suppliers, who are predominantly based in Europe. These suppliers are subject to the same due diligence processes as the product suppliers.



Operations.

Energy usage

The Group has installed solar PV units on the roofs of most of its UK manufacturing facilities, as well as at Lightronics and Famostar in the Netherlands and Zemper in Spain. The units have the capability to deliver over 2 million kWh per annum, reducing the Group's consumption from traditional electricity sources. All remaining significant electricity consumption is now derived from renewable sources.

All Group companies are certified to the international standards ISO 14001 (Environmental Management) and ISO 9001 (Quality Management).

Waste

All Group companies are required to meet ambitious targets to reduce waste to landfill through the economical use of resources and recycling of materials. With improved planning, the Group has been able to manage inventory, reduce excess, consolidate deliveries, and eliminate the purchase of unnecessary items – all of which will reduce the amount of supplier delivered waste.

Sustainability in action

Lightronics has replaced plastic wrap with lashing straps to secure boxes on pallets; these are reusable and returned with every recurring shipment.

Distribution

Systems are being successfully introduced which lend themselves to the implementation of returnable and reusable packaging, including a customer packaging recycling scheme. All finished goods packaging will be supplied from Forest Stewardship Council (FSC) or equivalent sources.

External activities

A proactive policy is in place to increase the use of either hybrid or full electric vehicles (EVs). To date, over 50% of company vehicles are either electric or hybrid.

Sustainability in action

Portland Lighting now uses paper bubble wrap (globular embossed paper) which is 100% recycled and 100% recyclable. This replaces plastic bubble wrap and significantly reduces plastic waste.

Thorlux Carbon Offsetting Project

Devauden, Monmouthshire, Wales

179,412
trees planted

44,385
tonnes CO_2e offset over the next 100 years

Image: The final tree was planted at the Group Carbon Offsetting Project in Monmouthshire, Wales by retiring FW Thorpe Group Director David Taylor, pictured with Chairman Michael Allcock

People.

Safety

All Group companies are certified to the international standard ISO 45001 (Occupational Health and Safety Management) or equivalent. The Group is committed to developing a safe and healthy working environment for all employees, consistent with the requirements of the Health and Safety at Work Act.

Training and development

The Group offers skill and personal development to all employees and continues to support its apprenticeship scheme. A number of senior managers and directors within the Group are former apprentices.

The Group continues to work with Warwick Business School to develop its leaders of the future.

Within the constraints of health and safety, disabled people are given full and fair consideration for job vacancies. Depending on their skills and abilities, disabled people enjoy the same career prospects as other employees, and, if employees become disabled, every effort is made to ensure their continued employment, with appropriate training where necessary.

Employee engagement and diversity

Employees are kept informed of matters of concern to them by publication and distribution of a company newsletter and other notices, or by specially convened meetings. Committees representing different groups of employees meet regularly to ensure the views of employees are considered when making decisions that are likely to affect their interests.

The Group aims to improve employees' work–life balance by continuing to offer flexible working time models.

The Group offers a fully funded employee assistance programme (EAP) and 24/7 GP video helpline that make available the support and resources needed to address any personal challenges and/or concerns that may affect well-being and/or work performance. The EAP is confidential and free to all employees as well as their eligible family members.

The Group is committed to the highest standards of openness, probity and accountability. The Whistleblowing Policy is intended to assist individuals who believe they have discovered malpractice or impropriety and to offer protection to any employees of the Group who disclose such concerns.

Employees are encouraged to share ideas and solutions through Group suggestion schemes, to encourage sustainable development. Additionally, the FW Thorpe Sustainability Working Group has been set up to share, discuss, learn about and circulate ideas on sustainability topics. A biannual Group sustainability newsletter is distributed to all employees with updates of company environmental initiatives.

The Group pays employees above minimum wage rates as well as an additional annual profit share bonus for all those who meet eligibility criteria, as well as providing access to a pension scheme with a contribution from the respective Group company.

The Group supports equal opportunity, regardless of gender, age, religion, ethnic origin or sexual orientation.

The Group's Modern Slavery Act disclosure is published on the corporate website (www.fwthorpe.co.uk) in the company documents section.

During the year the Group gave

£16,880

(2022: £23,153) for charitable purposes. This is made up of donations to charities of £7,116, and to local causes of £9,764.

Number of charities supported

30 (2022: 27)

Number of apprentices

16 (2022: 17)

Image: The Ratio team playing in a five-a-side football tournament to raise money for Birmingham Women's and Children's NHS Foundation Trust

Business model.

Governance

Sustainable management and social responsibility are at the core of Group governance. The Board and Group management are responsible for determining the strategic direction of sustainability initiatives and for governance and monitoring of sustainable working methods.

The Company's shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange. Previously, the Company was not required to comply with the Principles of Good Governance and Code of Best Practice (the 'UK Corporate Governance Code', or the 'Code'). Following a change to the AIM rules in 2018, from 28 September 2018 the Company adopted the Quoted Companies Alliance Corporate Governance Guidelines for Smaller Quoted Companies (the 'QCA Code'), which the Board believes appropriate due to the size and complexity of the Company.

It is Group policy to conduct all business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships, wherever it operates.

Several small-scale projects have been funded directly or indirectly by FW Thorpe, enabling the customer to benefit from energy savings immediately as well as lowering their carbon emissions.

Image: Day of Technology at Lightronics

Image: Local mayor visits Thorlux Lighting

Sustainability in action:

TRT Lighting has achieved International Dark-Sky Association (IDA) approval for eight of its product ranges. The IDA is the recognised authority on light pollution and is the leading organisation combating light pollution worldwide.

Sustainability in action:

Zemper has been awarded an EcoVadis Silver Medal in recognition of its continued commitment to improving sustainability across its business operations. EcoVadis operates an evidence-based online platform providing supplier sustainability ratings and allows companies to assess the environmental, social and governance performance of its global suppliers.

Sustainability in action:

Lightronics has been selected for 'De Groene Pluim' (The Green Plume). This mark is granted to organisations that excel in the following SDGs: decent work and economic growth (SDG 8), responsible consumption and production (SDG 12), climate action (SDG 13), and partnership (SDG 17).

Image: World Clean Up Day at Famostar

Image: Bicycle to Work Day at Lightronics

TCFD.

Reporting for Task Force on Climate-Related Financial Disclosures

Overview

Executive statement

"An important challenge facing FW Thorpe is the global issue of sustainability. The Group commenced its sustainability programme in 2009 and recognises the need to continually invest in greener solutions for its factories, enhance component sourcing and management, foster circular design practices, and develop energy-efficient product offerings to maintain a leading position in the market.

Beyond the well-publicised ongoing tree planting projects, FW Thorpe has continued to roll out solar solutions across its multiple factory roofs. Displaying proactive planning and favourable timing in 2021/22 prior to the energy crisis and supply constraints, the Company acquired an additional 3,000 large PV panels (amounting to £0.8 million) which have been installed on the main Thorlux facility's roof in Redditch.

The Group is making substantial strides in bolstering its sustainability profile. Collaborating with a third-party entity, FW Thorpe has comprehensively collected and collated emissions data from all its operational activities, spanning Scope 1, 2, and 3 emissions.

Internally, the Group is driving various sustainability initiatives. Noteworthy examples include material selection, reduction strategies, fostering reusability, and promoting recycling practices. All Company personnel receive sustainability training and a biannual sustainability newsletter featuring contributions from across the Group. Many of the efficiency enhancements achieved at both the factory and product levels not only reduce costs but also contribute to the company's ability to secure orders and enhance its overall reputation."

Mike Allcock
Chairman and Joint Chief Executive

Structure of the TCFD recommendations

Image: Tree planting at the Group Carbon Offsetting Project, Devauden, Wales

This is the Group's first TCFD aligned report, to commence the journey on understanding its current position on climate-related risks and opportunities. The TCFD is a framework for overseeing and analysing the Group's climate-related risks and opportunities. The framework has four thematic areas (Governance, Strategy, Risks and Metrics and Targets) that are core elements and eleven disclosure recommendations, defining the scope of information that should be reported, to provide transparency in relation to climate change. FW Thorpe recognises that climate change presents both physical and transitional risks, as well as opportunities, for the business.

FW Thorpe has developed net-zero targets and strategy and incorporated multiple decarbonisation projects. It has procured an external consultant, to help it understand climate-related risks and opportunities this financial year. During the next financial year (2023/24), they will help the Group to conduct climate scenario analysis and provide it with a comprehensive, long-term picture of the potential impacts.

Three time horizons will be used to provide the analysis with a suitable level of granularity and coverage. Best, worst and moderate case scenarios will be used to consider a broad range of eventualities.

The Group will be modelling the likelihood and severity of potential impacts on its operations from flooding, storm patterns, precipitation, mean temperatures and sea level rise, to fully understand the threats and establish a mitigation strategy to safeguard the future of the business against climate change. The Group plans to utilise climate scenario analyses to facilitate climate-related decision-making in an organised, systematic, and analytical manner. The findings will be discussed during the 2023/24 Board level workshop and integrated into the general risk management process.

Following the risk management workshop, the Group will identify material climate related risks and opportunities. Consequently, it will be able to describe the potential impacts of climate-related issues on the Group's financial performance and use in its financial planning process.

During the next financial year, the Group will consider producing a standalone TCFD report, to widen its understanding of the potential impacts of climate change and incorporate mitigation approaches into overall business strategy.

The TCFD disclosures for the Group will continue to evolve. Climate analysis was not performed this year as the Group continued to expand with acquisitions in recent years, resulting in revenue and operations in additional territories such as Spain, France, Belgium, and Germany, that extends the assessment scope. We will develop this analysis during 2023/24 and look to report progress in next year's annual report.

Image: Ratio io5 EV charger

TCFD. continued

Reporting for Task Force on Climate-Related Financial Disclosures

Governance

Summary of disclosure

Disclosure of the Group's governance around climate-related risk and opportunities.

Sustainable management and social responsibility are at the core of the Group's Governance. The Board and Group management are responsible for determining the strategic direction of sustainability initiatives, the governance and monitoring of sustainable working methods.

Board-level oversight

The Joint Chief Executive, Group Financial Director and Company Secretary in collaboration with the Chairman of the Board are responsible at Board level for the overall Environmental, Social and Governance (ESG) agenda, including the management of climate-related risks and opportunities. Sustainability is a standing agenda item at Board level and is discussed in every Board meeting. From the next reporting year, climate change will become a separate additional agenda item at the quarterly board meetings at each Group company.

Board members received a capacity-building training session in April 2023, as a part of developing FW Thorpe's net-zero strategy. In the next reporting year, separate climate-risk workshops will be held for Board members and managing directors. This will include a general overview of climate change, climate scenario analysis for the Group level and a detailed review of climate-related risks and opportunities that are specific to the business.

The Board considers climate-related issues in relation to its business in the form of research and development (R&D) of its products, decarbonisation of its operations, resource management and its carbon offsetting program. From the next reporting year, the aim is to incorporate, where possible, climate-related issues when reviewing the Group's business strategy, targets and major plans of actions and investments.

The Group's Board remuneration is currently not directly linked to climate/sustainability, but any future share options granted will contain a specific performance condition around carbon reduction.

FW Thorpe is currently reviewing incentives across the Group to consider a potential link to sustainability targets in 2023/24.

Management-level oversight

At the Group level, we have established a sustainability working group in 2022/23 that includes representatives from the Board and other key stakeholders. The Sustainability Working Group also participated in April's 2023 net-zero workshop.

At subsidiary level, responsibility for the sustainability agenda and climate-related issues lies with each individual business managing director who reports back to the Board, which has overall responsibility.

Currently, FW Thorpe does not have a formal ESG committee. The sustainability agenda is discussed at general meetings across the Group, where subsidiary directors and key management are expected to report back to the Board on sustainability KPIs. Next financial year the Group will consider establishing a formal ESG committee that will include representatives from the Board and key roles relevant to the topic.

Corporate governance structure

Across the Group, meetings with subsidiary directors are hosted every two months. Within each subsidiary, the managing directors are responsible for sustainability and climate change, which are guided by the board. Each managing director has assigned a sustainability champion to their individual business.

Key management personnel have participated in April's 2023 net-zero workshop and will also be joining next year's climate risk workshop. FW Thorpe provides training for all employees on a range of environmental initiatives and an employee suggestion box scheme, with rewards for adopted ideas. The aim is to educate all existing employees, and new starters on sustainability topics.

A sustainability newsletter is circulated every six months with sustainability achievements, relevant articles and communication of future targets and initiatives.

FW Thorpe's Sustainability Committee has purchased Group licenses for software (One-Click LCA), which will enable all the Group's companies to review and assess its products, and fine tune their design, material use / optimisation and efficiency, to reduce the impact on the environment of making and selling the product.

Strategy

Summary of disclosure

Disclosure of the actual and potential impacts of climate-related risks and opportunities on the business where such information is material.

FW Thorpe Plc has a long-standing commitment to tackling global environmental challenges, principally through its core business of manufacturing energy efficient lighting equipment. Over the last two decades, the Group has sought to address its operational carbon impact, by working towards carbon neutrality for its manufacturing, sales and distribution operations. FW Thorpe is certified as carbon neutral for its Scope 1 and 2 emissions which relates to the sales, manufacturing and distribution phases of making our products. The goal is ultimately to reach net-zero in 2040, before the UK's target for achieving net-zero carbon emissions by 2050. The Group has made initial assessments of its GHG emissions, which will help it to set validated science-based targets in 2023/24, in line with the Paris Agreement on climate change.

FW Thorpe Plc has been officially recognised as being carbon neutral since 2012, environmental management systems ISO 14001 accredited and follows principles of circular economy under the FW Thorpe Circular Design Strategy. More details can be found in the Sustainability section on page 60.

Our time horizons

Time horizon	Years	Description
Short term	0-5	From 2023 to 2027. Short-term climate risks are most likely to result from legislation changes, shifts in market preference and pressures, increased costs and external investment conditions. If the Group does not respond to these pressures, reputational and financial damage is likely. In the short term, the business strategy will be aligned, to prepare for medium- and long-term change.
Medium term	5-15	From 2027 to 2035. Effective management of medium-term climate risk, both transitional and physical, is expected, to require a broader shift in business strategy and challenging targets for deep de-carbonisation.
Long term	15-30	From 2036 to 2050. Long-term risk assessment reviews the likely outcome of transitional risk over time. Also, the more prevalent physical risks, including more frequent and extreme weather events.

The long-term horizon was decided to align with the UK net-zero by 2050 target. Medium term is catered to match with SBTi interim targets. Finally, the short-term time horizon is based on known and upcoming policies.

TCFD. continued

Reporting for Task Force on Climate-Related Financial Disclosures

Risk

Summary of disclosure

Disclosure of how FW Thorpe identifies, assesses, and manages climate-related risks.

Risk management

The Board is responsible for the identification and effective management of risks posed to the Group. Due to the impact certain risks could pose, the Board annually reviews the likelihood of risks occurring and the potential impact they could have on the business. The Group as a manufacturer of energy consuming products has an impact on the environment in terms of its operations and its products in use.

Further development of the Group's approach to climate change risk management is building on the Group's evolving understanding of materiality, time horizons and approach to risk.

For a wider assessment of climate-related risks, FW Thorpe has procured an external consultant, to help it understand the risks and opportunities. The consultant will conduct a climate scenario analysis in the next reporting year, and provide the Group with a comprehensive, long-term picture of the potential impacts. The findings will be discussed at the Board-level workshop and integrated into the Company's risk management process. The completed climate risk register will be presented to the Board in the next reporting period for approval.

FW Thorpe has an existing risk management process in order to assess and manage the Group's principal risks. The Group's current overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. However, FW Thorpe recognises that climate change may present risks to the business. As a responsible business, the Group acknowledges that it has a duty to effectively manage and mitigate these risks. Moving forward, it plans to work closely with the ESG consultancy to identify, assess, appraise and address any risks and, where possible, capitalise on any opportunities identified.

Types of climate-related risks

The TCFD provides a framework of two main categories of climate-related risks. The main types of risks are physical (outcomes of changing climate impacts) and transition (outcomes of necessary responses to the challenges presented by climate change and the need for a transition to the low carbon economy).

Physical risks are divided into acute (single events, e.g., wildfires) and chronic (continuous, e.g., sea level rise). In the next financial year, the Group will be modelling the likelihood and severity of potential impacts on its operations from flooding, storm patterns, precipitation, mean temperatures and sea level rise, to fully understand the threats and establish mitigation strategy to safeguard the future of the business against climate change.

Climate-related transition risks specifically refer to the risks associated with the transition to a low-carbon economy. These risks can have a substantial impact on businesses and associated stakeholders. The severity of transition risks is projected to grow in the future. Transition risks are subdivided into market, reputation, technology, policy and legal risks. Market risks analysis reviews changing customer behaviour, market changes and the increasing cost of raw materials. Reputational risks will occur as consumer preferences change and stakeholder concerns on climate-related issues grow, demanding a more rapid change from the sector. Technology risks cover the transition to a lower carbon technology and include the risks around adopting existing products and services, the likelihood of failed investment in new technologies and the overall costs of adjusting to low carbon operations. Policy and legal risks develop from the emerging regulations, which are likely to be enrolled to lessen climate change impacts and accelerate the transition to net-zero. For example, regulations aligned with a price on greenhouse gas (GHG) emissions, increasing reporting requirements (e.g. TCFD reporting) and mandates on current products and services, to align them with a low carbon economy.

Climate scenario analysis

In the next financial year, the Group will conduct a climate scenario analysis. Three-time horizons will be used to provide the analysis with a suitable level of granularity and coverage. Best, worst and moderate case scenarios will be used to consider a broad range of eventualities.

Climate change cannot be perfectly predicted. Future outcomes depend on the level of action taken in the coming decades. Climate scenario analysis uses possible global warming pathways, to envisage potential futures. This allows a better understanding of the potential risks and opportunities.

Climate-related Risks

Transition Risks

Policy and Legal Mandates on and regulation of existing products and services	FW Thorpe is already subject to mandatory Streamlined Energy and Carbon Reporting (SECR), Energy Savings Opportunity Scheme (ESOS) and climate-related financial disclosures. The Group is aware that additional climate-related regulations could be released soon. Moreover, it is paying attention to the international regulations, due to the international locations of individual businesses. Changes in government legislation or policy can result in reduction in public sector expenditure. Changing policy increases the risk to the order book and increases the complexity of access to EU markets.
Markets Increased cost of energy and materials	In the next two years the Group is aiming to use expanded climate scenario analysis to understand possible risks to the supply chain. The UK's exit from the European Union has increased the complexity of access to EU markets. Climate change can have potential impact on supply chains, including an increase in certain raw material prices and disruption to some shipping routes. We are already experiencing market disruptions that are impacting the energy supply price, which is likely to continue in the near future.
Technology Costs to transition to lower emissions technology	FW Thorpe is actively reducing its overall carbon footprint and has installed solar panels on the majority of its manufacturing facilities. Several sites within the Group have no reliance on gas, and the Company intends to continue reducing its gas consumption in the upcoming years. In the Netherlands, the solar installations generate enough energy to offset their usage. In the UK and Spain, solar energy will contribute a portion of the overall energy consumption. No solar power installations have been established at overseas Group sales offices. The Group has a packaging reduction programme, manages its waste, is transitioning to electric vehicles where practical and expanding the number of chargers throughout the individual businesses. It has been working on a net-zero strategy throughout this reporting year and finalised this in April 2023 to incentivise further long-term decarbonisation. Existing competitors, powerful new entrants and the continued evolution of technologies in the lighting industry pose the greatest risk of eroding the Group's revenue and profitability. The aim is to become market leaders and reduce GHG emissions and, through research and development (R&D), the Group will continue to make products and services more efficient, greener and sustainable.
Reputation Increased stakeholder concern	Stakeholders' concern over the Group's sustainability credentials will continue growing as the world moves to a decarbonised economy. Many of its competitors are actively incorporating sustainability agenda into their operations. As an enabler of global decarbonisation, FW Thorpe's reputation risk is relatively low. The Group is mitigating it by transparent and detailed communication of its current stands and future objectives. In the next reporting period we will update our website with the net-zero SBTi validated goals and carbon reduction achievements.
Physical Risks	FW Thorpe has not yet made a full climate scenario analysis to assess climate-related physical risks to its sites. A high-level assessment of the primary site in Redditch indicates that the likelihood of extreme weather events at the Redditch site is low. Climate risk assessment of all locations across the globe will be carried out in 2023/24 to understand possible impacts and prepare a mitigation strategy. An acute event is a sudden change in climate conditions leading to extreme weather e.g. heatwave, cyclones, floods. Whereas chronic is a long-term shift in climate patterns e.g. less rain, warming summers, sea level rise, and much more gradual. Extreme weather can damage property and assets, which could cause significant operational impacts. Suppliers may be subject to events of flooding and wildfires, which may impact operations through shipping delays and increased costs. Acute physical risk will be fully accessed in the next reporting year. As a result of rising mean temperatures, the Group has experienced an increase in business disruptions. Rising mean temperatures will increase energy usage, leading to increased operating costs for the business and associated operational emissions. Chronic physical risk will be fully assessed in the next reporting year.

TCFD. continued

Reporting for Task Force on Climate-Related Financial Disclosures

Climate-related opportunities

The Group will assess the range of climate-related opportunities in the next reporting period, through climate scenario analyses. FW Thorpe is an enabler of global transition to the low carbon economy through the types of products it manufactures and sells. Global efforts to decarbonise have become a climate-related opportunity for the Group to grow its business and increase profitability. To maintain the leadership position on the market, FW Thorpe is constantly investing in the R&D of new products and services.

Lighting accounts for 5% (2.5 billion tonnes) of global CO_2 emissions. A global switch to energy efficient light emitting diode (LED) technology could save over 1,400 million tonnes of CO_2 and avoid the construction of 1,250 power stations. Most of the environmental impact is from the products that the Group manufactures and sells, especially from the power they use throughout their lifetime.

The Group believes that its efforts will appeal to all stakeholders, especially customers, and improve its business performance overall.

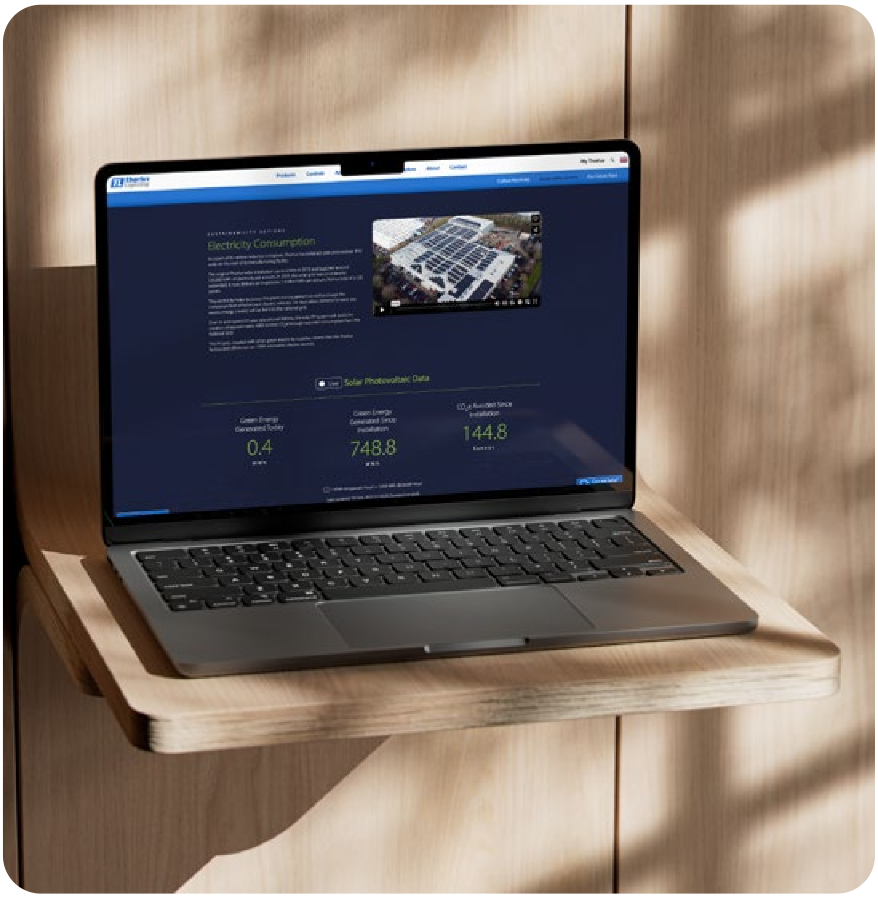


Image: Real-time solar photovoltaic data from the Thorlux solar installation

Image: Solar photovoltaic (PV) units on the roof of Thorlux's manufacturing facility

Carbon neutral to net-zero.

Upstream activities

Ⓐ

Emissions from purchased goods and services

Scope 3

Purchased goods and services

Capital goods

Transportation & distribution

Business travel

Leased assets

Emissions from purchased energy

Scope 2

Purchased electricity, steam, heating & cooling for own use

Reporting company

Emissions from FW Thorpe manufacturing & operations

Scope 1

Company facilities

Company vehicles

Downstream activities

Ⓑ

Emissions from our goods and services in use

Scope 3

Transportation & distribution

Processing of sold products

Use of sold products

End-of-life treatment of sold products

Leased assets

TCFD. continued

Reporting for Task Force on Climate-Related Financial Disclosures

Metrics and targets

Summary of disclosure

Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Measuring our climate impact

FW Thorpe is committed to operating sustainably and doing what it can to protect the environment. A range of metrics are used to measure the Group's impact, and it has established emission reduction targets to manage the climate-related risks and opportunities. The Group is working to minimise its GHG emissions and has been working to reforest an area in Monmouthshire in Wales since 2009, with almost 180,000 trees planted. FW Thorpe Plc's environmental performance will be reported annually in the future.

To reduce the Group's impact on the environment, it must first be understood and measured. Reducing GHG emissions is a material topic for stakeholders. Therefore, in 2022, FW Thorpe initiated a robust data collection process to calculate its full carbon footprint. The Group's carbon emission reduction plan is aligned with the Paris Agreement 1.5°C scenario (reactive) and full Scope 1, 2 and 3 emissions for the 2021 base year, 2022, and the current financial year 2023 have been calculated.

Greenhouse gas emissions

In 2022, the Group conducted a thorough data collection process, working with a specialist ESG consultancy, to calculate its full carbon footprint comprising of Scope 1, 2 and 3 GHG emissions. The Group followed the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards and the guidelines of ISO14064-1.

An initial assessment of the 15 categories of Scope 3 was conducted to determine the categories that are applicable to the business. Subsequently, the relevant spending and activity data was collected, to support the analysis. Emissions are reported on a consolidation, operational control approach, as defined by the GHG Protocol, and all applicable Scope 3 categories have been quantified. As this process is complex, the 2021 data was used to calculate a baseline year. The Group's total GHG emissions (Scopes 1, 2 and 3) were 285,365 tCO_2e for 2021, with Scopes 1 and 2 representing 0.9% and Scope 3 99.1%.

Group Scope 1, 2 and 3 emissions

Emission Scope	2023	2022	2021	% Change 2021 to 2023
		(Restated)*	(Restated)*	
Scope 1	1,586	1,635	1,493	+6.2%
Scope 2 (market-based)	213	596	1,024	-79.2%
Scope 3	213,071	245,235	282,848	-24.6%
Total	**214,870**	**247,466**	**285,365**	**-24.7%**

* Figures restated due to recalibration of Scope 1 data and market-based data is now being used for Scope 2.

Emission reduction targets

FW Thorpe has set and will seek validation by the Science Based Targets initiative on the following science-aligned targets:

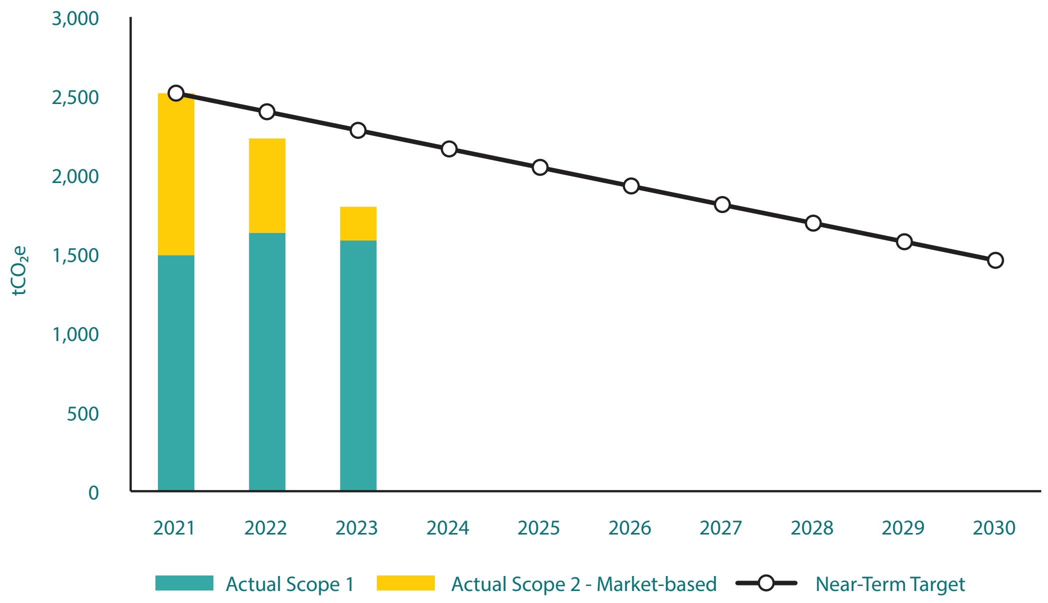
- Reduce absolute Scope 1 and 2 emissions by 42% by 2030, from a 2021 base year on a market-based approach.
- Reduce Scope 3 emissions per £m revenue 51.6% by 2030, from a 2021 base year.
- Reduce Scope 1, 2 and 3 emissions by 90% by 2040 from a 2021 base year, in line with reaching net-zero with a maximum of 10% of emissions being offset by this date.

Image: Lightronics receive "De Groene Pluim" award. See page 65.

Progress against targets

Scope 1 and 2

Progress against the Group's near-term Scope 1 and 2 absolute target



TCFD. continued

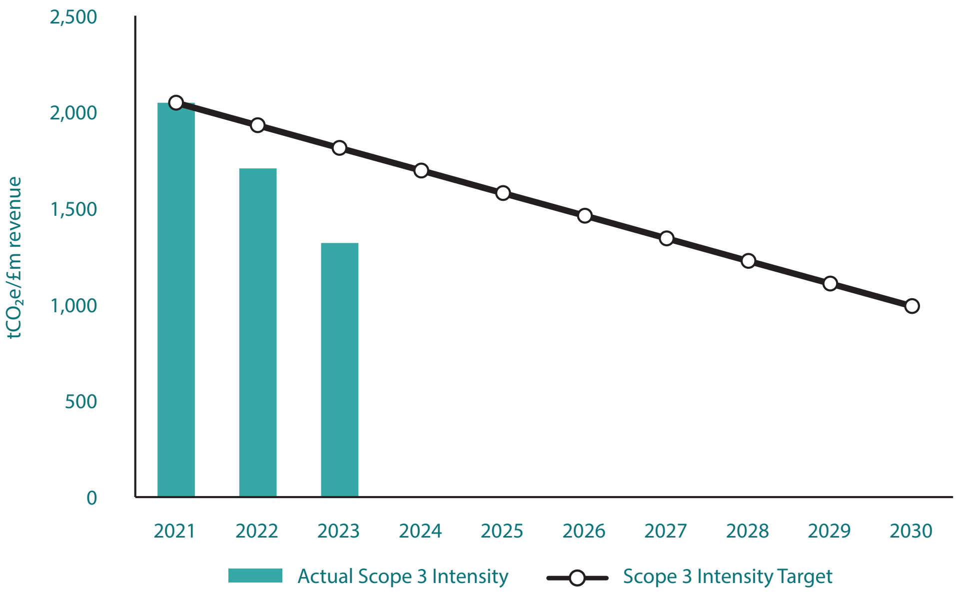
Reporting for Task Force on Climate-Related Financial Disclosures

The Group's operational emissions (Scope 1 and 2) represent 0.8% of its baseline emissions and result from energy consumption (transport fuels, gas, and electricity) in controlled assets. Between 2021 and 2022, the Group experienced an increase in Scope 1 emissions due to a rebound in driving after COVID, coupled with a decrease in market-based Scope 2 emissions, as subsidiaries began purchasing renewable electricity. Although transport emissions continued to increase in 2023, the switch to electric vehicles should start to influence these emissions.

The Group has set a near-term target to reduce these industrial Scopes 1 and 2 emissions by 42% by 2030, from a 2021 base year. This requires an annual reduction of 4.2%, whilst a total of 28.5% decrease was identified between 2021 and 2023. The Group is currently ahead of schedule. Going forward, a mix of energy efficiency measures, fuel switching, and on-site generation will help to reduce these emissions.

Scope 3

Progress against the Group's near-term Scope 3 intensity target

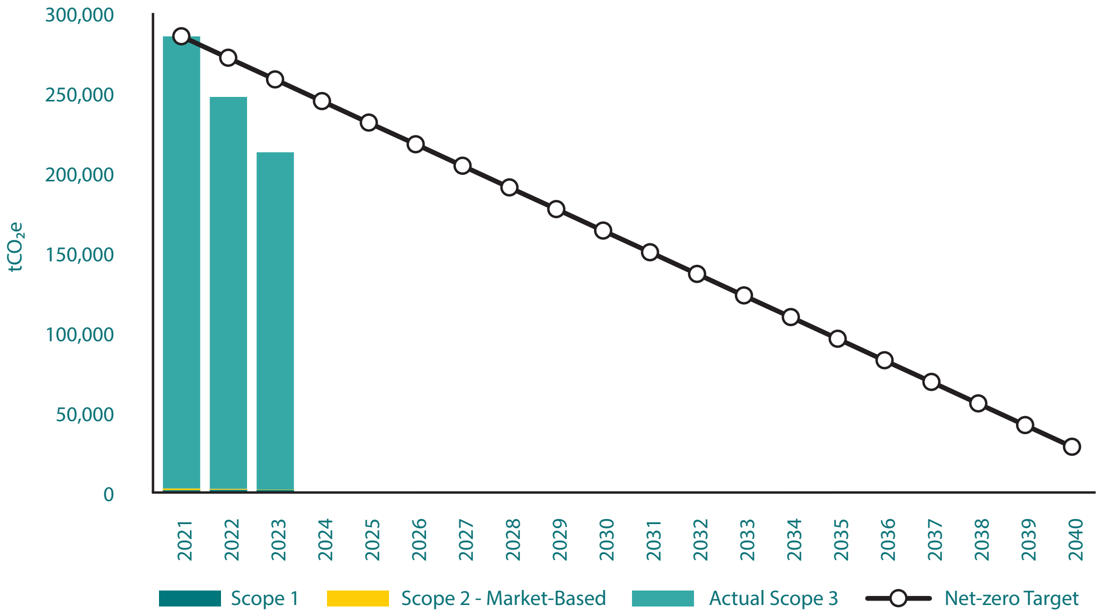


Calculating the Group's indirect Scope 3 emissions enables it to identify the main sources of GHGs outside of its operations. This process provides a baseline for making decisions regarding net-zero. Twelve of the 15 Greenhouse Gas Protocol Scope 3 categories are applicable to the business and have been calculated. The non-applicable categories are further processing of sold products (Category 10), downstream leased assets (Category 13) and franchises (Category 14). Within Scope 3, the largest component comes from the use of sold products (Category 11), accounting for 77.6% of baseline emissions. As the Group sells more products, this category should increase in emissions. However, as electricity grids decarbonise, the emissions per product will decrease. The Group's near-term Scope 3 target requires a 51.6% decrease in the emissions intensity per £m revenue, equivalent to 5.7% annually. Between 2021 and 2023, a 24.6% decrease was achieved, which is ahead of the interim target. This was mainly achieved by an increase in the efficiency of the Group's products coupled with the rapid decarbonisation of electricity grids globally.

Whilst most of our Scope 3 emissions are outside of the Group's direct control, it acknowledges that it has direct control over business travel and influence on employee commuting emissions. Therefore, it will identify opportunities and prioritise implementation to reduce these emissions over the next few years.

Net-zero

Progress against the Group's net-zero by 2040 target



The Group has set an ambitious net-zero target of 2040, showing its commitment to action on climate change. This net-zero target requires an annual emissions reduction of 4.7%. Between 2021 and 2023, there has been a 24.7% decrease in total emissions. The Group is more than three years ahead of schedule. To continue making progress, the Group will continue to develop highly efficient products and work with suppliers to procure lower-emission materials.

The Group's Carbon Balance Sheet for 2021, 2022, and 2023

	2023	2022 (Restated)*	2021 (Restated)*
Scope 1	**1,586**	**1,635**	**1,493**
Natural Gas	754	960	979
Transport	832	675	514
Scope 2 – market-based	**213**	**596**	**1,024**
Scope 3	**213,071**	**245,235**	**282,848**
1: Purchased Goods and Services	34,474	35,404	31,235
2: Capital Goods	2,222	1,636	1,791
3: Fuel-related Emissions	571	594	538
4: Upstream Transport and Distribution	2,780	2,497	1,737
5: Waste Generated in Operations	100	178	127
6: Business Travel	379	265	435
7: Employee Commuting	1,063	1,104	727
8: Upstream Leased Assets	278	190	150
9: Downstream Transport and Distribution	12	184	285
10: Further Processing of Sold Products	-	-	-
11: Use of Sold Products	166,714	196,902	239,087
12: End-of-life Treatment of Sold Products	29	36	61
13: Downstream Leased Assets	-	-	-
14: Franchises	-	-	-
15: Investments	4,449	6,245	6,675
Total (market-based)	**214,870**	**247,466**	**285,365**
tCO_2e/£m Revenue	**1,216**	**1,722**	**2,420**

* Figures restated due to recalibration of Scope 1 data and market-based data is now being used for Scope 2.

Emissions from the use of sold products have been calculated using assumptions based on the following factors:

- The power consumed by the luminaire
- The typical hours operated per annum
- The typical dim level which reduces the power consumed
- Emergency light power
- 10 year life expectancy

TCFD. continued

Reporting for Task Force on Climate-Related Financial Disclosures

Since 2018, the Group's energy usage has been monitored, and the associated emissions have been calculated in line with the UK Government's policy on Streamlined Energy and Carbon Reporting (SECR). The Group's Scope 1 emissions are from the combustion of natural gas for heat and processes and the combustion of transport fuels in Company-owned assets. Scope 2 emissions are from the purchase of electricity. The calculation of these emissions will aid in reducing the Group's energy usage, where possible.

The Group's Scope 1 and 2 emissions (SECR)

	2023 tCO_2e	2022 tCO_2e	% Change
		(Restated)*	
Scope 1	**1,585.58**	**1,635.02**	**-3.0%**
Natural gas	753.38	959.83	-21.5%
Transport fuels	832.20	675.49	+23.2%
Scope 2 – Location-based	747.09	821.51	-9.1%
Scope 2 – Market-based	**213.33**	**595.51**	**-64.2%**
Total (Market-based)	**1,798.91**	**2,230.53**	**-19.4%**
tCO_2e / £m revenue (Market-based)	10.18	15.52	-34.4%

The Group's energy consumption

	2023 kWh	2022 kWh
		(Restated)*
Scope 1	**7,514,098**	**7,912,788**
Natural gas	4,118,406	5,258,199
Transport fuels	3,395,692	2,654,589
Scope 2	**3,512,063**	**3,941,777**
Total	**11,026,161**	**11,854,565**

* Figures restated due to recalibration of Scope 1 data and market-based data is now being used for Scope 2.

Energy efficiency improvements

- All Group companies have now been certified to the international standards ISO 14001 (Environmental Management Systems), ISO 45001 (Occupational Health and Safety Management Systems) and ISO 9001 (Quality Management Systems).
- The Group has installed solar PV units on the roofs of most of its UK manufacturing facilities, as well as at Lightronics in the Netherlands and Zemper in Spain. The remaining electrical energy from the grid is now 79% from renewable electricity.
- All Group companies will be required to meet ambitious targets to reduce waste to landfill.
- New product design is to follow an FW Thorpe Plc agreed Circular Design Strategy, ensuring products last even longer, use sustainable materials in their construction and are easier to reuse, refurbish or recycle at the end of their lifetime.
- All Group companies to produce Environmental Product Declarations (EPDs) for their best-selling product ranges and to evaluate the Life Cycle Assessments (LCAs) generated to assess and improve product performance.
- All Group delivery vehicles are to be a minimum of Euro 6 compliant.
- All Group companies to review their manufacturing processes and develop plans to reduce energy usage.
- The majority of Group companies have electric vehicle (EV) charging stations at the workplace.
- All Group companies to evaluate emissions from business travel and actively find ways to reduce it, without impacting business performance.
- All Group companies will target zero plastic bags and zero bubble wrap usage in its factories and aim to reach zero single-use plastic from the supply chain.
- All finished goods packaging is to be supplied from the Forest Stewardship Council (FSC) or equivalent sources. Group companies will offer a return and reuse service for product packaging.
- All Group employees are to be trained in environmental initiatives.
- All Group companies have appointed a Sustainability Champion and have a written sustainability plan.

Compliance Responsibility

FW Thorpe's registered Joint CEOs are responsible for complying with the Regulations. They must be satisfied that, to the best of their knowledge, all relevant information concerning FW Thorpe's organisation structure, properties, activities and energy supplies has been provided for calculation.

This report (including the Scope 1 and 2 consumption and CO_2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019). Government Emissions Factor Database 2023 version 1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for the reporting period 1 July 2022 to 30 June 2023.

Image: Ekeberg School, Oslo, Norway

Principal risks and uncertainties.

Risk management process

The Board is responsible for the identification and effective management of risks posed to the Group. Due to the impact certain risks could pose, the Board regularly reviews the likelihood of risks occurring and the potential impact they could have on the business. Detailed below is a list of the principal risks facing the business, and the corresponding actions the Board is currently taking in order to manage them.

The Board
Strategic risk assessment at executive level

Principal risks
Strategic
Operational
Financial

Group companies
Risk assessment at an individual company level

Strategic priorities key

1 Focus on high-quality products and good leadership in technology
2 Continue to grow the customer base for Group companies
3 Focus on manufacturing excellence
4 Continue to develop high-quality people

Type of risks key

Strategic
Operational
Financial

Change in period key

Increase in risk
Decrease in risk
No change in risk

Area of risk	Type of risk	Description of risk	Mitigation of risk	Possible impact on performance	Strategic priorities impacted upon	Change in period
A Adverse economic conditions		Deferred or reduced capital investment plans in market sectors, which our products are supplied into and are key sources of revenue for the Group Impact of Ukraine conflict on domestic and global economies	• Broad range of customers in differing sectors • High quality, technically advanced products to differentiate the Group from competitors • Energy efficient products with shorter payback periods • Actively seek to identify new opportunities to ensure we maximise our potential of winning new business	High	1, 2, 4	
B Changes in government legislation or policy		Reduction in public sector expenditure and changing policy increases risk to our order book Increased complexity of access to EU markets	• Continue to seek to diversify our customer portfolio to ensure we have an appropriate spread, mitigating the risk of any industry or specific sector spending issues • Develop sales in new markets • Leveraging increasing footprint in Europe	Medium	2, 4	
C Competitive environment		Existing competitors, powerful new entrants and continued evolution of technologies in the lighting industry eroding our revenue and profitability	• Offering innovative products and service solutions that are technologically advanced products to enable us to differentiate ourselves from our competitors • Investing in research and development activities to produce new and evolving product ranges • Investing in new production equipment to ensure we can keep costs low and maintain barriers to new market entrants	Medium	1, 2, 3, 4	
D Price changes		Erosion of revenue and profitability	• Management reviews prices regularly to take into account fluctuations in costs, in order to minimise the risk of reduction in gross margin, or the loss of market share from a lack of competitiveness	High	1, 2	

Principal risks and uncertainties. continued

Area of risk	Type of risk	Description of risk	Mitigation of risk	Possible impact on performance	Strategic priorities impacted upon	Change in period
E **Business continuity**		A significant proportion of the Group's revenues are from products manufactured in the Redditch facility	• High level of importance attached to environmental management systems, health and safety and preventative maintenance • Insurance cover is maintained to provide financial protection where appropriate • Increased production flexibility with the ability to build products in more than one manufacturing facility	**High**	**2, 3**	
F **Credit risk**		The Group offers credit terms which carry risk of slow payment and default	• Credit policy includes an assessment of the bad debt risk and management of higher risk customers • The Group maintains a credit insurance policy for a significant proportion of its debtors	**Low**	**2**	
G **Movements in currency exchange**		The Group is exposed to transaction and translation risks. With some natural hedging in EUR this risk is primarily with changes in the GBP:USD rates	• The Group has increased its sourcing of materials to maintain a natural hedge to offset its currency risk from EUR receivables, whilst at the same time buying EUR and USD when the exchange rate is favourable, compared to our operational rates, to minimise the risk	**Low**	**2**	
H **Cyber security**		A breach of IT security could result in the inability to operate systems effectively and efficiently or the release of inappropriate information	• Continual review and monitoring of potential risks • Computers encrypted where necessary to protect data • Cyber security awareness training continues to be delivered to employees • Third party specialists engaged to provide enhanced support and advice • Critical applications protected by multi-factor authentication and all connectivity is through the Virtual Private Network (VPN)	**Medium**	**1, 3, 4**	

Area of risk	Type of risk	Description of risk	Mitigation of risk	Possible impact on performance	Strategic priorities impacted upon	Change in period
I **Exit from the European Union**	Strategic	Increased complexity of access to EU markets, customers in certain EU territories actively moving business from UK companies.	• With the Group having a manufacturing presence in two EU countries, the Netherlands and Spain, this leaves us ideally placed to react to any negative trade barriers that may be imposed on the UK • Continue to develop closer working relationship with these entities, sharing product development, market knowledge and operational expertise to ensure we have the flexibility to adapt to any changes in the future • Creation of legal entity in Republic of Ireland to route all EU business in the future to ease the process of customers trading with us	**Medium**	**2, 4**	No change in risk
J **Impact of Ukraine conflict on domestic and global economies**	Operational	Potential impact on supply chains including increase in certain raw material prices and disruption to some shipping routes. Impact of energy supply price increases.	• Alternative sources for certain materials and alternative shipping routes, albeit with higher costs in some circumstances • Electricity usage has been reduced with implementation of solar panels at the majority of manufacturing sites across the Group	**Medium**	**2, 3**	No change in risk
K **Sustainability & climate -related risk**	Strategic	The Group has potential exposure to climate-related risk that could impact both its operations and the products it promotes.	• Sustainability targets are set each year for Group companies. • Education of employees to further develop sustainability and climate-related understanding, evolving knowledge of the related risks. • Targeted reduction of total GHG emissions, reducing the impact of its operations.	**Medium**	**2, 4**	**New**

Strategic priorities key

1. Focus on high-quality products and good leadership in technology
2. Continue to grow the customer base for Group companies
3. Focus on manufacturing excellence
4. Continue to develop high-quality people

Type of risks key

- Strategic
- Operational
- Financial

Change in period key

- Increase in risk
- Decrease in risk
- No change in risk

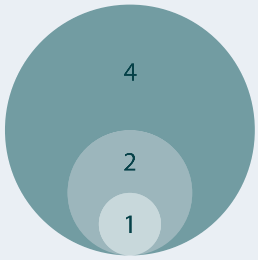
Image: Fujifilm, Bedford

Our Governance.


FUJIFILM

Board of Directors.

The Board in numbers



- 20+ years
- 1-20 years
- Less than one year

Mike Allcock

Chairman, Joint Group Chief Executive

Appointment/background:

Mike joined FW Thorpe Plc in 1984 as an apprentice working his way to Technical Director for Thorlux Lighting in 1998, taking responsibility for the Company's design programme. He was appointed Group Technical Director in 2001 and became Managing Director of Thorlux Lighting in 2003. Mike is a Chartered Electrical Engineer and a Fellow of the Institution of Engineering and Technology. He is passionate about developing innovative, high technology, market leading products. He became Joint Group Chief Executive of FW Thorpe in 2010 and Chairman in July 2017.

Key areas of expertise/ responsibility:

Lighting & Controls Technology, Product Design/Management, Industry Knowledge, Marketing, Strategy

Craig Muncaster

Joint Group Chief Executive, Group Financial Director and Company Secretary

Appointment/background:

After graduating in Business Administration, Craig qualified as a Chartered Management Accountant in 2000. He has spent time in the manufacturing and engineering sectors, previously as UK Financial Director for Durr, which included a number of overseas ventures and projects for the wider Group. He joined FW Thorpe in 2010 and was appointed Joint Group Chief Executive in July 2017.

Key areas of expertise/ responsibility:

Financial Management, Commercial/Legal Risk, Investor Relations, Mergers & Acquisitions, Company Secretarial

James Thorpe

Business Development Director, Thorlux Lighting

Appointment/background:

James graduated from Swansea University with a BSc in 2000. He spent 13 years in the IT industry, involved in a variety of public and private sector contracts before joining FW Thorpe in 2013. During his time as Business Development Manager at Thorlux, he has been responsible for securing a number of high profile projects which have contributed to the growth of revenue derived from the healthcare sector. James is the great grandson of the Company founder and was appointed as a director in July 2017.

Key areas of expertise/ responsibility:

Sales & Marketing, Business Development, Digital Marketing

Andrew Thorpe

Non-Executive Director

Appointment/background:

Andrew is the grandson of the Company founder, Frederick William Thorpe. After serving an apprenticeship with the Company, he has worked in various parts of the business, leading to the positions of Export Sales Director, Manufacturing Director and then Managing Director of Thorlux Lighting. In 2000, he became Joint Group Chief Executive and in 2003 Group Chairman, positions he held until July 2017. In July 2019 Andrew became a non-executive director and member of the remuneration committee.

Key areas of expertise/ responsibility:

R

Manufacturing, Product Design/ Management, Sales & Marketing, Industry Knowledge, Strategy, Governance

Peter Mason

Non-Executive Director

Appointment/background:

After studying Electrical Engineering at Aberdeen University, Peter qualified as a Chartered Accountant with Price Waterhouse in 1976. He spent time with Planet Group and TI Group before joining FW Thorpe in 1987 as Finance Director. He became Joint Chief Executive in July 2000. In June 2010 he became a non-executive director and Chairman of the remuneration committee following the appointment of his successor.

Key areas of expertise/ responsibility:

R

Financial Management, Governance, Company Secretarial, Industry Knowledge

Ian Thorpe

Non-Executive Director

Appointment/background:

Ian, grandson of the Company founder, was Manufacturing Director of Thorlux Lighting from 1978 until 1993 when he became Personnel Director. He became a non-executive director on 1 October 1997 and is a member of the remuneration committee.

Key areas of expertise/ responsibility:

R

Manufacturing, Human Resources, Governance, Industry Knowledge

Frans Haafkens

Non-Executive Director

Appointment/background:

Frans holds a Master's degree in Mechanical & Control Engineering and an MBA. He is Managing Partner at Dutch investment firm i4hi, a company having direct investments in manufacturing and technology businesses. He spent his formative years with McKinsey & Co. as well as working for a short period in the UK lighting industry.

Frans is a Dutch national who has worked with the Group in recent years supporting the continued success of its Dutch entities, Lightronics and Famostar, both as a consultant and an investor.

Key areas of expertise/ responsibility:

Mergers & Acquisitions, Business Management, Industry Knowledge, Strategy

Committee key

R Remuneration Committee

Directors' report.

The directors present their Directors' report with the audited consolidated financial statements of the Group and the Company for the financial year ended 30 June 2023.

Principal activity

The main activity of the Group continues to be the design, manufacture and supply of professional lighting equipment.

Each company within the Group operates in a different market of the lighting sector.

Business review

The trading results for the year are set out in the Consolidated Income Statement on page 108 and the Group's financial position at the end of the year is set out in the Consolidated and Company Statements of Financial Position on page 110. A review of the performance of the business during the financial year and expected future developments are contained in the Chairman's Statement, the Operational Performance section and the Financial Performance section which form part of the Strategic Report.

Key performance indicators

The directors consider the main financial key performance indicators (KPIs) to be those disclosed on pages 36 and 37 (financial highlights). The two most important KPIs to the business are revenue and operating profit.

The directors monitor non-financial areas of the business relating to energy saving and environmental responsibility, market and product development, customer service and product support on a regular basis.

Objectives are set for each company within the Group incorporating financial and non-financial targets which have appropriate measurements that reflect their nature. These are monitored regularly at local and Group Board level. During the year a number of objectives were achieved.

Principal risks and uncertainties

The table on pages 81 to 83 details what we consider to be the principal risks and uncertainties to the business, and how we seek to manage and mitigate these risks.

The Group has financial risks and seeks to minimise and manage these by incorporating controls into key functions as part of the normal business operation.

Details of other risk management procedures are included within the internal control section of this report and in the financial risk section within the accounting policies (note 1).

Internal control

The Board of directors has overall responsibility for the system of internal control and for reviewing its effectiveness throughout the Group. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable but not absolute assurance against misstatement or loss.

The directors have responsibility for maintaining a system of internal control which provides reasonable assurance of the effective and efficient operations, internal financial control and compliance with laws and regulations.

Other areas of control

During the year and continuing after the year end, the Board has operated a formal risk identification and evaluation process as part of a continuous review of the Group's internal controls. This process considers financial, operational and compliance risks and includes participation from senior executives from all operating subsidiaries. The results of this process to date have been utilised by the Board to focus the ongoing process for identifying, evaluating and managing the Group's significant risks. The programme is utilised to monitor the potential impact of the risks identified and, where appropriate, actions are taken to ensure they are effectively controlled. This process is extended to include a detailed review of risk, as assessed by local senior executives, and procedures have been established to ensure that the Group Board is made aware of any additional significant risks identified and to consider appropriate action. This process culminated in the provision of a certificate, by senior executives at the operating sites, confirming that they have identified and addressed the risks arising in their business and reported them to the Group Board accordingly.

Proposed dividend

Details of the proposed dividend are disclosed in the Financial Performance section on pages 52 and 53.

Directors

The directors of the Company during the year and at the date of this report are set out on pages 86 and 87.

F Haafkens was appointed to the board on 17 November 2022. In accordance with the Articles of Association he will retire from office at the Annual General Meeting, but offers himself for election at that meeting.

The directors retiring by rotation are M Allcock and C Muncaster who, being eligible, offer themselves for re-election. M Allcock has a service contract terminable on two years' notice. C Muncaster has a service contract terminable on 12 months' notice.

Directors' share interests

The details of the directors' share interests are set out in the directors' remuneration report on page 97.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and also at the date of approval of the financial statements. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Board constitution

The Company continues to be proprietorial in nature and the directors act as a unitary Board and as a consequence are unable to see the benefits of splitting the Board into sub-committees and in particular of constituting audit and nomination committees as matters that would normally be considered by an audit or nomination committee are addressed by the full Board with the non-executive directors present and the auditors attending as appropriate.

A remuneration committee has been established with the following people serving on it:

P D Mason

Non-executive director and Chairman of the committee.

A B Thorpe

Non-executive director.

I A Thorpe

Non-executive director.

Terms and conditions for the operation of this committee are in place and it meets as and when required. The committee's report is presented on pages 95 to 98.

Where there is a requirement for a senior personnel or subsidiary board appointment a sub-committee is formed. Any appointment to the Group Board would involve all Board members in the selection process.

The Board meets regularly during the year and has a schedule of matters reserved for its approval, which only the Board may change.

Substantial shareholdings

At 12 October 2023, the Company had received notification of the following interests in 3% or more of the issued share capital, excluding holdings of directors:

Liontrust Investment Partners LLP
6,839,667 (6.0%)

Estate of C M Brangwin
7,271,550 (6.2%)

Relations with shareholders

Directors are kept informed of the views of shareholders by face-to-face contact at the Company's premises on the day of the Annual General Meeting where possible and, if appropriate, by meeting with major shareholders at other times during the year. See Notice of Meeting – AGM 2023.

Directors' authority to issue shares

In previous years, at the Annual General Meeting, shareholders have been asked to pass resolutions to authorise the directors to allot shares for cash or to grant rights to subscribe for, or to convert any security into, shares in the Company and to allow them to do so (and also to sell treasury shares) in certain circumstances without first offering the shares in question to existing shareholders.

As the directors have no intention of exercising these authorities, there will be no resolution to grant these powers at the forthcoming Annual General Meeting.

This will not, however, prevent shares from being allotted or treasury shares being sold to individuals who exercise options under any share option scheme of the Company.

Purchase of own shares

Resolution number 8 set out in the notice of the Annual General Meeting will, if it is approved, allow the Company to exercise the authority contained in the Articles of Association to purchase its own shares. The Board has no firm intention that the Company should make purchases of its own shares if the proposed authority becomes effective, but would like to be able to act quickly if circumstances arise in which such a purchase would be desirable.

Purchases will only be made on the Alternative Investment Market and only in circumstances where the directors believe that they are in the best interests of the shareholders generally. Furthermore, purchases will only be made if the directors believe that they would result in an increase in earnings per share.

The proposed authority will be limited by the terms of the special resolution to the purchase of 11,893,559 ordinary shares representing 10% of the Company's issued ordinary share capital at 12 October 2023 and a nominal value of £118,936.

The minimum price per ordinary share payable by the Company (exclusive of expenses) will be 1p. The maximum to be paid will be an amount not more than 5% above the average of the middle market quotations for ordinary shares of the Company as derived from the Alternative Investment Market on the five business days immediately

Directors' report. continued

preceding the date of each purchase. The Company may either cancel any shares which it purchases under this authority or transfer them into treasury, and subsequently sell or transfer them out of treasury or cancel them. The maximum number of shares and the permitted price range are stated in order to comply with statutory and Stock Exchange requirements and should not be taken as representative of the number of shares (if any) which may be purchased, or the terms of such a purchase.

The authority will lapse on the date of the Annual General Meeting of the Company in 2024. However, in order to maintain the Board's flexibility of action it is envisaged that it will be renewed at future Annual General Meetings.

Corporate governance

The Company's shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange Plc. Previously the Company was not required to comply with the Principles of Good Governance and Code of Best Practice ("The UK Corporate Governance Code", or the "Code").

Following a change to the AIM rules in 2018, from 28 September 2018, the Company has adopted the Quoted Companies Alliance's "Corporate Governance Guidelines for Smaller Quoted Companies" (the QCA Code) which the Board believes is appropriate due to the size and complexity of the Company.

There are ten principles of the QCA code and the following table sets out in broad terms how we comply at this point in time.

Principle	Extent of current compliance	Commentary	Further disclosure
1 **Establish a strategy and business model which promote long-term value for shareholders**	Compliant	The Group's business strategy is detailed in our Annual Report & Accounts and focuses on delivering long-term growth and stability, achieved through four key strategic priorities: • Focus on high quality products and good leadership in technology • Continue to grow the customer base for Group companies • Focus on manufacturing excellence • Continue to develop high quality people	Find out more in the **Strategic Report** on pages 16 to 83 Read about our **Strategy** on pages 26 and 27 Read about our **Business model** on pages 24 and 25
2 **Seek to understand and meet shareholders' needs and expectations**	Compliant	Meetings are held with shareholders as required; this includes visits to our various company locations being organised and encouraged where possible. In addition, all announcements include contact details for shareholders to contact the Company if they so choose. The AGM is another forum for dialogue with our shareholders. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. Any feedback during these meetings is encouraged and acted upon where appropriate.	Find out more in the **Directors' report** on pages 88 to 93

Principle	Extent of current compliance	Commentary	Further disclosure
3 **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	Compliant	Feedback from employees, customers, suppliers and other stakeholders is actively encouraged. Our employees are an important stakeholder group and we actively encourage dialogue with the Company via various employee committees within our companies. Reports from these meetings are distributed to the Board.	Find out more in the **Strategic Report** on pages 16 to 83 and in our **Sustainability section** on pages 56 to 79
4 **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	Compliant	The Board operates a continuous risk identification and evaluation process. The results are utilised by the Board to manage any significant risks. In addition, the executive directors regularly visit all operating sites and review financial and commercial issues with an executive director responsible for each individual company. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness throughout the Group. Internal financial control is driven by Group finance who visit each company to assess compliance against key controls. This includes regular financial reporting that is compared against plan and previous year's performance.	Find out more about our **Principal risk and uncertainties** on pages 80 to 83 and in the **Directors' report** on page 88
5 **Maintain the Board as a well-functioning, balanced team led by the Chair**	Partially Compliant	Total of eight directors, four executive directors and four non-executive directors. The non-executives are not considered fully independent. The Board considers that the non-executive directors are appropriate as they bring significant experience and expertise in the sector. In addition, as the directors retire on a three-year rotation, shareholders have a regular opportunity to ensure that the composition of the Board is in line with their interests. There is a Remuneration Committee but no Audit Committee, with matters that would normally be tabled at an Audit Committee put to the full Board.	Find out more in **Our governance** on pages 86 to 105 Read about our **Board of Directors** on pages 86 and 87 Read our **Directors' report** on pages 88 to 93
6 **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	Compliant	The current composition of the Board provides the necessary skills, experience and capabilities for the size and context of the Group. The composition and succession of the Board are subject to review, considering the future needs of the Group.	Find out more in **Our governance** on pages 86 to 105 Read about our **Board of directors** on pages 86 and 87 Read our **Directors' report** on pages 88 to 93

Directors' report. continued

Principle	Extent of current compliance	Commentary	Further disclosure
7 **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	Partially Compliant	There is no formal evaluation process; however, the Chairman is responsible for Board performance and accordingly actively encourages feedback on the content and function of board meetings. The composition and succession of the Board are subject to constant review, considering the ever-changing needs of the Group. In addition, the directors retire by rotation every three years giving shareholders the opportunity to ensure that the Board is aligned with their interests.	
8 **Promote a corporate culture that is based on ethical values and behaviours**	Compliant	Our core aim is for long-term growth and stability. The Group management team is passionate about developing the business for the benefit of the shareholders, employees and customers. With our focus on excellence, we ensure our Group's culture is consistent with the aim of long term growth and stability. In order to achieve and maintain such a culture, we invest in training our employees, as mentioned in the Annual Report and Accounts.	Find out more in the **Strategic Report** on pages 16 to 83 Read about our **Strategy** on pages 26 and 27
9 **Maintain governance structures and processes that are fit for purpose and support good decision making by the Board**	Compliant	The Board as a whole is responsible for robust governance practices. The roles and responsibilities of each director are clear and responsibilities understood. The Board meets at least eight times each year, with additional meetings as required.	Find out more in the **Directors' report** on pages 86 to 93 Read about our **Board of directors** on pages 86 and 87
10 **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	Compliant	The Company communicates through the Annual Report and Accounts, full-year and interim announcements, the AGM and one-to-one meetings with existing or potential shareholders. A range of corporate information is also available on the Company's website. Meetings with shareholders, employee groups, management and other representative groups provide a platform for raising any concerns relating to corporate governance.	Find out more online at: **www.fwthorpe.co.uk**

The Board considers that the Company applies the principles of best practice with the exception of the matters listed below:

- There are no independent Board members.
- The Board does not have an independent audit committee.
- The Board does not have a nominations committee.
- There is no formal evaluation process of Board performance.

The Board believes that the exceptions, which are more fully explained in the sections relating to the Board constitution and the Directors' Remuneration Report, are appropriate for the size and context of the Group.

Statement on the provision of information to independent auditors

The auditors have direct access to all members of the Board and attend and present their reports at appropriate Board meetings. The Board considers, at least annually, the relationships and fees in place with the auditors to confirm their independence is maintained.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the next Annual General Meeting.

Going concern

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. They have also produced an analysis that demonstrates that the Group could cover its cash commitments even if there was a significant reduction in sales over the following year from approving these accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Approval of strategic and directors' reports

The directors confirm that the information contained within the Strategic Report on pages 16 to 83 and the Directors' Report on pages 88 to 93 is an accurate representation of the Group's strategy and performance.

By order of the Board

Craig Muncaster
Joint Chief Executive,
Group Financial Director and
Company Secretary
12 October 2023

Registered Office:
Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

Company Registration Number: 317886

Statement of directors' responsibilities.

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary
12 October 2023

Directors' remuneration report.

The Board has prepared this report to the shareholders, taking into account sections 420 to 422 of the Companies Act 2006.

The Board has delegated the responsibility for the executive directors' remuneration to the Remuneration Committee. The scope of their responsibilities includes the executive directors' service contracts, salaries and other benefits, which comprise their terms and conditions of employment.

Remuneration Committee

The current members of the Remuneration Committee are the non-executive directors P D Mason (Chairman of the Committee), I A Thorpe, and A B Thorpe.

The Committee has met as and when required during the financial year. No member of the Committee has any personal financial interest in the matters to be decided other than as shareholders. There are no conflicts of interest arising from cross-directorships or day-to-day involvement in running the business. The Committee has access to market data when considering the remuneration of the executive directors.

Remuneration policy

Executive Directors

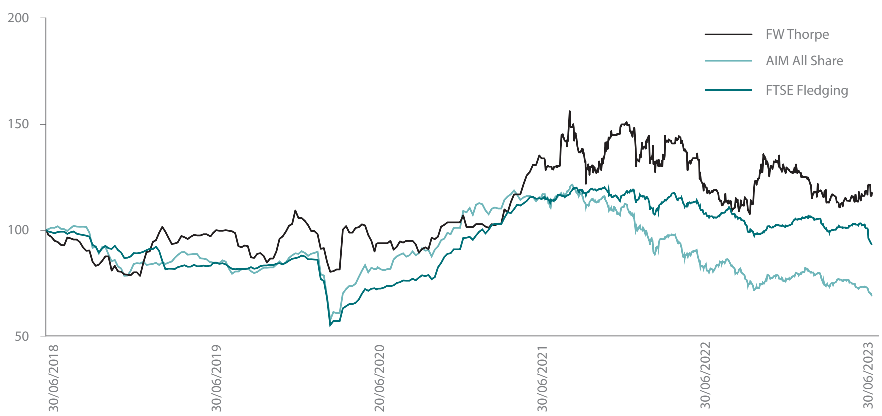
The aim of the Committee is to ensure that the executive directors are fairly rewarded for their responsibilities and contribution to the performance of the Group. The Committee seeks to achieve this with a combination of performance and non-performance related remuneration designed to attract, retain and motivate the directors.

In establishing the salaries of the directors, the Committee takes into account the responsibilities and performance of the individual together with data from comparable organisations and indicative trends for the business and its economic sector.

Performance graph

The graph below shows the comparative data for the FTSE AIM share index and the FTSE Fledgling share index, rebased to 100, as these are considered to be the most appropriate comparative indices for the Company's business.

Total shareholder return



The remuneration package consists of the following elements:

1. Basic salary, benefits in kind and other benefits. The salary is determined in July each year, unless there has been a change in responsibilities, where an adjustment will be made at the same time. The benefits in kind mainly consist of the provision of a car and health insurance. A director may choose to take a cash allowance instead of a car. Other benefits consist of pension arrangements and life assurance.
2. Annual bonus. The bonus is made up of two elements. The first element relates to the operating profit of the business unit for which the director has specific performance responsibilities. The second element relates to the operating profit of the Group as a whole. The bonuses are paid in September and relate to the period ending on 30 June in the same year.
3. Long term incentive scheme. This scheme consists of the "Executive Share Ownership Plan" (ESOP) details of which are shown on page 98.

Non-Executive Directors

The Board as a whole determines the remuneration of the non-executive directors. The Board takes into account the contribution made and the relative time spent on the Company's affairs. The non-executive directors do not receive bonuses. Their benefits in kind consist of the provision of health insurance.

Directors' service contracts

M Allcock has a service contract terminable on two years' notice. C Muncaster and J E Thorpe have service contracts terminable on one year's notice. A B Thorpe, P D Mason, I A Thorpe and F Haafkens do not have formal service contracts with the Company.

Directors' remuneration report. continued

Directors' emoluments (audited)

Executive directors	2023 Salary/fees £'000	2023 Bonus £'000	2023 Benefits £'000	2023 Total £'000	2022 Total £'000	2023 Share options gains £'000	2022 Share options gains £'000	2023 Total £'000	2022 Total £'000
M Allcock	274	322	3	599	488	45	59	644	547
D Taylor	117	143	14	274	207	–	–	274	207
C Muncaster	305	322	2	629	542	45	44	674	586
J E Thorpe	187	292	3	482	403	–	–	482	403
Non-executive directors									
A B Thorpe	36	–	15	51	49	205	–	256	49
I A Thorpe	36	–	15	51	49	–	–	51	49
P D Mason	36	–	6	42	39	–	–	42	39
A M Cooper	48	–	2	50	40	–	–	50	40
F Haafkens	63	–	–	63	–	–	–	63	40
	1,102	1,079	60	2,241	1,817	295	103	2,536	1,920

The directors' emoluments exclude contributions to the pension scheme. D Taylor and A M Cooper resigned from the board on 3 July 2023.

Directors' pension arrangements (audited)

M Allcock and D Taylor are pensioner members of the defined contribution scheme of the FW Thorpe Retirement Benefits Scheme and they have a final salary guarantee as they were previously members of the defined benefit section. A M Cooper and J E Thorpe are deferred members of the defined contribution section of the FW Thorpe Retirement Benefits Scheme.

I A Thorpe, A B Thorpe and P D Mason are retired members of the defined benefit section.

The FW Thorpe Retirement Benefits Scheme is a funded, HMRC approved occupational pension scheme. The scheme is divided into two sections – a defined benefit scheme and a defined contribution scheme. The defined benefit section was closed to new members on 1 October 1995.

The defined benefit section aims to provide a maximum pension of two-thirds of pensionable salary at normal retirement date. M Allcock's and D Taylor's pensionable salary includes an average of the previous three years' profit bonus. Defined contribution members contribute up to 5% of basic salary and the Company contributes up to 17%.

M Allcock, D Taylor and J E Thorpe have ceased being active members of the FW Thorpe Retirement Benefits Scheme and C Muncaster has ceased being an active member of his personal pension scheme due to HMRC limits on lifetime allowances and annual contributions. Subsequently the Company has entered into pension compensation arrangements with these four directors to compensate them for the loss of these employer pension contributions. During the financial year the Company paid pension compensation to M Allcock of £180,953 (2022: £170,358), C Muncaster £51,770 (2022: £44,439), D Taylor £17,266 (2022: £19,546) and to J E Thorpe £23,150 (2022: £12,016).

All the executive directors are covered by life assurance benefit of four times pensionable salary. In addition, the defined benefit scheme members are entitled to a spouse's pension on death.

There are no directors, excluding those classified as pensioners, having accrued entitlements under the defined benefit section of the pension scheme.

The following table shows the contributions paid by the Company in respect of those directors participating in the defined contribution section of the pension scheme.

	2023 £'000	2022 £'000
J E Thorpe	9	15

CEO pay ratio

FW Thorpe being a UK listed company with more than 250 employees is required to disclose annually the ratio of the CEO'S pay to the lower quartile, median and upper quartile pay of their UK employees. These details are shown in the table below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022–23	Option A	27:1	19:1	9:1
2021–22	Option A	26:1	18:1	9:1

Option A was chosen as it represents the most accurate means of identifying the percentiles. The comparison is based on data for the year ended 30 June 2023. The table below sets out the salary and total pay and benefits for the three quartiles.

	25th percentile pay	Median pay	75th percentile pay
Base salary	£23,361	£32,936	£52,000
Total remuneration	£31,469	£46,227	£93,223

Directors' shareholdings

The directors listed below were in office during the year. Directors' interests in the share capital of the Company at 30 June 2023 and 30 June 2022 were as follows:

	Ordinary shares of 1p Beneficial	
Executive directors	**2023**	**2022**
M Allcock	221,350	207,500
D Taylor	140,137	146,896
C Muncaster	100,000	80,000
J E Thorpe	2,164,682	2,164,682
Non-executive directors		
A B Thorpe	25,892,700	25,812,700
I A Thorpe	25,047,120	25,047,120
P D Mason	626,370	626,370
A M Cooper	152,597	166,107
F Haafkens	–	–

The market price of the Company's shares at the beginning and end of the financial year was 380p and 374p respectively, and the range of market prices during the year was from 335p to 437p.

Directors' remuneration report. continued

Executive share ownership plan (ESOP) (audited)

Share options were granted during 2014, under the Company's ESOP, to the Company's executive directors and certain directors of subsidiary companies. The plan allows the vesting of options subject to the achievement of performance targets, being annual growth of pre-tax Earnings Per Shares in excess of RPI plus 3% over a five-year period. The options that were granted to the executive directors are detailed in the table below:

	A B Thorpe	M Allcock	D Taylor	A M Cooper	C Muncaster
Date Granted	24 October 2014	24 October 2014	24 October 2014	24 October 2014	24 October 2014
Share Options	200,000	200,000	200,000	200,000	200,000
Exercise price (p)	124	124	124	124	124

	A B Thorpe	M Allcock	D Taylor	A M Cooper	C Muncaster
Number at 1 July 2022	80,000	40,000	–	–	80,000
Awarded	–	–	–	–	–
Vested	–	–	–	–	–
Exercised	(80,000)	(20,000)	–	–	(20,000)
Forfeit	–	–	–	–	–
Lapsed	–	–	–	–	–
Number at 30 June 2023	–	20,000	–	–	60,000

There have been no changes in the interests of the directors in the share capital of any Company in the Group during the period 1 July 2023 to 12 October 2023.

Approved by the Board and signed on its behalf by:

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary
12 October 2023

Independent auditors' report.

to the members of FW Thorpe Plc

Report on the audit of the financial statements

Opinion

In our opinion, FW Thorpe Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and company statements of financial position as at 30 June 2023; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated and company statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- An audit was conducted of the complete financial information of the three reporting units: Thorlux Lighting (the Company, located in the UK), Lightronics Participaties B.V. (located in the Netherlands), and TRT Lighting Limited (located in the UK).
- The audit work performed at these three reporting units (2022: four reporting units), together with specified procedures performed on Electrozemper S.A. (located in Spain), Famostar BV (located in Netherlands) and SchahlLED Lighting GmbH (located in Germany) and additional procedures performed on centralised functions at the Group level, including audit procedures over the consolidation, gave us the audit evidence we needed for our opinion on the Group financial statements as a whole.
- This provided coverage of 70% (2022: 91%) of profit before tax from the full scope audits.

Key audit matters

- Defined Benefit Pension Obligation valuation - Liability assumptions (group and parent)
- Valuation of intangible assets acquired in the acquisition of Lumen Intelligence Holding GmbH (group)
- Valuation of the future consideration payable for Electrozemper S.A. and Lumen Intelligence Holding GmbH (group and parent)

Materiality

- Overall group materiality: £1,375,000 (2022: £1,200,000) based on 5% of profit before tax.
- Overall company materiality: £977,000 (2022: £788,000) based on 5% of profit before tax.
- Performance materiality: £1,031,000 (2022: £900,000) (group) and £733,000 (2022: £591,000) (company).

Independent auditors' report.

to the members of FW Thorpe Plc continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Defined Benefit Pension Obligation valuation - Liability assumptions, Valuation of the future consideration payable for Electrozemper S.A. and Lumen Intelligence Holding GmbH and the valuation of intangible assets acquired in the acquisition of Lumen Intelligence Holding GmbH. are new key audit matters this year. Valuation of warranty provisions, Capitalisation of internal development costs, Impairment considerations over intercompany receivables and the accounting related to acquisitions of a subsidiary and a joint venture, which were key audit matters last year, are no longer included because of no issues being identified in prior years and the risk of material misstatement in these balances are low. As such, they are not considered to be of most significance in the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Defined Benefit Pension Obligation valuation - Liability assumptions (group and parent) Refer to critical accounting estimates and judgements in note 1 to the financial statements and note 22 relating to the pension scheme. The Group and company operates a hybrid defined benefit and defined contribution pension scheme and recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates and the rate of increase in pension payments, resulting in liabilities of £28.0m. In making these assumptions the Group and company takes advice from an independent qualified actuary about which assumptions best reflect the nature of the obligations to employee retirement benefits.	In undertaking our audit procedures: we obtained and reviewed the actuary's report on assumptions and methodology used to value the scheme liability; compared the assumptions with PwC's expected range taking into account the attributes of the scheme and challenged the actuaries on any unexpected differences; tested the accuracy of the data used by the actuary to underlying payroll records and assessed the appropriateness of the related disclosures. We consider that the valuation of the defined benefit pension obligation to be appropriate.
Valuation of intangible assets acquired in the acquisition of Lumen Intelligence Holding GmbH (group) Refer to critical accounting estimates and judgements in note 1 to the financial statements, note 9 Intangible assets and note 34 Business combination. In September 2022, the Group acquired 80% of the share capital of Lumen Intelligence Holding GmbH (Lumen). The acquisition has resulted in the creation of £7.1m of intangible assets, related to the brand name and customer relationships, based upon total purchase consideration of £19.5m. We consider the risk to be in relation to the valuation of intangible assets due to the significance of the acquisition, the value attributed to intangible assets, and the accounting estimates and judgements involved in the valuation these assets.	In undertaking our audit procedures: we obtained and reviewed relevant contracts related to the acquisition and management's fair value exercise in accordance with the requirements of IFRS 3; assessed the competence, capabilities and objectivity of management's external valuers; obtained the valuation reports and discussed with the external valuers on the methodologies and key assumptions used; involved our internal valuation experts to evaluate the methodologies used to determine the fair values of the intangible assets recognised, and benchmarked the discount rates applied; compared the assumptions with PwC's expected range and challenge management on any unexpected differences; tested the accuracy of the data used by management to underlying records; and we reviewed the appropriateness of the accounting treatment and the related financial statement disclosures. We consider that the accounting treatment in relation to the valuation of the intangible assets to be appropriate.
Valuation of the future consideration payable for Electrozemper S.A. and Lumen Intelligence Holding GmbH (group and parent) Refer to critical accounting estimates and judgements in note 1 to the financial statements, note 9 Intangible assets, note 19 Trade and other payables and note 34 Business combination. In the prior year (October 2021), the Group acquired 63% of the share capital of Electrozemper S.A. (Zemper), with a commitment to purchase the remaining 37% of the share capital, calculated by a pre-determined earnings multiple used to value the investment. Further, in the current year (September 2022), the Group acquired 80% of the share capital of Lumen Intelligence Holding GmbH (Lumen) as detailed above. There is also a commitment to acquire the remaining shares in Lumen, which is also subject to future performance conditions. The future consideration payable in both instance is predominantly driven by future financial performance, and hence requires estimation.	In undertaking our audit procedures: we obtained the sale and purchase agreements and understood the terms of the future consideration; obtained management calculations of the future consideration and understood the key variables and estimates applied in the calculation; confirmed the viability of the forecasts by compared forecasted data used for calculations against the actual achieved results; reviewed the actual performance achieved to forecast performance from prior years; obtained and understood variances from forecast and validated explanations; obtained support for actual stage payments made during the year and how these compare to accrued amounts; obtained support in relation to future projections and estimates; we assessed the appropriateness of the related disclosures. We consider that the accounting treatment in relation to the future consideration payable to be appropriate.

Independent auditors' report.

to the members of FW Thorpe Plc continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of multiple reporting units across the UK, the Netherlands, Spain and Germany, comprising the group's operating businesses and centralised functions. These reporting units maintain their own accounting records and controls and report to the head office finance team for consolidation purposes.

In establishing the overall approach to the Group audit, we identified two reporting units, which, in our view, required an audit of their complete financial information both due to their size and risk characteristics. These are Thorlux Lighting (the Company, located in the UK), and Lightronics (located in the Netherlands). We have also performed a full scope audit on TRT Lighting Limited (located in the UK) due to performing statutory accounts for this entity. This provided coverage of 70% (2022: 91%) of profit before tax for all three full scope entities. The Group engagement team audited Thorlux Lighting and TRT Lighting Limited whilst Lightronics was audited by PwC Netherlands. Where balances in out of scope components are in excess of group performance materiality and contribute a notable proportion of a certain financial statement line item, these balances have been subject to audit procedures by both PwC and the non-PwC component audit teams. The audit work performed at these three reporting units (2022: four), together with specified procedures performed on Electrozemper, Famostar and SchahlLED and additional procedures performed on centralised functions at the Group level, including audit procedures over the consolidation, gave us the audit evidence we needed for our opinion on the Group financial statements as a whole.

The work performed by the component auditors was subject to review by the Group engagement team and the work performed over areas considered to be of significant importance to the audit has fed into our key audit matters.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the Group and company's financial statements and support the disclosures made within the sustainability section of the Strategic report. Given the principal activities of the Group, it is likely that climate risk will have an impact on the Group's business but this is not expected until the medium or long term. As part of our audit, we evaluated management's climate change risk assessment including the identified physical and transitional risks and the assessment of the impact of those risks on the Group financial statements. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£1,375,000 (2022: £1,200,000).	£977,000 (2022: £788,000).
How we determined it	5% of profit before tax	5% of profit before tax
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group.	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the Company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £301,000 to £977,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,031,000 (2022: £900,000) for the group financial statements and £733,000 (2022: £591,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £69,000 (group audit) (2022: £60,000) and £49,000 (company audit) (2022: £39,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Testing the reasonableness of the going concern model and assessing the assumptions used in management's assessment which covers the period to 31 December 2024;
- Management's base case forecasts are based on its normal budget and forecasting process and have produced a downside model. We understood and assessed this process, including the assumptions used, for 2023 and 2024 and assessed whether there was adequate support for these assumptions; and
- We assessed the adequacy of disclosures in the Going Concern statement within the Directors' report and in note 1 of the Annual Report and Accounts and found these appropriately reflect downside risks.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report.

to the members of FW Thorpe Plc continued

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, AIM Rules for Companies and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- enquiry of management and those charged with governance around actual and potential litigation and claims;
- enquiry of entity staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- reviewing component teams' key working papers for all in-scope components with a particular focus on the areas involving judgement and estimates; and
- incorporating elements of unpredictability into our audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Milton Keynes
12 October 2023

Image: Lahinch Leisure Centre, Ireland

Financial Report.

Consolidated income statement.

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Continuing operations			
Revenue	2	176,749	143,715
Cost of sales		(98,891)	(80,440)
Gross profit		77,858	63,275
Distribution costs		(19,214)	(15,501)
Administrative expenses		(31,292)	(23,482)
Other operating income		480	423
Operating profit	3	27,832	24,715
Finance income	5	716	527
Finance expense	5	(1,094)	(1,367)
Share of (loss)/profit of joint ventures	13	(520)	228
Profit before income tax		26,934	24,103
Income tax expense	6	(5,000)	(4,030)
Profit for the year		21,934	20,073

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

Basic and diluted earnings per share	Notes	2023 pence	2022 pence
– Basic	7	18.72	17.16
– Diluted	7	18.70	17.13

The notes on pages 114 to 163 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement.

Consolidated statement of comprehensive income.

For the year ended 30 June 2023

	Notes	2023 £'000	2022 £'000
Profit for the year:		21,934	20,073
Other comprehensive income/(expenses)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		231	(268)
		231	(268)
Items that will not be reclassified to profit or loss			
Revaluation of financial assets at fair value through other comprehensive income	14	(105)	(57)
Movement on associated deferred tax	24	26	14
Actuarial (loss)/gain on pension scheme	22	(123)	953
Movement on unrecognised pension scheme surplus	22	177	(1,143)
		(25)	(233)
Other comprehensive income/(expense) for the year, net of tax		206	(501)
Total comprehensive income for the year		22,140	19,572

The notes on pages 114 to 163 form part of these financial statements.

Consolidated and company statements of financial position.

As at 30 June 2023

		Group		Company	
	Notes	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Assets					
Non-current assets					
Property, plant and equipment	8	38,763	33,818	11,745	11,070
Intangible assets	9	70,891	51,865	3,060	3,531
Investments in subsidiaries	10	–	–	20,486	20,486
Investment property	11	1,986	1,984	9,736	9,967
Financial assets at amortised cost	12	1,587	1,124	240	31,882
Equity accounted investments and joint arrangements	13	5,592	6,112	–	–
Financial assets at fair value through other comprehensive income	14	3,364	3,470	3,334	3,439
Deferred income tax assets	24	382	120	–	–
Total non-current assets		122,565	98,493	48,601	80,375
Current assets					
Inventories	15	33,437	32,758	15,425	16,976
Trade and other receivables	16	35,733	33,018	26,610	24,480
Financial assets at amortised cost	12	1,266	1,800	51,886	1,800
Short-term financial assets	17	4	5,079	–	5,075
Cash and cash equivalents	18	35,013	35,505	25,527	28,221
Total current assets		105,453	108,160	119,448	76,552
Total assets		228,018	206,653	168,049	156,927
Liabilities					
Current liabilities					
Trade and other payables	19	(37,457)	(35,801)	(23,102)	(22,425)
Financial liabilities	20	(1,435)	(332)	–	–
Lease liabilities	21	(812)	(506)	(7)	–
Current income tax liabilities		(1,143)	(641)	–	–
Total current liabilities		(40,847)	(37,280)	(23,109)	(22,425)
Net current assets		64,606	70,880	96,339	54,127
Non-current liabilities					
Other payables	19	(11,987)	(12,880)	–	–
Financial liabilities	20	(1,461)	(1,830)	–	–
Lease liabilities	21	(3,822)	(2,510)	(19)	–
Provisions for liabilities and charges	23	(3,299)	(2,536)	(1,133)	(879)
Deferred income tax liabilities	24	(6,261)	(4,264)	(1,259)	(883)
Total non-current liabilities		(26,830)	(24,020)	(2,411)	(1,762)
Total liabilities		(67,677)	(61,300)	(25,520)	(24,187)
Net assets		160,341	145,353	142,529	132,740
Equity					
Issued share capital	25	1,189	1,189	1,189	1,189
Share premium account	26	2,976	2,827	2,976	2,827
Capital redemption reserve	26	137	137	137	137
Foreign currency translation reserve	26	2,039	1,808	–	–
Retained earnings					
At 1 July		139,392	131,631	128,587	127,301
Profit for the year attributable to the owners		21,934	20,073	16,966	13,598
Other changes in retained earnings		(7,326)	(12,312)	(7,326)	(12,312)
		154,000	139,392	138,227	128,587
Total equity		160,341	145,353	142,529	132,740

The notes on pages 114 to 163 form part of these financial statements.

The financial statements on pages 108 to 113 were approved by the Board on 12 October 2023 and signed on its behalf by

Mike Allcock **Craig Muncaster**

Company Registration Number: 317886

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
Balance at 1 July 2021		1,189	1,960	137	2,076	131,631	136,993
Comprehensive income							
Profit for the year to 30 June 2022		–	–	–	–	20,073	20,073
Actuarial gain on pension scheme	22	–	–	–	–	953	953
Movement on unrecognised pension scheme surplus	22	–	–	–	–	(1,143)	(1,143)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	(57)	(57)
Movement on associated deferred tax	24	–	–	–	–	14	14
Exchange differences on translation of foreign operations		–	–	–	(268)	–	(268)
Total comprehensive income		–	–	–	(268)	19,840	19,572
Transactions with owners							
Shares issued from exercised options		–	867	–	–	–	867
Dividends paid to shareholders	27	–	–	–	–	(12,079)	(12,079)
Total transactions with owners		–	867	–	–	(12,079)	(11,212)
Balance at 30 June 2022		1,189	2,827	137	1,808	139,392	145,353
Comprehensive income							
Profit for the year to 30 June 2023		–	–	–	–	21,934	21,934
Actuarial loss on pension scheme	22	–	–	–	–	(123)	(123)
Movement on unrecognised pension scheme surplus	22	–	–	–	–	177	177
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	–	(105)	(105)
Movement on associated deferred tax	24	–	–	–	–	26	26
Exchange differences on translation of foreign operations		–	–	–	231	–	231
Total comprehensive income		–	–	–	231	21,909	22,140
Transactions with owners							
Shares issued from exercised options		–	149	–	–	–	149
Dividends paid to shareholders	27	–	–	–	–	(7,301)	(7,301)
Total transactions with owners		–	149	–	–	(7,301)	(7,152)
Balance at 30 June 2023		1,189	2,976	137	2,039	154,000	160,341

The notes on pages 114 to 163 form part of these financial statements.

Company 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	Retained earnings £'000	Total equity £'000
Balance at 1 July 2021		1,189	1,960	137	127,301	130,587
Comprehensive income						
Profit for the year to 30 June 2022		–	–	–	13,598	13,598
Actuarial gain on pension scheme	22	–	–	–	953	953
Movement on unrecognised pension scheme surplus	22	–	–	–	(1,143)	(1,143)
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	(57)	(57)
Movement on deferred tax associated to financial assets at fair value through other comprehensive income	24	–	–	–	14	14
Total comprehensive income		–	–	–	13,365	13,365
Transactions with owners						
Shares issued from exercised options		–	867	–	–	867
Dividends paid to shareholders	27	–	–	–	(12,079)	(12,079)
Total transactions with owners		–	867	–	(12,079)	(11,212)
Balance at 30 June 2022		1,189	2,827	137	128,587	132,740
Comprehensive income						
Profit for the year to 30 June 2023		–	–	–	16,966	16,966
Actuarial loss on pension scheme	22	–	–	–	(123)	(123)
Movement on unrecognised pension scheme surplus	22	–	–	–	177	177
Revaluation of financial assets at fair value through other comprehensive income	14	–	–	–	(105)	(105)
Movement on deferred tax associated to financial assets at fair value through other comprehensive income	24	–	–	–	26	26
Total comprehensive income		–	–	–	16,941	16,941
Transactions with owners						
Shares issued from exercised options		–	149	–	–	149
Dividends paid to shareholders	27	–	–	–	(7,301)	(7,301)
Total transactions with owners		–	149	–	(7,301)	(7,152)
Balance at 30 June 2023		1,189	2,976	137	138,227	142,529

The notes on pages 114 to 163 form part of these financial statements.

Consolidated and company statements of cash flows.

For the year ended 30 June 2023

		Group		Company	
	Notes	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash flows from operating activities					
Cash generated from operations	29	36,216	24,789	22,506	14,982
Tax paid		(4,341)	(5,049)	(1,294)	(1,568)
Net cash generated from operating activities		31,875	19,740	21,212	13,414
Cash flows from investing activities					
Purchases of property, plant and equipment		(7,739)	(5,510)	(2,699)	(2,024)
Proceeds from sale of property, plant and equipment		535	423	369	301
Purchases of intangible assets		(2,255)	(2,366)	(993)	(1,234)
Purchases of subsidiaries (net of cash acquired)		(12,602)	(14,625)	–	(3)
Purchase of shares in subsidiaries		(6,445)	(15,219)	–	(15,219)
Purchase of investment property		(22)	(36)	(22)	(36)
Net sale of financial assets at fair value through other Comprehensive Income		1	268	–	268
Investment in joint venture		–	(4,958)	–	–
Property rental and similar income		93	113	431	451
Dividend income		209	246	1,059	946
Net withdrawal of short-term financial assets		5,075	18,524	5,075	18,528
Interest received		434	218	483	277
Receipts from loans receivable		1,813	–	2,524	–
Issue of loans receivables		(1,748)	(806)	(22,885)	(23,387)
Net cash used in investing activities		(22,651)	(23,728)	(16,658)	(21,132)
Cash flows from financing activities					
Net proceeds from the issuance of ordinary shares		149	867	149	867
Addition of lease liabilities		203	236	–	–
Proceeds from borrowings		1,039	–	–	–
Repayment of borrowings		(2,532)	(1,271)	–	–
Principal element of lease payments		(789)	(535)	(5)	–
Payment of interest		(339)	(139)	(25)	–
Dividends paid to Company's shareholders	27	(7,301)	(12,079)	(7,301)	(12,079)
Net cash used in financing activities		(9,570)	(12,921)	(7,182)	(11,212)
Effects of exchange rate changes on cash		(146)	146	(66)	87
Net decrease in cash in the year		(492)	(16,763)	(2,694)	(18,843)
Cash and cash equivalents at beginning of year		35,505	52,268	28,221	47,064
Cash and cash equivalents at end of year		35,013	35,505	25,527	28,221

The notes on pages 114 to 163 form part of these financial statements.

Notes to the financial statements.

For the year ended 30 June 2023

1 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements and company financial statements (the "financial statements") are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

FW Thorpe Plc is incorporated in England and Wales. The Company is domiciled in the UK. The Company is a public limited company, limited by shares, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The address of its registered office is Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, United Kingdom.

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information, are disclosed in the critical accounting estimates and judgements section.

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

Going concern

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.

Basis of consolidation

The financial statements for FW Thorpe Plc incorporate the financial statements of the Company and its subsidiary undertakings.

A subsidiary is a company controlled directly by the Group and all the subsidiaries are wholly owned by the Group. The Group achieves control over the subsidiaries by being able to influence financial and operating policies so as to obtain benefits from their activities.

Intra-group transactions, balances, income and expenses are eliminated in preparing consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests

The group do not recognise non-controlling interests in an acquired entity when there is a commitment and obligation to acquire the non-controlling interests of the acquired entity. The acquired entity is consolidated as if it is wholly owned by the Group since acquisition. Any profits attributable to non-controlling interests, if any, are treated as finance expense of the Group.

1 Accounting policies continued

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed on a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Equity accounted investments and joint arrangements

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

FW Thorpe Plc recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Equity accounted investments

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

The Group recognises revenue earned from contracts based on individual performance obligations using the five-step model. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer, or the service is performed, at an amount that reflects the consideration the Group is entitled to in exchange for those goods or services, excluding VAT, trade discounts and rebates.

The Group has generally concluded that it is the principal in its revenue arrangements. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The normal credit terms are 30 to 90 days from delivery, or completion of the service provided.

Revenue from external customers is derived from the supply of light fittings and services to support the sale of these light fittings. These services include surveying, project management, installation and commissioning. The transaction price for both the light fittings and the service agreements are at fair value as if each of those services are provided individually.

Revenue Stream	Revenue Recognition
Light fittings	Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods
Services	Revenue is recognised over time when the service is performed

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. service agreements). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

1 Accounting policies continued

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Interest on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is identified as the Group Board.

The Group is organised into twelve operating segments based on the products and customer base in the lighting market. The largest businesses, on an ongoing basis, are Thorlux (which includes the businesses of Thorlux Lighting Limited and SchahlLED Lighting GmbH), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) (which includes the businesses of Lightronics B.V. and Famostar Emergency Lighting B.V.) and 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.

Pension costs

The Group operates a hybrid defined benefit and defined contribution pension scheme. The Group's hybrid pension scheme provides benefits to members based upon the following:

- Service before 1 October 1995, benefits provided are defined benefit in nature (the "pure" defined benefit element);
- Service after 1 October 1995, has two elements:
  - For members joining pre-1 October 1995, benefits provided are the maximum of their defined contribution pension and their defined benefit pension (the "defined benefit underpin" element);
  - For members joining post-1 October 1995, benefits provided are defined contribution in nature (the "pure defined contribution" element).

The contributions of all three elements are paid into one pension scheme, where the contributions and assets are segregated and ring-fenced from each other. The assets of the scheme are invested and managed independently of the finances of the Group. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain at a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions cost are spread evenly through the income over the remaining service lives of current employees. Contributions made to the defined benefit scheme are charged to the income statement in the period in which they are made.

The liability or surplus recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In the defined benefit underpin element of the scheme, the liabilities reflect the greater of the defined contribution or defined benefit liabilities.

For the defined benefit underpin element of the scheme each member is tested to see whether the pension on a defined contribution or defined benefit basis is higher. The liabilities shown in the pensions note are based on the greater of the two liabilities for each member, which in almost all cases is the defined benefit liability. For the service cost, again tests are performed to see which is the higher for each member out of the Company's share of the defined contribution payments or the Company's share of accruing benefits on a defined benefit basis. The higher of these two figures for each member is then used to give the total service cost; again the defined benefit cost is the higher for the vast majority of members.

1 Accounting policies continued

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans and pure defined contribution elements, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the income statement as they fall due, or as an accrued or prepaid expense. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. A defined benefit surplus is only recognised if it meets the following criteria: if the Group has an unconditional right to a refund; or if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled. If the criteria are not met then a defined benefit surplus is not recognised.

Foreign currencies

Transactions in foreign currency are converted to sterling using the exchange rate applicable to the date of the transaction. Foreign currency gains and losses resulting from the settlement of foreign currency transactions at a different time are recognised in the income statement. Currency exchange differences arising from holding monetary assets or liabilities in a foreign currency are fair valued at the statement of financial position date in accordance with prevailing exchange rates and resulting gains or losses are recognised in the income statement. The translation of financial statements from foreign currencies is recognised in the foreign currency translation reserve and in the consolidated statement of comprehensive income at the prevailing exchange rates.

Exceptional items

Exceptional items are separately presented from other items by virtue of their nature, size and/or incidence. They are identified separately in order for the reader to obtain a clearer understanding of the underlying results of the ongoing Group's operations, by excluding the impact of items which, in management's view, do not form part of the Group's underlying operating results.

Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1 Accounting policies continued

Dividend distribution

Final dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interim dividends are recognised as a liability in the Group's financial statements when approved by the directors.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. Cost includes the original purchase price together with the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight-line basis to write down the cost less estimated residual value of all plant and equipment assets by equal instalments over their expected useful life. Right of use assets are depreciated at the rates below according to their asset classification. The rates generally applicable are:

Freehold land	Nil
Buildings	2%–10%
Plant and equipment	10%–50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Assets are reviewed for impairment where there is an indication that the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets: The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in line with the Group's existing impairment accounting policy.

Short term leases and low value assets

For these leases, payments made under them, are charged to the income statement on a straight-line basis over the term of the lease.

1 Accounting policies continued

Intangible assets

Development costs
The Group undertakes development activities on an ongoing basis. Part of these costs relate to projects where the benefit is received in the short term (less than one year) and part relates to longer term projects where the benefit is expected to be received for several years to come. Costs associated with the shorter term activities are expensed as and when they are incurred. Costs associated with the longer term projects are capitalised as an intangible asset and amortised over the expected life of the benefit at 33.33% per annum commencing when the asset is available for use within the business. Development costs are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The economic success for development activities is uncertain and carrying amounts are reviewed at each statement of financial position date for impairment in accordance with IAS 36.

Development assets are valued at cost less accumulated amortisation and any impairment losses.

Fishing rights
Fishing rights are stated at cost less accumulated impairment where applicable. The rights are not amortised, but assessed annually for impairment.

Goodwill
Goodwill is stated at cost less accumulated impairment where applicable. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Software costs
Software costs are stated at cost less accumulated amortisation and impairment where applicable. Amortisation is calculated on a straight-line basis to write down the cost less estimated residual value over its useful life. The amortisation rates are between 20% and 50% per annum.

Patent costs
Patents are stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write down the cost less estimated residual value over its useful life. The amortisation rate is 20%.

1 Accounting policies continued

Other intangible assets
An intangible asset acquired in a business combination is recognised at fair value to the extent it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Intangible assets principally relate to brand names and technology that were valued discounting estimated future net cash flow from the asset. The cost of intangible assets is amortised through the income statement on a straight-line basis over their estimated economic life. The rates generally applicable are:

Technology	12%-14%
Brand name	10%–20%
Customer Relationships	7%-17%

Investment properties
Investment properties are recognised at cost, and then subsequently cost less accumulated depreciation and (if applicable) any accumulated impairment losses. Assets are depreciated at the same rates as property, plant and equipment assets according to their assets class, freehold land is not depreciated.

In the Company accounts, land and buildings (and integral fixtures and fittings) not occupied by the Company are included within investment property.

Investments in subsidiaries
Investments in subsidiaries are held at cost less impairment. Cost includes directly attributable costs of investment.

Financial assets

(i) Classification
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or the income statement); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when, and only when, its business model for managing those assets changes.

(ii) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

1 Accounting policies continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement together with foreign exchange gains and losses. Impairment losses are included in either administrative expenses, or finance costs in the income statement dependent on the type of asset impaired.
- Financial assets at fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income or costs. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in administrative expenses and impairment expenses are included in either administrative expenses, or finance costs in the income statement.
- Financial assets at fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the income statement in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the income statement as finance income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see accounting policy for trade receivables for further details.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. Raw materials include items that are both used in the production of finished goods and items used in the production of other raw material items..

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. A provision is made against the cost of slow-moving, obsolete and other stock lines based on the net realisable value.

1 Accounting policies continued

Trade receivables

Trade receivables are recognised initially at fair value and the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period 12 months up to the end of the relevant financial year, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, such as significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "distribution costs". When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "distribution costs" in the income statement.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Short-term financial assets

Short-term financial assets are defined as cash term deposits with banks with an original term of three months and over.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, on demand deposits and short-term deposits with banks with an original term less than three months.

Current asset investments

Current asset investments are cash and cash equivalents and certain other receivables which generate interest income, and are valued at fair value. Changes in fair value are recognised in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income, and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

1 Accounting Policies continued

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the financial liability using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Costs for financial liabilities are expensed in the period in which they occur.

Provisions

Provisions are recognised in the statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when land is contaminated.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Warranty

The Group provides for expected warranty costs covering both specific known warranty claims and calculating expected future warranty claims in order to estimate the expected costs that will arise in respect of products sold within the remaining warranty periods. The expected future warranty claims provision is calculated by assessing historical data, industry failure rates and the Group's knowledge of products to determine the percentage of sales that should be provided for to cover future associated warranty costs.

1 Accounting policies continued

Critical accounting estimates and judgements

The presentation of the annual financial statements in accordance with UK adopted International Accounting Standards and the requirements of the Companies Act 2006 requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key estimates and judgements used in the financial statements are as follows:

Estimates	**Impairment of goodwill/investment in subsidiaries** The Group and the Company undertake impairment reviews for cash generating units (CGU) at least annually to assess the carrying value of goodwill/investment in subsidiaries and other intangible assets. These reviews apply either discounted cash flows forecast, including terminal values and growth factors if appropriate, or earnings before interest, tax, depreciation and amortisation (EBITDA) (which equates to operating profit adjusted for effect of depreciation and amortisation) multiples to the forecast financial performance of the CGU. Note 9 contains details of reviews that have been carried out. **Warranty** The Group provides for expected warranty costs covering both specific known warranty claims and calculating expected future warranty claims in order to estimate the expected costs that will arise in respect of products sold within the remaining warranty periods. The usual warranty period provided is between 5 and 10 years, dependent on market requirements. The expected future warranty claims provision is calculated by assessing historical data, industry failure rates and the Group's knowledge of products to determine the percentage of sales that should be provided for to cover future associated warranty costs. Note 23 contains details of the warranty provision. If the failure rate assumption used in the provision calculation were to increase by 5%, then the resulting provision would be higher by £160,000. **Zemper non-controlling interests** The Group has the obligation to purchase the remaining shares of the Zemper business in tranches over the next 2 years. To calculate the expected repurchase value the Group has considered the recent and budgeted future performance of the Zemper business analysing forecasted EBITDA, revenue and costs upon which the obligation is based. This analysis is reviewed and updated each year and, if necessary, adjustments are made to ensure that the provision value reflects the best current estimate of settlement with movements recognised as a share-based payment charge. If the forecast EBITDA assumption were to increase by 5%, the resulting deferred consideration would increase by £473,000. Notes 19 contain details of the outstanding obligations. **Lumen (SchahlLED) non-controlling interests** The Group has the obligation to purchase the remaining shares of the Lumen business in tranches over the next 2 years. To calculate the expected repurchase value the Group has considered the recent and budgeted future performance of the Lumen business analysing forecasted EBITDA, revenue and costs upon which the obligation is based. This analysis is reviewed and updated each year and, if necessary, adjustments are made to ensure that the provision value reflects the best current estimate of settlement with movements recognised as a share-based payment charge. If the forecast EBITDA assumption were to increase by 5%, the resulting contingent consideration would increase by £330,000. Notes 19 and 34 contain details of the outstanding obligations. **Allocation of intangible assets at acquisitions** On acquisition of new businesses, the Group undertakes valuation exercise to ascertain the fair values of various intangible assets. The valuation of these intangible assets involves identifying the types of intangible assets, estimation on inputs such as future EBITDA of the acquired business to be generated by these intangible assets, the periods for which these intangible assets would benefit the acquired business and discount rates used. **Retirement benefit obligations** The Group recognises its obligations to employee retirement benefits. The quantification of these obligations is subject to significant estimates and assumptions regarding life expectancy, discount and inflation rates and the rate of increase in pension payments. In making these assumptions the Group takes advice from an independent qualified actuary about which assumptions best reflect the nature of the Group's obligations to employee retirement benefits. These assumptions are regularly reviewed by our actuaries Cartwright Benefit Consultants Limited to ensure their appropriateness. Note 22 contains details of the retirement benefit obligations. **Inter-company receivables/loans impairment** The Company provides for expected credit losses that may arise from under-performing loans to and receivables from subsidiary companies. The expected credit loss is calculated by looking at historical performance and the Company's knowledge of how the subsidiary is likely to perform in the future. Note 12 contains details of inter-company loan impairments based on an expected credit loss assumption of 100% and 45%. If the expected credit loss assumption were to increase to 55% there would be an extra charge of £206,000 to the Company.

1 Accounting policies continued

Judgements	
	Development costs The Group undertakes development activities and the commercial viability of these activities is assessed on a continual basis; as such the Group assesses each new project to determine whether development costs incurred should be capitalised within intangible assets or recognised as an expense within administrative expenses. The Group determines this classification based on the future value of the work based on past experience of similar development projects and the feedback from the marketplace about future expectations for technological development.
	Zemper non-controlling interests The Group has the obligation to purchase the remaining shares of the Zemper business in tranches over the next 2 years. In determining the expected purchase price the Group has assumed the repurchase will be made in the 2 tranches commencing in September 2023 and ending in September 2024 thereby assessing the expected purchase price at each of these dates.
	Lumen non-controlling interests The Group has the obligation to purchase the remaining shares of the Lumen business from September 2025. In determining the expected purchase price the Group has assumed the repurchase will be made commencing in September 2025 thereby assessing the expected purchase price at the date.
	Retirement benefit obligations The Group recognises its obligations to employee retirement benefits. Where the fair value of the pension plan assets exceeds the present value of the defined benefit obligation the Group consider the amount that can be recognised as an asset within the statement of financial position in line with the requirements of IAS 19. A defined benefit surplus is only recognised if it meets the following criteria: if the Group has an unconditional right to a refund; or if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled. As these criteria are not met the Group has decided not to recognise a net retirement benefit asset.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity price risk and security price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, US dollar, Australian dollar and Arab Emirate dirham. Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency as well as bank account balances, trade and other receivables as well as trade and other payables denominated in currencies other than sterling and net investments in foreign operations. The Group has carried out an exercise to evaluate the effect of an decrease by 1% in exchange rates on each currency other than sterling, the cash and cash equivalents would decrease by £70,000. The risk is managed by maintaining relatively low foreign currency balances and selling or buying foreign currency when required.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position either as financial assets at fair value through other comprehensive income or at fair value through profit or loss.

The Group has investments in UK listed securities of other entities and these are publicly traded on the London Stock Exchange. The nature of the list of investments held means the investments can go up and down in value.

The Group holds money market funds that are designated as short term investments and also a range of quoted securities that are designated as financial assets at fair value through other comprehensive income. Management has performed an analysis and do not believe there to be a material sensitivity to changes in underlying price indices arising from these holdings.

(iii) Commodity price risk

The Group has an exposure to the risk of commodity price changes, in particular, metals. The Group seeks to minimise the risk by agreeing prices with major suppliers in advance.

1 Accounting policies continued

(iv) Interest rate risk
The Group is exposed to interest rate risk because it has cash investments and short-term financial assets which are mostly interest-bearing. The effect of a reduction in interest rates is to reduce financial income. The Group has no exposure to the risk of increased interest cost other than pension scheme interest cost.

(b) Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum Fitch rating of F1 are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Management monitors rolling forecasts of the Group's liquidity reserve, which comprises cash and cash equivalents together with short-term financial assets, see note 17, on the basis of expected cash flow. All external current liabilities are expected to mature within four months.

Capital risk management
The Group's policy has been to maintain a strong capital basis in order to maintain investor, customer, creditor and market confidence. This sustains future development of the business, safeguarding the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. From time to time the Group purchases its own shares in the market; the timing of these purchases is dependent on market prices, to ensure such transactions are sufficiently beneficial for the Company, its earnings per share and returns to investors. The Group continues to seek to maintain the balance of these returns, while strengthening the reserves and equity position of the Company, via continued profitability and structured growth.

The Group has a long-standing policy not to utilise debt within the business, providing a robust capital structure even within the toughest economic conditions. The Group's significant cash resources allow such a position, but also require close management to ensure that sufficient returns are being generated from these resources. The Group's policy with regard to the cash resources is to ensure they generate sufficient returns, whether by investment in business activities, such as plant and equipment, or assessing suitable opportunities to grow the business, or the physical investment of these funds to ensure appropriate returns to investors.

The Group is able to maintain its current capital structure because there are no externally imposed capital requirements, and there were no changes in the Group's approach to capital management during the year.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

1 Accounting policies continued

Fair value estimation

Financial instruments

Financial instruments that are measured at fair value are disclosed in the consolidated financial statements in accordance with the following fair value measurement hierarchy:

i. Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)

ii. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2)

iii. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Other assets and liabilities

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Share capital

Ordinary shares are classified as equity.

When ordinary shares are issued to shareholders by the Company, the face value of the ordinary shares issued is credited to Issued share capital where the excess of the consideration paid by shareholders over the face value of the ordinary shares issued is credited to share premium account.

Where any Group company purchases the Company's issued share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

When shares are cancelled, the related face value of the cancelled shares are deducted from the Company's issued share capital and credited to the Company's capital redemption reserve.

Share-based payments

Senior executives of the Group receive remuneration in the form of share-based payments through the executive share ownership plan. The fair value of the shares or share options granted is recognised over the vesting period to reflect the value of the employee services received. The charge relating to grants to employees of the Company is recognised as an expense in the profit and loss account.

The fair value of options granted, excluding the impact of any non-market vesting conditions, is calculated using established option pricing models. The probability of meeting non-market vesting conditions, which include profitability targets, is used to estimate the number of share options that are likely to vest.

Firm commitment

Where the Group has an obligation to pay outstanding consideration in a business combination, a liability is recognised equal to the calculated future fair value as at the date of the statement of financial position.

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 B.V. and Famostar Emergency Lighting B.V., 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
Year to 30 June 2023						
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)	–
Total revenue	105,460	36,643	19,328	24,003	(8,685)	176,749
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
Operating profit	17,246	6,969	1,898	1,131	588	27,832
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 Lumen (SchahlLED) of £16.9m and operating profits of £1.4m. Acquisition adjustments includes amortisation of intangible assets.

	Thorlux £'000	Netherlands companies £'000	Zemper Group £'000	Other companies £'000	Inter-segment adjustments £'000	Total continuing operations £'000
Year to 30 June 2022						
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)	–
Total revenue	84,083	35,053	14,152	21,769	(11,342)	143,715
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
Operating profit	13,509	7,471	1,582	1,647	506	24,715
Net finance expense						(840)
Share of profit of joint ventures						228
Profit before income tax						24,103

2 Segmental analysis continued

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)i 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	89,917	83,242
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
	176,749	143,715

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

(b)ii Geographical analysis by product types

The Group's main business segments primary revenue stream is the sale of light fittings, with some ancillary services and commissioning supporting this revenue stream.

2023 (£'000)	Light fittings	Services	Total
UK	85,193	4,724	89,917
Netherlands	31,845	–	31,845
Germany	18,034	3,514	21,548
Rest of Europe	29,668	371	30,039
Rest of the World	3,400	–	3,400
	168,140	8,609	176,749

2022 (£'000) (Restated)*	Light Fittings	Services	Total
UK	78,713	4,529	83,242
Netherlands	30,323	–	30,323
Germany	8,205	–	8,205
Rest of Europe	19,139	–	19,139
Rest of the World	2,806	–	2,806
	139,186	4,529	143,715

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

3 Operating profit

	2023 £'000	2022 £'000
Profit on disposals of property, plant and equipment	(192)	(197)
Depreciation of investment property (note 11)	20	19
Depreciation of property, plant and equipment		
– owned assets	3,675	3,303
– right-of-use assets (notes 8 and 21)	614	456
Amortisation of intangible assets (note 9)	4,454	3,213
Share appreciation rights (with associated share-based payment charges)	–	(348)
Cost of inventories recognised as an expense	72,956	55,608
Research and development expenditure credit	(382)	(306)
Government grants	(122)	(117)
Currency gains in income statement	(539)	(479)

Services provided by the Company's auditors	2023 £'000	2022 £'000
Fees payable to the Company's auditors for audit of financial statements	276	241
Fees payable to the Company's auditors and its associates for other services		
– Audit of the Company's subsidiaries	98	48
	374	289

During the year there were no non-audit services provided by PricewaterhouseCoopers LLP.

4 Employee information

The average monthly number of employees employed by the Group (including executive directors) during the year is analysed below:

	Group		Company	
Average headcount	2023 Number	2022 Number	2023 Number	2022 Number
Production	432	408	260	227
Sales and distribution	257	229	121	111
Administration	255	232	129	130
Total average headcount	944	869	510	468

	Group		Company	
Employment costs of all employees (including executive directors)	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	40,511	34,968	22,783	20,869
Social security costs	5,222	4,497	2,203	2,349
Other pension costs	2,174	1,650	1,434	1,008
	47,907	41,115	26,420	24,226

Included in wages and salaries are £2,319,000 (2022: £2,365,000) of temporary employees costs.

Other pension costs include contributions to pension schemes and other employer's pension related charges comprising life assurance of £99,000 (2022: £80,000), pension administration and professional charges of £116,000 (2022: £113,000) and private pension schemes amounting to £5,000 (2022: £5,000).

4 Employee information continued

Contributions to the defined contribution section amounted to £229,000 (2022: £236,000) and contributions to other schemes administered independently of the FW Thorpe pension schemes amounted to £1,262,000 (2022: £1,067,000).

	Group		Company	
Directors' emoluments	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aggregate emoluments	2,536	1,920	2,340	1,713
Contributions to money purchase schemes	9	15	9	15
	2,545	1,935	2,349	1,728

For the year ended 30 June 2023 no retirement benefits were accruing to any director (2022: nil) under the defined benefit scheme and to J E Thorpe (2022: J E Thorpe) under the defined contribution scheme. Additionally, compensation payments for the loss of pension contributions totalling £273,000 (2022: £246,000) were made to 4 (2022: 4) directors.

	Group		Company	
Highest paid director	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total of emoluments and amounts receivable	674	586	674	586

Compensation payments for the loss of pension contributions for the highest paid director were £52,000 (2022: £44,000).

The key management personnel are the Group Board directors.

Further details are provided in the directors' remuneration report on pages 95 to 98.

5 Net finance expense

	2023 £'000	2022 £'000
Finance income		
Current assets		
Interest receivable	236	49
Non-current assets		
Dividend income on financial assets at fair value through other comprehensive income	209	247
Net rental income	103	113
Loan interest income	168	114
Gain on disposal of financial assets	–	4
	716	527
Finance expense		
Current liabilities		
Interest payable	94	53
Lease liability interest expense	236	139
Non-controlling interest	755	613
Non-current liabilities		
Loan interest expense	9	55
Fair value adjustment on loans	–	507
	1,094	1,367
Net finance expense	(378)	(840)

6 Income tax expense

Analysis of income tax expense in the year:

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

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
Tax charge	5,000	4,030

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.

7 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 earnt 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

8 Property, plant and equipment

	Group				Company			
	Freehold land and buildings £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Right-of -use assets £'000	Total £'000
Cost								
At 1 July 2022	25,354	33,795	4,356	63,505	6,592	21,965	–	28,557
Acquisition of subsidiaries*	–	50	134	184	–	–	–	–
Additions	2,892	4,847	1,751	9,490	734	1,965	31	2,730
Disposals	–	(970)	(278)	(1,248)	–	(662)	–	(662)
Currency translation	(27)	(33)	(21)	(81)	–	–	–	–
At 30 June 2023	**28,219**	**37,689**	**5,942**	**71,850**	**7,326**	**23,268**	**31**	**30,625**
Accumulated depreciation								
At 1 July 2022	5,477	22,518	1,692	29,687	2,559	14,928	–	17,487
Acquisition of subsidiaries*	–	–	38	38	–	–	–	–
Charge for the year	738	2,937	614	4,289	177	1,660	4	1,841
Disposals	–	(685)	(220)	(905)	–	(448)	–	(448)
Currency translation	(4)	(12)	(6)	(22)	–	–	–	–
At 30 June 2023	**6,211**	**24,758**	**2,118**	**33,087**	**2,736**	**16,140**	**4**	**18,880**
Net book amount								
At 30 June 2023	**22,008**	**12,931**	**3,824**	**38,763**	**4,590**	**7,128**	**27**	**11,745**

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

	Group				Company			
	Freehold land and buildings £'000	Plant and equipment £'000	Right-of-use assets £'000	Total £'000	Freehold land and buildings £'000	Plant and equipment £'000	Right-of -use assets £'000	Total £'000
Cost								
At 1 July 2021	22,094	27,662	895	50,651	6,529	20,661	–	27,190
Acquisition of subsidiaries*	975	3,965	3,534	8,474	–	–	–	–
Additions	2,241	3,037	232	5,510	63	1,961	–	2,024
Disposals	(1)	(884)	(303)	(1,188)	–	(657)	–	(657)
Currency translation	45	15	(2)	58	–	–	–	–
At 30 June 2022	**25,354**	**33,795**	**4,356**	**63,505**	**6,592**	**21,965**	**–**	**28,557**
Accumulated depreciation								
At 1 July 2021	4,638	17,345	417	22,400	2,399	13,773	–	16,172
Acquisition of subsidiaries*	234	3,175	1,062	4,471	–	–	–	–
Charge for the year	600	2,703	456	3,759	160	1,686	–	1,846
Disposals	–	(714)	(248)	(962)	–	(531)	–	(531)
Currency translation	5	9	5	19	–	–	–	–
At 30 June 2022	**5,477**	**22,518**	**1,692**	**29,687**	**2,559**	**14,928**	**–**	**17,487**
Net book amount								
At 30 June 2022	**19,877**	**11,277**	**2,664**	**33,818**	**4,033**	**7,037**	**–**	**11,070**

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

Freehold land which was not depreciated at 30 June 2023 amounted to £758,000 (2022: £758,000) (Group) and £500,000 (2022: £500,000) (Company).

9 Intangible assets

Group 2023	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Customer relationship £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost									
At 1 July 2022	32,778	16,320	2,895	3,845	9,460	3,344	159	182	68,983
Acquisition of subsidiaries*	14,624	–	–	1,354	5,759	38	–	–	21,775
Additions	–	1,874	–	–	–	381	–	–	2,255
Disposals	–	–	–	–	–	(12)	–	–	(12)
Write-offs	–	(4,228)	–	–	–	–	–	–	(4,228)
Currency translation	(399)	(10)	(2)	(35)	(141)	(4)	–	–	(591)
At 30 June 2023	47,003	13,956	2,893	5,164	15,078	3,747	159	182	88,182
Accumulated amortisation									
At 1 July 2022	252	10,009	2,495	1,273	473	2,460	156	–	17,118
Charge for the year	–	2,152	151	434	1,350	367	–	–	4,454
Disposals	–	–	–	–	–	(1)	–	–	(1)
Write-offs	–	(4,228)	–	–	–	–	–	–	(4,228)
Currency translation	(19)	(8)	(3)	(5)	(17)	–	–	–	(52)
At 30 June 2023	233	7,925	2,643	1,702	1,806	2,826	156	–	17,291
Net book amount									
At 30 June 2023	46,770	6,031	250	3,462	13,272	921	3	182	70,891

* 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.

Group 2022	Goodwill £'000	Development costs £'000	Technology £'000	Brand name £'000	Customer relationship £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost									
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
At 30 June 2022	32,778	16,320	2,895	3,845	9,460	3,344	159	182	68,983
Accumulated amortisation									
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
At 30 June 2022	252	10,009	2,495	1,273	473	2,460	156	–	17,118
Net book amount									
At 30 June 2022	32,526	6,311	400	2,572	8,987	884	3	182	51,865

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

Amortisation of £4,454,000 (2022: £3,213,000) is included in the administrative expenses. Included in goodwill are amounts of £285,000 (2022: £285,000) arising from the acquisition of Solite Europe Limited in 2009, £2,618,000 (2022: £2,618,000) arising from the acquisition of Portland Lighting Limited in 2011, €7,784,000 (£6,692,000) (2022: €7,784,000 (£6,698,000)) arising from the acquisition of FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) in 2015, AU$478,000 (£252,000) (2022: AU$478,000 (£262,000)) arising from the acquisition of Thorlux Australasia Pty Ltd in 2016, €5,057,000 (£4,348,000) (2022: €5,057,000 (£4,351,000)) arising from the acquisition of Famostar Emergency Lighting B.V. in December 2017, €21,273,000 (£18,289,000) (2022: €21,273,000 (£18,304,000)) arising from the acquisition of Electrozemper S.A. in October 2021 and €16,616,000 (£14,286,000) (2022: €nil (£nil) arising from the acquisition of Lumen Intelligence Holding GmbH in September 2022. This goodwill is not amortised.

9 Intangible assets continued

The goodwill for Lightronics B.V., Famostar Emergency Lighting B.V., Electrozemper S.A., Lumen Intelligence Holding GmbH and Thorlux Australasia Pty Ltd is revalued annually to the closing exchange rate, as it is denominated in euros and Australian dollars respectively, with the movement recorded in exchange differences on translation of foreign operations in the Statement of Changes in Equity.

The Group tests intangible assets annually for impairment, or more frequently if there are indications of impairment, for each relevant cash generating unit (CGU). CGUs in the Group comprise the entities FW Thorpe Plc, FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.), Lightronics B.V., Philip Payne Limited, Solite Europe Limited, Portland Lighting Limited, TRT Lighting Limited, Thorlux Lighting L.L.C., Thorlux Australasia Pty Limited, Thorlux Lighting GmbH, Famostar Emergency Lighting B.V., Electrozemper S.L, Zemper France S.A.R.L. S.A, RGB S.L., Thorlux Lighting Limited, Lumen Intelligence Holding GmbH and SchahlLED Lighting GmbH.

For Portland Lighting Limited the value in use has been determined using cash flow projections covering a five year period with a terminal value all discounted at a rate of 10.94%. For prudence, no growth has been assumed from 2023. For an impairment to be required, the discount rate would need to exceed 17.5% (Group) and 11.2% (Company: investments in subsidiaries).

For the other CGUs an EBITDA analysis is computed to compare against the net carrying value of the goodwill and other intangible assets for each CGU as appropriate. A multiple based on a six times EBITDA, that we consider a reasonable multiple for the sector, is used in these computations, except for Zemper CGUs and Lumen CGUs where an EBITDA multiple of ten and eight, respectively, have been used in accordance with the agreement upon which the contingent consideration is based.

At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Lightronics and Famostar CGUs of £36.9m in the Group and £22.2m in the Company (investments in subsidiaries, financial assets at amortised cost and amounts due from Group companies).

For Zemper CGUs, our assessment considers business performance and likely net realisable value, which must be assessed as part of settlement of non-controlling interest rights. At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Zemper CGUs of £25.46m in the Group and £13.8m in the Company (financial assets at amortised cost).

For Lumen CGUs, our assessment considers business performance and likely net realisable value, which must be assessed as part of settlement of non-controlling interest rights. At expected levels of EBITDA we consider that our goodwill is fully recoverable with headroom on the Lumen CGUs of £12.9m in the Group and £16.0m in the Company (financial assets at amortised cost)

Company 2023	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost					
At 1 July 2022	7,198	3,014	150	182	10,544
Additions	839	154	–	–	993
Disposals	–	(12)	–	–	(12)
Write-offs	(4,075)	–	–	–	(4,075)
At 30 June 2023	**3,962**	**3,156**	150	182	**7,450**
Accumulated amortisation					
At 1 July 2022	4,656	2,207	150	–	7,013
Charge for the year	1,117	336	–	–	1,453
Disposals	–	(1)	–	–	(1)
Write-offs	(4,075)	–	–	–	(4,075)
At 30 June 2023	1,698	**2,542**	150	–	**4,390**
Net book amount					
At 30 June 2023	**2,264**	**614**	–	**182**	**3,060**

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

9 Intangible assets continued

Company 2022	Development costs £'000	Software £'000	Patents £'000	Fishing rights £'000	Total £'000
Cost					
At 1 July 2021	6,182	2,796	150	182	9,310
Additions	1,016	218	–	–	1,234
Write-offs	–	–	–	–	–
At 30 June 2022	**7,198**	**3,014**	**150**	**182**	**10,544**
Accumulated amortisation					
At 1 July 2021	3,496	1,866	150	–	5,512
Charge for the year	1,160	341	–	–	1,501
Write-offs	–	–	–	–	–
At 30 June 2022	**4,656**	**2,207**	**150**	**–**	**7,013**
Net book amount					
At 30 June 2022	**2,542**	**807**	**–**	**182**	**3,531**

For development costs, the Group capitalises employee costs and directly attributable material costs necessary to design, construct and test new and improved product ranges and technology. These costs are only capitalised where they meet all the criteria set out in IAS 38.

Where development costs relate to products or technologies that are not expected to generate future economic benefits, do not meet the requirements of IAS 38 or relate to research, they are charged to the income statement.

10 Investments in subsidiaries

The cost of investments in subsidiaries is as follows:

	Company	
	2023 £'000	2022 £'000
Investments in subsidiaries – cost	20,486	20,486

The movement in the investment and provisions is as follows:

	Costs		Provision	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	20,486	14,581	–	–
Addition during the year	–	5,905	–	–
At 30 June	**20,486**	**20,486**	**–**	**–**

Impairment for investments in subsidiaries has been considered within the headroom shown in note 9.

Details of the Company's subsidiaries are included in note 33.

11 Investment property

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cost				
At 1 July	2,262	2,226	11,745	11,709
Additions	22	36	22	36
At 30 June	2,284	2,262	11,767	11,745
Accumulated depreciation				
At 1 July	278	259	1,778	1,525
Charge for the year	20	19	253	253
At 30 June	298	278	2,031	1,778
Net book amount				
At 30 June	1,986	1,984	9,736	9,967

The following amounts have been recognised in the income statement:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rental income	141	175	479	513
Direct operating expenses arising from investment properties that generate rental income	(57)	(81)	(290)	(314)

The investment property and land owned by the Group consists of property held for investment purposes, a property with land and fishing rights by the River Wye, and land designated for woodland in Monmouthshire. The associated fishing rights for the property by the River Wye are included in intangible assets.

Investment property of £1,296,000 (2022: £1,296,000) is freehold land and therefore not depreciated; the property element includes accumulated depreciation of £298,000 (2022: £278,000) which relates to the property occupied by Mackwell Electronics Limited. This investment property has been independently valued and has a market value that is not materially higher than its cost.

An external fair value exercise of the land by the River Wye and the land in Monmouthshire was last undertaken in June 2023 resulting in a valuation of £2.3m, which is greater than the carrying value of those specific investment properties.

The Company's investment properties consist of land and buildings used by subsidiaries in their normal course of business. The Company receives rental income from the subsidiaries for the use of these premises and incurs amortisation costs.

Each investment property generates rental income.

12 Financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments. The Group applied the expected credit risk model to calculate the impairment provision.

Ratio Holding B.V.

Pursuant to the investment in Ratio Holding B.V., the Group has issued loan notes of €1,500,000 (£1,290,000) (2022: €1,000,000 (£860,000)) to help fund the development of this business. With accrued interest, the balance at 30 June 2023 is €1,566,000 (£1,347,000) (2022: €1,012,000 (£872,000)).

During the current year, the Group has issued loan notes of £1,250,000 to Ratio EV Limited, a wholly-owned subsidiary of Ratio Holding B.V., to help fund the development of its business. With accrued interest, the balance at 30 June 2023 is £1,266,000.

The debt investments have shown no significant increase in credit risk since the inception of the loans, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, no provision was recorded.

Mackwell Electronics Limited

Mr N Brangwin, a director and main shareholder in Mackwell Electronics Limited, has loans outstanding of £nil (2022: £1,800,000), with interest payable at 4% over the Bank of England base rate. This loan was secured against Mr Brangwin's shareholding in FW Thorpe Plc and was fully repaid during the year.

Luxintec S.L.

In the year ended 30 June 2021 loan notes of €869,000 (£746,000) were provided to Luxintec S.L., an investment in the company is held under financial assets at fair value through other comprehensive income, with ordinary interest payable at 1.5% fixed rate payable quarterly. This loan is secured against the company assets.

This debt investment is considered to have a risk of default despite the collateral that is held as security, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, a provision of €589,000 (£506,000) (2022: €589,000 (£507,000)) was recorded.

At the date of the financial statements, the loan notes balance was €281,000 (2022: €281,000) equating to £240,000 (2022: £242,000) at the end of year exchange rate.

We assess the credit risk of our loan note receivables, based on the creditworthiness of the counterparty, history of repayment and security in place, and where required provisions are made.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	2,924	2,546	33,682	10,827
Acquisition of subsidiaries*	–	77	–	–
Issued	1,748	872	22,885	23,467
Repaid	(1,813)	(66)	(2,624)	(80)
Fair value adjustment	–	(507)	(1,404)	(629)
Exchange rate movement	(6)	2	(413)	97
At 30 June	2,853	2,924	52,126	33,682

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies in 2022.

12 Financial assets at amortised cost continued

Analysis of total financial assets at amortised cost	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Non-current	1,587	1,124	240	31,882
Current	1,266	1,800	51,886	1,800
	2,853	2,924	52,126	33,682

The £22,885,000 loans issued by the Company are £7,172,000 to FW Thorpe Espana S.L.U., £14,123,000 issued to F.W. Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.), £311,000 to Thorlux Lighting L.L.C., £13,000 issued to Thorlux Lighting Limited and £1,266,000 issued to Ratio EV Limited.

The debt investments to FW Thorpe Espana S.L.U. of €31,278,000 (£26,892,000), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) of €27,272,000 (£23,447,000), Thorlux Lighting Limited of €325,000 (£280,000) and Ratio EV of £1,266,000 have shown no significant increase in credit risk since the inception of the loan, and therefore the impairment provision is determined as 12 months expected credit losses. As at the date of these financial statements, no provision was recorded.

The debt investment to Thorlux Lighting L.L.C. of £2,175,000 is considered to be underperforming and therefore the impairment provision is determined as lifetime expected credit losses. As at the date of these financial statements, the Company has made a provision of £2,175,000 (2022: £771,000) for these loan notes based on an expected credit loss of 100%.

13 Equity accounted investments and joint arrangements

The Group has a joint operation in the United Arab Emirates. Thorlux Lighting L.L.C. is registered in the United Arab Emirates and operates from a sales office in Abu Dhabi. The Group has applied the proportionate consolidation method of accounting to recognise this interest.

The Group invested €6,762,000 (£5,814,000) (2022: €6,762,000 (£5,818,000)) for 50% of the share capital of Ratio Holding B.V., a company based in the Netherlands in December 2021. The amount consists of an initial investment of €5,750,000 (£4,948,000), costs of €12,000 (£10,000) (2022: €12,000 (£10,000)) and a further €1,000,000 (£860,000) for payment in December 2023. The Group has applied the equity accounting method to recognise this interest.

The Group assesses on a forward looking basis the associated expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk, as allowed under IFRS 9. As at the date of these financial statements, no provision was recorded for the Group.

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 July	6,112	–	–	–
Additions	–	5,818	–	–
Share of joint venture (loss)/profit	(520)	290	–	–
Currency translation	–	4	–	–
At 30 June	5,592	6,112	–	–

In the year to 30 June 2023, the joint venture, Ratio Holdings B.V. generated a loss after tax of €1,199,000 (£1,041,000) (2022: profit after tax of €683,000 (£588,000)).

The Group has recognised its 50% share of loss of €599,000 (£520,000) (2022: profit of €342,000 (£290,000)) in the Income Statement, less costs in the parent company of £nil (2022: £62,000).

No further analysis of the joint ventures has been provided as the activities are not considered material to the Group.

14 Financial assets at fair value through other comprehensive income

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Beginning of year	3,470	3,764	3,439	3,764
Acquisition of subsidiaries*	–	31	–	–
Net disposals	(1)	(268)	–	(268)
Revaluation	(105)	(57)	(105)	(57)
At 30 June	3,364	3,470	3,334	3,439

* Acquisition of subsidiaries are the assets acquired from the purchase of the Zemper companies in 2022.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through other comprehensive income are subsequently carried at fair value.

Financial assets at fair value through other comprehensive income comprise:

i. Listed equity in the UK, and are denominated in UK pounds. None of these assets is either past due or impaired;
ii. Unlisted equity in Spain held by Electrozemper S.A., denominated in euros. None of these assets is either past due or impaired; and
iii. The Group invested €1,200,000 for 40% of the share capital of Luxintec S.L., a company based in Spain, in 2016. This is classified as financial assets at fair value through other comprehensive income as the Group is not able to assert influence over the management of this investment. At the date of the financial statements, the balance for this investment is £nil (2022: £nil).

The Group assesses at the end of each reporting year whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as financial assets at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for financial assets at fair value through other comprehensive income, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Consolidated Income Statement. Impairment losses recognised in the Consolidated Income Statement on equity instruments are not reversed through the Consolidated Income Statement.

15 Inventories

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Raw materials	21,223	23,555	8,333	10,343
Work in progress	3,900	3,735	2,469	2,742
Finished goods	8,314	5,468	4,623	3,891
	33,437	32,758	15,425	16,976

The value of the inventory provision is £5,122,000 (2022: £4,449,000) for the Group and £2,785,000 (2022: £2,477,000) for the Company.

The cost of inventories sold recognised as an expense is disclosed in note 3.

16 Trade and other receivables

	Group		Company	
Current	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	30,581	29,015	11,878	15,834
Other receivables	2,451	2,723	1,541	2,516
Prepayments and accrued income	2,701	1,280	1,917	623
Amounts owed by subsidiaries	–	–	11,274	5,507
Total	35,733	33,018	26,610	24,480

Amounts owed by subsidiaries, except cash balances, are unsecured, interest free and have no fixed date for repayment.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables past due date not provided	2,316	2,705	1,229	741

A significant proportion of the amounts past due date were settled shortly after the end of the financial year, and taken together with the credit insurance policy and good credit history, the directors consider that there is no impairment and the trade receivables are therefore stated at their fair value, which equals their book value.

The carrying amounts of the trade receivables for the Group company Zemper France S.A.R.L. include receivables which are subject to a factoring arrangement. Under this arrangement, the company has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, Zemper France S.A.R.L. retains the late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. Zemper France S.A.R.L. only receives money from the factor when needed and the amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost. The relevant carrying amounts for transferred receivables are €1,670,000 (£1,436,000) (2022: €1,161,000 (£999,000)) and the amount received from the factor as secured borrowing is €1,197,000 (£1,030,000) (2022: €nil (£nil)).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. A significant proportion of the trade receivables are insured.

The policy covers 90% of the debt in the event of a claim for default, where the customer is in severe financial difficulty. No bad debt provision is made in respect of trade receivables from Government departments or agencies. At 30 June 2023 the bad debt provision for the Group amounted to £728,000 (2022: £704,000) and for the Company £343,000 (2022: £503,000).

No provision is held against trade receivables that are not yet due, due to the good credit history and expected financial performance of customers and the overall exposure is considered low due to levels of credit insurance in place. Credit limits are reviewed at least every 6 months to assess and amend, where appropriate, the credit limit offered to customers.

Included in the Company's amounts owed by subsidiaries are provisions for expected credit losses for Thorlux Lighting L.L.C. of £515,000 (2022: £303,000) and Thorlux Australasia PTY Limited of £930,000 (2022: £806,000), based on an expected credit loss of 100%. and 45%, respectively.

During the year the following amounts were written off (excluding amounts owed by subsidiaries):

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bad debts written off	214	469	105	463
Bad debts recovered	(139)	(409)	(130)	(407)
Net bad debt expense/ (income)	75	60	(25)	56

16 Trade and other receivables continued

At 30 June 2023, trade receivables were due to the Group and Company in the following currency denominations:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due in £ sterling	13,645	16,965	11,524	13,875
Due in € euro	16,659	11,809	354	1,959
Due in UAE dirham	24	17	–	–
Due in AUD Australian dollars	253	224	–	–
	30,581	29,015	11,878	15,834

The other assets within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 Short-term financial assets

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	5,079	23,603	5,075	23,603
Net withdrawals	(5,075)	(18,524)	(5,075)	(18,528)
At 30 June	4	5,079	–	5,075

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

The banks where the deposits are held have a minimum rating of "A" by Fitch, with a specific rating of "F1" for short-term funds.

18 Cash and cash equivalents

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank and in hand	35,013	35,505	25,527	28,221

The banks where the funds are held have a minimum rating of "A" by Fitch, with a specific rating of "F1" for short-term funds.

19 Trade and other payables

	Group		Company	
Current liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	14,908	15,772	7,920	9,216
Contract liabilities	73	1,375	73	1,375
Other payables	8,671	6,547	317	311
Social security and other taxes	3,475	2,935	1,439	1,353
Accruals and deferred income	10,330	9,172	7,390	6,479
Amounts owed to subsidiaries	–	–	5,963	3,691
Total	37,457	35,801	23,102	22,425

	Group		Company	
Non-current liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Other payables	11,987	12,880	–	–
Total	11,987	12,880	–	–

19 Trade and other payables continued

Amounts owed to subsidiaries, except for subsidiaries' cash balances managed by the Company, are unsecured, interest free and have no fixed date of repayment. Amounts owed in relation to subsidiaries' cash balances generate interest in line with the Group's deposit facilities.

Included within other payables are commitment to purchase the remaining outstanding shares (redemption liability and contingent consideration) in Electrozemper S.A. of €12,623,000 (£10,853,000) and Lumen Intelligence Holding GmbH of €7,508,000 (£6,455,000). Of these amounts €6,248,000 (£5,372,000) is included in current liabilities and €13,883,000 (£11,936,000) in non-current liabilities. Other payables also includes €1,000,000 (£860,000) deferred consideration for the investment in Ratio Holding B.V. which is within current liabilities.

Non-Current liabilities also includes £51,000 (2022: £40,000) post employment benefits at Thorlux Australasia Pty Limited and Thorlux Lighting L.L.C.

20 Financial liabilities

	Group		Company	
Financial liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 July	2,162	–	–	–
Acquisitions of subsidiaries*	2,256	2,546	–	–
Additions in year	1,039	7	–	–
Repayment in year	(2,532)	(392)	–	–
Currency translation	(29)	1	–	–
At 30 June	2,896	2,162	–	–

* Acquisitions of subsidiaries are the liabilities acquired with the purchase of the Lumen companies (2022: Zemper companies).

	Group		Company	
Analysis of financial liabilities	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current financial liabilities (values due < 12 months)	1,435	332	–	–
Non-current financial liabilities (values due > 12 months)	1,461	1,830	–	–
Total	2,896	2,162	–	–

Included in non-current financial liabilities were amounts of £1,201,000 (2022: £1,459,000) due more than one year but less than five years and £260,000 (2022: £371,000) due more than five years.

	Group		Company	
Financial liabilities by category	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank overdrafts	55	63	–	–
Bank loans	902	1,073	–	–
Factoring liabilities	1,030	–	–	–
Other loans	93	–	–	–
Government loans	816	1,026	–	–
Total	2,896	2,162	–	–

During the year ended 30 June 2023, pursuant to the acquisition of Lumen Intelligence Holding GmbH, the Group acquired financial liabilities totalling €2,563,000 (£2,256,000), included loans from the original shareholders of Lumen Intelligence Holding GmbH, totalling €1,652,000 (£1,454,000). As at date of these financial statements, an amount of €108,000 (£93,000) remained outstanding.

During the year ended 30 June 2022, pursuant to the acquisition of Electrozemper S.A., the Group acquired financial liabilities totalling €2,957,000 (£2,546,000). As at the date of these financial statements, the bank loans included €583,000 (£502,000) (2022: €783,000 (£674,000)) issued to support Zemper France S.A.R.L. through the COVID pandemic, and are guaranteed by the Government in France. There is also a bank loan for the property occupied by Zemper France S.A.R.L., the outstanding amount was £369,000 (£317,000) (2022: €437,000 (£376,000)). The Government loans were issued to facilitate investment, including research and development projects.

21 Lease liabilities

Right-of-use assets

	Group				Company	
	Property £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000	Motor vehicles £'000	Total £'000
At 1 July 2021	–	48	430	478	–	–
Acquisition of subsidiaries*	2,286	–	186	2,472	–	–
Additions	–	5	227	232	–	–
Depreciation charge for the year	(208)	(20)	(228)	(456)	–	–
Lease termination	–	–	(57)	(57)	–	–
Currency translation	(5)	–	–	(5)	–	–
At 30 June 2022	2,073	33	558	2,664	–	–
Acquisition of subsidiaries*	–	–	96	96	–	–
Additions	1,400	–	351	1,751	31	31
Depreciation charge for the year	(385)	(10)	(219)	(614)	(4)	(4)
Lease termination	–	(1)	(57)	(58)	–	–
Currency translation	(11)	–	(4)	(15)	–	–
At 30 June 2023	3,077	22	725	3,824	27	27

* Acquisition of subsidiaries are leases acquired with the investment in Lumen group of companies (2022: Zemper group of companies).

Additions comprise increases to right-of-use assets as a result of entering into new leases.

Lease liabilities

Lease liabilities recognised at 30 June 2023 total £4,634,000 (2022: £3,016,000) of which £812,000 (2022: £506,000) is due within one year and £3,822,000 (2022: £2,510,000) due after more than one year. There are no contractual options to either extend or terminate early lease agreements.

Maturity analysis

The timing of the payments due over the remaining lease term for these liabilities is as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	948	726	8	–
More than one but less than five years	2,867	2,355	21	–
More than five years	1,540	927	–	–
Total due including interest	5,355	4,008	29	–

The total cash paid on these leases during the year was £1,026,000 (2022: £674,000) for the Group and £5,000 (2022: £nil) for the Company.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expense relating to short-term leases	162	136	83	92
Expense relating to low-value leases	113	22	–	–

22 Pension scheme

The Group operates a funded hybrid pension scheme for employees in the UK. The scheme is approved by H.M. Revenue and Customs under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. Membership is contracted in to the second state pension. The basis of the Group's hybrid pension scheme is to provide benefits to members based on the following:

- For service prior to 1 October 1995, the benefits provided are defined benefit in nature.
- For service from 1 October 1995, the benefits provided have two elements depending on the date that the member joined the pension scheme.
- For members joining before 1 October 1995, benefits provided are the higher of their defined contribution pension and their defined benefit pension.
- For members joining on or after 1 October 1995, benefits provided are defined contribution in nature.

The contributions of the pure defined contribution, the defined benefit underpin and pure defined benefit elements are paid into one pension scheme, where the contributions and assets are segregated and ring-fenced from each other.

For the defined benefit underpin element of the scheme, each member is tested to see whether the pension on a defined contribution or defined benefit basis is higher. The liabilities shown in the pensions note are based on the greater of the two liabilities for each member, which in almost all cases is the defined benefit liability. For the service cost, again, tests are performed to see which is the higher for each member out of the Company's share of the defined contribution payments or the Company's share of accruing benefits on a defined benefit basis. The higher of these two figures for each member is then used to give the total service cost; again the defined benefit cost is the higher for the vast majority of members.

The assets of the scheme are held separately from the assets of the Group, being invested in Managed Funds. Contributions by the Group to the scheme during the year ended 30 June 2023 amounted to £537,000 (2022: £580,000). Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the Project Unit Method.

The date of the most recent actuarial valuation was 30 June 2021, and at that date the value of the fund was £42,600,000. This was sufficient to cover 103% of the value of the benefits accrued to members after allowing for future increases in earnings. In arriving at the actuarial valuation, the following assumptions were adopted:

Price inflation	3.60%
Salary increases	5.25%
Discount rate	2.10%
Revaluation for deferred pensioners	2.10%

The figures at 30 June 2021 have been updated as at the Statement of Financial Position dates in order to assess the additional disclosures required under IAS 19 as at 30 June 2023 by an independent qualified actuary using the following major assumptions:

	2023	2022	2021	2020	2019
Price inflation	3.40%	3.50%	3.50%	3.30%	3.50%
Salary increases	3.40%	3.50%	3.50%	3.30%	3.50%
Discount rate	5.20%	3.80%	1.80%	1.40%	2.10%
Revaluation for deferred pensioners	2.80%	2.80%	2.80%	2.30%	2.50%
Pension increases in payment of 5% p.a. or RPI if less	3.20%	3.30%	3.30%	3.10%	3.30%
Pension increases in payment of 2.5% p.a. or RPI if less	2.20%	2.20%	2.20%	2.10%	2.20%
Life expectancy at age 65 – men	22.9 years	23.4 years	22.1 years	22.5 years	22.5 years
Life expectancy at age 65 in 20 years – men	24.1 years	24.6 years	23.4 years	23.6 years	23.5 years
Life expectancy at age 65 – women	24.4 years	24.8 years	24.3 years	24.7 years	24.7 years
Life expectancy at age 65 in 20 years – women	25.5 years	25.9 years	25.4 years	25.9 years	25.9 years

22 Pension scheme continued

The Statement of Financial Position figures required under IAS 19 are as follows:

	30 June 2023		30 June 2022		30 June 2021		30 June 2020		30 June 2019	
	Expected long-term rate of return %	Value £'000	Expected long-term rate of return %	Value £'000	Expected long-term rate of return %	Value £'000	Expected long-term rate of return %	Value £'000	Expected long-term rate of return %	Value £'000
Equities	5.20%	11,270	3.80%	12,150	1.8%	13,269	1.4%	11,003	2.70%	12,570
Bonds	5.20%	18,389	3.80%	21,643	1.8%	26,458	1.4%	29,549	2.70%	26,618
Other	5.20%	1,542	3.80%	2,659	1.8%	2,832	1.4%	2,300	2.70%	2,387
Total market value of assets		31,201		36,452		42,559		42,852		41,575
Present value of scheme liabilities		(28,026)		(33,100)		(40,350)		(42,583)		(39,437)
Surplus in the scheme		3,175		3,352		2,209		269		2,138

All assets are held in pooled investment vehicles with the exception of the cash balance of £772,000 (2022: £130,000) in the trustees bank account. The pooled investment vehicles are unquoted with the underlying assets being quoted.

Amounts recognised in the statement of financial position

The amounts recognised in the Statement of Financial Position are determined as follows:

	2023 £'000	2022 £'000
Present value of funded obligations	(28,026)	(33,100)
Fair value of plan assets	31,201	36,452
Surplus in the scheme	3,175	3,352
Less restriction of surplus recognised in the Statement of Financial Position	(3,175)	(3,352)
Asset recognised in the Statement of Financial Position	–	–

Movement in defined benefit obligation

The movement in the defined benefit obligation over the year is as follows:

	2023 £'000	2022 £'000
At 1 July	(33,100)	(40,350)
Current service cost	(303)	(390)
Past service cost	(420)	–
Interest cost	(1,202)	(711)
Contributions by plan participants	(276)	(259)
Actuarial gain	3,767	6,303
Benefits paid	3,508	2,307
At 30 June	(28,026)	(33,100)

22 Pension scheme continued

Movement in the fair value of the plan assets

The movement in the fair value of the plan assets of the year is as follows:

	2023 £'000	2022 £'000
At 1 July	36,452	42,559
Expected return in plan assets	1,334	753
Actuarial loss	(3,890)	(5,392)
Employer contributions	537	580
Employee contributions	276	259
Benefits paid	(3,508)	(2,307)
At 30 June	31,201	36,452

Amounts recognised in income statement

The amounts recognised in the Income Statement are as follows:

	2023 £'000	2022 £'000
Current service cost	303	390
Past service cost	420	–
Net interest income	(132)	–
Total expense	591	390

Actuarial gain/(loss) recognised in statement of comprehensive income for the year

	2023 £'000	2022 £'000
Actual return less expected return on pension scheme assets	(3,890)	(5,392)
Experience gains arising on the scheme liabilities	293	348
Changes in assumptions underlying the present value of the scheme liabilities	3,474	5,955
Net interest income	–	42
Restriction of increase/(decrease) in pension scheme surplus	177	(1,143)
Actuarial gain/(loss) recognised in the Statement of Comprehensive Income	54	(190)

	2023 £'000	2022 £'000
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 1 July	(3,775)	(4,728)
Actuarial (loss)/gain recognised in the Statement of Comprehensive Income for the year	(123)	953
Cumulative actuarial loss recognised in the Statement of Comprehensive Income at 30 June	(3,898)	(3,775)

The restriction in the scheme surplus is excluded from the cumulative actuarial gain recognised in the Statement of Comprehensive Income. As a result of the most recent valuation, and in light of the non-recognition of the pension scheme surplus, the recovery plan liability of £189,000 (2022: £189,000) is included in other payables.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Statement of Financial Position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The actual return on plan assets over the year ended 30 June 2023 was £2,556,000 (2022: (£4,639,000)) or 7.0% (2022: (10.9%)). The Group expects to pay £364,000 contributions (2022: £361,000) into the pension scheme during the forthcoming year.

22 Pension scheme continued

History of experience gains and losses recognised in the statement of comprehensive income

	2023		2022		2021		2020		2019	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on scheme assets	(3,890)		(5,392)		789		1,217		1,755	
Percentage of scheme assets		(11%)		(13%)		2%		3%		4%
Experience gain/(loss) on scheme liabilities	293		348		(951)		(171)		(294)	
Percentage of the present value of scheme liabilities		0%		0%		2%		0%		1%
Changes in assumptions underlying the present value of the scheme liabilities	3,474		5,955		1,915		(3,131)		(1,901)	
Percentage of the present value of scheme liabilities		(10%)		(15%)		(5%)		7%		5%
Movement in recovery plan liability	–		–		–		–		–	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		0%
Net interest income	132		42		5		46		66	
Percentage of the present value of scheme liabilities		0%		0%		0%		0%		0%
Amount which has been recognised in the SOCI	(123)		953		1,758		(2,039)		(374)	
Percentage of the present value of scheme liabilities		(0%)		2%		4%		5%		1%

Sensitivity analysis

The impact on the defined benefit obligation of changes in the significant assumptions is shown approximately below:

Assumption varied	Defined benefit obligation £m
As at 30 June 2023	28.0
Discount rate 0.5% p.a. higher	27.0
Increase in salaries 0.5% p.a. higher	28.1
Pension increase (in payment and in deferment) 0.5% p.a. higher	28.6
Life expectancy one year longer	28.7

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative.

23 Provisions for liabilities and charges

	Group		Company	
	Warranty provision £'000	Total £'000	Warranty provision £'000	Total £'000
At 1 July 2021	2,242	2,242	706	706
Acquisition of subsidiaries*	136	136	–	–
Additions	496	496	289	289
Utilisation	(202)	(202)	(116)	(116)
Surplus released	(136)	(136)	–	–
At 30 June 2022	2,536	2,536	879	879
Acquisition of subsidiaries*	704	704	–	–
Additions	517	517	–	–
Utilisation	(148)	(148)	254	254
Surplus released	(295)	(295)	–	–
Currency translation	(15)	(15)	–	–
At 30 June 2023	3,299	3,299	1,133	1,133

	Group		Company	
Analysis of total provisions	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-current	3,299	2,536	1,133	879
Total	3,299	2,536	1,133	879

* Acquisitions of subsidiaries are leases acquired with the investment in Lumen group of companies (2022: Zemper group of companies).

Warranty provision

The usual warranty period provided by Group companies is between 5 and 10 years, dependent on market requirements, and the provision for warranty is based on expected claims over the remaining warranty period. This is calculated in accordance with the accounting policy estimates section included in note 1.

24 Deferred income tax

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax assets	382	120	–	–
Deferred tax liabilities	(6,261)	(4,264)	(1,259)	(883)
Net deferred tax liabilities	(5,879)	(4,144)	(1,259)	(883)

24 Deferred income tax continued

The net movement on the deferred income tax is as follows:

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 July	(4,144)	(1,591)	(883)	(956)
Acquisitions of subsidiaries*	(2,005)	(2,984)	–	–
Income statement credited /(charged)	202	408	(402)	59
Tax credited directly to equity	26	14	26	14
Currency translation	42	9	–	–
At 30 June	(5,879)	(4,144)	(1,259)	(883)
Of which:				
Deferred tax assets	382	120	–	–
Deferred tax liabilities	(6,261)	(4,264)	(1,259)	(883)

* Acquisitions of subsidiaries are the deferred assets and liabilities acquired with the investment in the Lumen group of companies (2022: Zemper group of companies).

The movement in Group deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Fair value & other timing differences £'000	Total £'000
At 1 July 2021	–	–
Acquisition of subsidiaries*	114	114
Credited to the income statement	6	6
At 30 June 2022	120	120
Acquisition of subsidiaries*	132	132
Credited to the income statement	134	134
Currency translation	(4)	(4)
At 30 June 2023	382	382

Deferred tax liabilities	Accelerated tax depreciation £'000	Research & development £'000	Fair value & other timing differences £'000	Total £'000
At 1 July 2021	593	816	182	1,591
Acquisition of subsidiaries*	169	–	2,929	3,098
Charged/(credited) to the income statement	29	4	(435)	(402)
(Charged) directly to equity	–	–	(14)	(14)
Currency translation	–	2	(11)	(9)
At 30 June 2022	791	822	2,651	4,264
Acquisition of subsidiaries*	–	–	2,137	2,137
Charged/(credited) to the income statement	111	(40)	(139)	(68)
Credited directly to equity	–	–	(26)	(26)
Currency translation	–	–	(46)	(46)
At 30 June 2023	902	782	4,577	6,261

* Acquisitions of subsidiaries are the deferred assets and liabilities acquired with the investment in the Lumen group of companies (2022: Zemper group of companies).

24 Deferred income tax continued

The movement in the Company deferred income tax liabilities during the year is as follows:

Deferred tax liabilities	Accelerated tax depreciation £'000	Research & development £'000	Fair value & other timing differences £'000	Total £'000
At 1 July 2021	444	626	(114)	956
Charged/(credited) to the income statement	18	(34)	(43)	(59)
Credited directly to equity	–	–	(14)	(14)
At 30 June 2022	462	592	(171)	883
Charged/(credited) to the income statement	120	(49)	331	402
Credited directly to equity	–	–	(26)	(26)
At 30 June 2023	582	543	134	1,259

The deferred income tax credited to equity during the year is as follows:

	Group		Company	
Deferred tax credited to equity	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Tax on revaluation of financial assets at fair value through other comprehensive income	26	14	26	14
	26	14	26	14

25 Share capital

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Authorised, allotted and fully paid				
118,935,590 ordinary shares of 1p each (2022: 118,935,590 ordinary shares of 1p each)	1,189	1,189	1,189	1,189

The ordinary shareholders each have one vote per share.

	Group and Company		Group and Company	
Movements in treasury shares included in share capital	2023 £'000	2022 £'000	2023 No. of shares	2022 No. of shares
At 1 July	18	23	1,824,004	2,273,569
Shares issued from treasury	(1)	(5)	(120,000)	(449,565)
At 30 June	17	18	1,704,004	1,824,004

There were no new shares issued during the year (2022: nil). 120,000 (2022: 449,565) shares were issued from treasury for the exercise of share options, of which the Company repurchased nil (2022: nil). There are 110,322 (2022: 230,322) share options outstanding at the year end.

At 30 June 2023, there were 110,322 options exercisable (2022: 230,322) under the ESOP scheme.

26 Other reserves

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Share premium account	2,976	2,827	2,976	2,827
Capital redemption reserve	137	137	137	137
Foreign currency translation reserve	2,039	1,808	–	–
	5,152	4,772	3,113	2,964

27 Dividends

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

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

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.

Dividends proposed (pence per share)	2023	2022
Final dividend	4.84	4.61

Dividends paid	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
Total	7,301	12,079

Dividends proposed	2023 £'000	2022 £'000
Final dividend	5,674	5,403

28 Share-based payment charge

Equity settled scheme

The Group operates a share-based remuneration scheme, created to motivate and retain those employees responsible for the continued success of the Group.

The Executive Share Ownership Plan (ESOP) allows for the vesting of options subject to the achievement of performance targets, being annual growth of pre-tax Earnings per Share in excess of RPI plus 3% over a five-year period.

Under IFRS 2, an expense is recognised in the income statement for share-based payments, calculated on the fair value at the grant date. The application of IFRS 2 gave rise to a charge of £nil (2022: £nil) for the year.

a) Details of changes in the number of awards outstanding during the year are set out below:

	ESOP Scheme		Total
	Options	Exercise price (p/s)	Options
Outstanding at 1 July 2022	230,322	124	230,322
Exercised during the year	(120,000)	124	(120,000)
Outstanding at 30 June 2023	110,322	124	110,322

The weighted average contractual life of the share-based payments outstanding at the end of the year is 1.3 years for the ESOP scheme. The weighted average share price for shares exercised during the year was £3.70.

b) Fair value calculations

The fair value of the share options granted during the year were calculated using the methods, principal assumptions and data set out below:

	ESOP Scheme
Method used	Black–Scholes
Date of grant	24 October 2014
Share price at date of grant (p/s)	124
Exercise price (p/s)	124
Expected option life (years)	3 – 7
Vesting period (years)	3 – 7
Expected volatility	23% – 28%
Expected dividend yield	3.02%
Risk free rate	1.06% – 1.90%
Fair value per share (p/s)	18.61 – 21.07

Expected volatility was determined by calculating the annualised standard deviation over the daily changes in the share price, and measured against historical share price movements over the number of years vesting period prior to the grant of the options.

29 Cash generated from operations

	Group		Company	
Cash generated from continuing operations	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Profit before tax	26,934	24,103	19,499	15,242
Depreciation of property, plant and equipment	4,289	3,759	1,841	1,846
Depreciation of investment property	20	19	253	253
Amortisation of intangible assets	4,454	3,213	1,453	1,501
Profit on disposal of property, plant and equipment	(192)	(197)	(155)	(175)
Net finance expense/(income)	378	855	(3,385)	(1,480)
Retirement benefit contributions less the current and past service charge	54	(190)	54	(190)
Share of joint venture loss/(profit)	520	(228)	–	62
Research and development expenditure credit	(382)	(306)	(256)	(193)
Effects of exchange rate movements	952	(520)	579	(154)
Changes in working capital				
– Decrease/(increase) in inventories	3,117	(8,986)	1,551	(5,449)
– (Increase)/decrease in trade and other receivables	(98)	(603)	141	5,041
– (Decrease)/increase in payables and provisions	(3,830)	3,870	931	(1,322)
Cash generated from operations	36,216	24,789	22,506	14,982

30 Capital commitments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Land	2,000	–	2,000	–
Buildings	298	–	–	–
Property, plant and equipment	229	602	–	516

31 Financial instruments by category

All financial instruments measured at fair value are categorised as level 2 in the fair value measurement hierarchy, whereby the fair value is determined by using valuation techniques, except for £3,334,000 (2022: £3,439,000), for the Group and the Company, of fixed rate listed investments included in financial assets at fair value through other comprehensive income that are classified as level 1. The valuation techniques for level 2 instruments use observable market data where it is available, for example quoted market prices, and rely less on estimates. There have been no changes to valuation techniques or movements between levels of the hierarchy in the year.

The accounting policies for financial instruments have been applied to the line items below:

Group	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2023			
Financial assets at amortised cost	2,853	–	2,853
Financial assets at fair value through other comprehensive income	–	3,364	3,364
Trade and other receivables	33,032	–	33,032
Short-term financial assets	4	–	4
Cash and cash equivalents	35,013	–	35,013
Total	70,902	3,364	74,266

Group	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2022			
Financial assets at amortised cost	2,924	–	2,924
Financial assets at fair value through other comprehensive income	–	3,470	3,470
Trade and other receivables	31,738	–	31,738
Short-term financial assets	5,079	–	5,079
Cash and cash equivalents	35,505	–	35,505
Total	75,246	3,470	78,716

Company	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2023			
Financial assets at amortised cost	52,126	–	52,126
Financial assets at fair value through other comprehensive income	–	3,334	3,334
Trade and other receivables	24,693	–	24,693
Cash and cash equivalents	25,527	–	25,527
Total	102,346	3,334	105,680

31 Financial instruments by category continued

Company	Financial assets at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
30 June 2022			
Financial assets at amortised cost	33,682	–	33,682
Financial assets at fair value through other comprehensive income	–	3,439	3,439
Trade and other receivables	23,857	–	23,857
Short-term financial assets	5,075	–	5,075
Cash and cash equivalents	28,221	–	28,221
Total	90,835	3,439	94,274

The above analysis excludes prepayments.

	Group		Company	
Liabilities as per statement of financial position	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade and other payables (excluding statutory liabilities)	17,420	18,426	14,273	14,593
Redemption liability	15,311	11,918	–	–
Deferred and contingent consideration	2,857	6,190	–	–
Other payables	51	40	–	–
Financial liabilities	2,896	2,162	–	–
Lease liabilities	4,634	3,016	26	–

Financial liabilities are measured at amortised cost. The maturity analysis for lease liabilities is shown in note 21.

Contractual cash flows relating to current financial liabilities are all due within one year, and are equal to their carrying value.

The Group and Company did not have derivative financial instruments at 30 June 2023 or 30 June 2022. All assets and liabilities above are considered to be at fair value.

32 Related party transactions

The following amounts relate to transactions between the Company and its related undertakings:

2023	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	720	231	42	–	150
Solite Europe Limited	1,058	364	202	–	300
Portland Lighting Limited	3	4	78	–	400
TRT Lighting Limited	1,859	1,034	162	–	–
Thorlux Lighting L.L.C.	–	202	–	–	–
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	–	–	–
Lightronics B.V.	251	618	–	–	–
Thorlux Australasia PTY Limited	–	744	–	–	–
Thorlux Lighting GmbH	–	–	–	520	–
Famostar Emergency Lighting B.V.	33	391	–	–	–
Thorlux Lighting Limited	–	5,818	–	–	–
FW Thorpe Espana S.L.U.	–	–	–	–	–
Electrozemper S.A.	18	–	4	14	–
Zemper France S.A.R.L.	–	10	–	–	–
R.G.B. S.L.	–	–	–	–	–
Lumen Intelligence Holding GmbH	–	–	–	–	–
SchahlLED Lighting GmbH	–	4,054	–	–	–

2022	Purchases of goods £'000	Sales of goods £'000	Sales of services £'000	Purchase of services £'000	Dividends paid to Company £'000
Philip Payne Limited	581	166	42	–	250
Solite Europe Limited	1,477	512	144	–	100
Portland Lighting Limited	19	5	75	–	350
TRT Lighting Limited	2,874	1,090	–	–	–
Thorlux Lighting L.L.C.	–	176	19	–	–
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	–	–	–
Lightronics B.V.	229	2,269	–	–	–
Thorlux Australasia PTY Limited	–	558	–	–	–
Thorlux Lighting GmbH	–	–	–	539	–
Famostar Emergency Lighting B.V.	–	395	–	–	–
Thorlux Lighting Limited	–	295	–	–	–
FW Thorpe Espana S.L.U.	–	–	–	–	–
Electrozemper S.A.	–	–	–	–	–
Zemper France S.A.R.L.	–	–	–	–	–
R.G.B. S.L.	–	–	–	–	–

32 Related party transactions continued

Trading balances due to and from the Company by related entities were as follows:

	Amounts due to related party at 30 June		Amounts due from related party at 30 June	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Philip Payne Limited	(868)	(552)	61	57
Solite Europe Limited	(1,291)	(803)	88	262
Portland Lighting Limited	(465)	(677)	40	32
TRT Lighting Limited	(1,490)	(973)	250	978
Thorlux Lighting L.L.C.	–	–	316	300
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	–	–	2,224	1,276
Lightronics B.V.	(192)	(144)	7	551
Thorlux Australasia PTY Limited	–	–	1,987	1,736
Thorlux Lighting GmbH	(147)	(178)	–	–
Famostar Emergency Lighting B.V.	(3)	–	20	1
Thorlux Lighting Limited	(1,391)	(364)	1,492	314
FW Thorpe Espana S.L.U.	–	–	1,716	–
Electrozemper S.A.	(30)	–	–	–
Zemper France S.A.R.L	(86)	–	10	–
R.G.B. S.L.	–	–	–	–
Lumen Intelligence Holding GmbH	–	–	–	–
SchahlLED Lighting GmbH	–	–	3,063	–
Total	(5,963)	(3,691)	11,274	5,507

Trading balances arise from transactions of goods and services carried out under normal commercial terms. The Company has made provisions for trade receivables of £930,000 (2022: £806,000) due from Thorlux Australasia PTY Limited and £515,000 (2022: £303,000) due from Thorlux Lighting L.L.C. The amounts due from subsidiaries are net of provisions.

The Company has loan balances due from FW Thorpe Espana of €31,278,000 (£26,892,000) (2022: €23,125,000 (£19,914,000)), FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.) of €27,272,000 (£23,447,000) (2022: €12,049,000 (£10,367,000)), Thorlux Lighting L.L.C. £2,175,000 (2022: £1,864,000) and Thorlux Lighting Limited €325,000 (£280,000) (2022: €310,000 (£267,000)). The Company has made provisions for loan receivable from Thorlux Lighting L.L.C. of £2,175,000 (2022: £771,000).

Cash resources are managed centrally by the Company and result in balances owed to and from the Company when cash is transferred.

The key management personnel are the Group Board directors; their interests are disclosed in the directors' remuneration report on pages 95 to 98. There are 2 employees who are related parties (2022: 2). Total remuneration for the year was £104,000 (2022: £94,000).

The Company owns 40% of the share capital of Luxintec S.L., a company registered in Spain. During the year the Company sold goods to Luxintec S.L. amounting to £nil (2022: £328,000) and purchased goods and services amounting to £nil (2022: £47,000). At the year end there were trade balances due to Luxintec S.L. of £31,000 (2022: £31,000) and £338,000 due from Luxintec S.L. (2022: £338,000). The Company has made a provision of £338,000 (2022: £338,000) against the receivables due from Luxintec S.L.

In 2021 a loan of €869,000 was provided to Luxintec S.L. with interest payable at 1.5% secured against the company's assets. At the date of the financial statements, the loan notes balance including interest was €281,000 (2022: €281,000) equating to £240,000 (2022: £242,000) at the end of year exchange rate, including a provision of €589,000 (£506,000) (2022: €589,000 (£507,000)) (see note 12).

During the year, the non-controlling interests of ElectroZemper S.A. provided services to the Group of €750,000 (£651,000) (2022: €558,000 (£472,000)) and received services from the Group of €9,000 (£8,000) (2022: €6,000 (£5,000). The balances due from and due to these non-controlling interests were €11,000 (£9,000) (2022: €11,000 (£10,000)) and €nil (£nil) (2022: €141,000 (£122,000)), respectively.

33 Group companies

The parent Company has the following investments as at 30 June 2023 and 30 June 2022:

			Proportion of nominal value of issued shares held by Group and Company	
Name of undertaking	Country of incorporation	Description of shares held	30 June 2023	30 June 2022
Compact Lighting Limited	England	Ordinary £1 shares	100%	100%
Philip Payne Limited	England	Ordinary £1 shares	100%	100%
Solite Europe Limited	England	Ordinary £1 shares	100%	100%
Portland Lighting Limited	England	Ordinary £1 shares	100%	100%
TRT Lighting Limited	England	Ordinary £1 shares	100%	100%
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	Netherlands	Ordinary €0.01 shares	100%	100%
Lightronics B.V. (investment held by F.W. Thorpe Nederland B.V.)	Netherlands	Ordinary €454 shares	100%	100%
Thorlux Lighting GmbH	Germany	Ordinary €1 shares	100%	100%
Thorlux Australasia PTY Limited	Australia	Ordinary $1 shares	100%	100%
Thorlux Lighting L.L.C.	United Arab Emirates	Ordinary AED 1,000 shares	49%	49%
Famostar Emergency Lighting B.V. (investment held by FW Thorpe Nederland B.V.)	Netherlands	Ordinary €100 shares	100%	100%
Luxintec S.L.	Spain	Ordinary €1 shares	40%	40%
Thorlux Lighting Limited	Ireland	Ordinary €1 shares	100%	100%
FW Thorpe Espana S.L.U.	Spain	Ordinary €1 shares	100%	100%
Electrozemper S.A. (investment held by FW Thorpe Espana S.L.U.)	Spain	Ordinary €1,250 shares	76.5%	63%
Zemper France S.A.R.L (investment held by Electrozemper S.A.)	France	Ordinary €1,000 shares	76.5%	63%
R.G.B. S.L (investment held by Electrozemper S.A.)	Spain	Ordinary €60 shares	76.5%	63%
Ratio Holding B.V. (Investment held by FW Thorpe Nederland B.V.)	Netherlands	Ordinary €1 shares	50%	50%
Ratio Electric B.V. (investment held by Ratio Holding B.V.)	Netherlands	Ordinary €1 shares	50%	50%
Ratio EV Limited (investment held by Ratio Holding B.V.)	England	Ordinary £1 shares	50%	50%
Lumen Intelligence Holding GmbH (investment held by FW Thorpe Nederland B.V.)	Germany	Ordinary €1 shares	80%	–
SchahlLED Lighting GmbH (investment held by Lumen Intelligence Holding GmbH)	Germany	Ordinary €1 shares	80%	–

Notes to the financial statements. continued
For the year ended 30 June 2023

33 Group companies continued

The registered office addresses of these Group companies are:

Compact Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Philip Payne Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Solite Europe Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Portland Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
TRT Lighting Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	Spuiweg 19, 5145 NE Waalwijk, Netherlands
Lightronics B.V.	Spuiweg 19, 5145 NE Waalwijk, Netherlands
Thorlux Lighting GmbH	Bahnhofstrasse 72, 27404 Zeven, Germany
Thorlux Australasia PTY Limited	31 Cross Street, Brookvale, NSW 2100, Australia
Thorlux Lighting L.L.C.	Office No. 2, Ghantoot International Building, Plot No: M.14-26, Musaffah Industrial Area, PO Box 108168, Abu Dhabi, United Arab Emirates
Famostar Emergency Lighting B.V.	Florijnweg 8 6883JP Velp, Netherlands
Luxintec S.L.	Polígono Industrial La Encomienda, C/ Atlas 12-14, 47195 Arroyo de la Encomienda, Valladolid, Spain
Thorlux Lighting Limited	Unit G6 Riverview Business Park, Nangor Road, Gallanstown, Dublin 12, Ireland
FW Thorpe Espana S.L.U.	Calle Conde de Aranda, 1, 2º izq., 28002 Madrid, Spain
Electrozemper S.A.	C/ Juan de Mariana, 16 Local 2 Drcha, 28045 Madrid, Spain
Zemper France S.A.R.L.	189 Chemin des Frozières ZA des Berthilliers, 71850 Charnay-Les-Macon, France
R.G.B. S.L.	C/ Flauta Magica 19, 29006 Malaga, Spain
Ratio Holding B.V.	Ambachtsstraat 12, 3861 RH Nijkerk, Netherlands
Ratio Electric B.V.	Ambachtsstraat 12, 3861 RH Nijkerk, Netherlands
Ratio EV Limited	Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH, England
Lumen Intelligence Holding GmbH	Max-Planck-Straße 9, 85716 Unterschleißheim, Germany
SchahlLED Lighting GmbH	Max-Planck-Straße 9, 85716 Unterschleißheim, Germany

33 Group companies continued

The principal activities of these Group companies are:

Compact Lighting Limited	– non-trading entity
Philip Payne Limited	– design and manufacture of illuminated signs
Solite Europe Limited	– design and manufacture of clean room lighting equipment
Portland Lighting Limited	– design and manufacture of lighting for signs
TRT Lighting Limited	– design and manufacture of lighting for roads and tunnels
FW Thorpe Nederland B.V. (formerly Lightronics Participaties B.V.)	– holding company
Lightronics B.V.	– design and manufacture of external and impact resistant lighting
Thorlux Lighting GmbH	– sales support function
Thorlux Australasia PTY Limited	– sale of lighting equipment to industrial and commercial markets
Thorlux Lighting L.L.C.	– sale of lighting equipment to industrial and commercial markets
Famostar Emergency Lighting B.V.	– design and manufacture of illuminated signs
Luxintec S.L.	– design and manufacture of LED luminaires and lenses
Thorlux Lighting Limited	– sale of lighting equipment to industrial and commercial markets
FW Thorpe Espana S.L.U.	– holding company
Electrozemper S.A.	– design and manufacture of illuminated signs
Zemper France S.A.R.L.	– sale of lighting equipment to industrial and commercial markets
R.G.B. S.L.	– sale of lighting equipment to industrial and commercial markets
Ratio Holding B.V.	– holding company
Ratio Electric B.V.	– sale of lighting equipment to industrial and commercial markets
Ratio EV Limited	– sale of lighting equipment to industrial and commercial markets
Lumen Intelligence Holding GmbH	– holding company
SchahlLED Lighting GmbH	– sale of lighting equipment to industrial and commercial markets

For the year ended 30 June 2023, Compact Lighting Limited, Philip Payne Limited, Solite Europe Limited and Portland Lighting Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the subsidiary company is subject. The Company registration number for Compact Lighting Limited is 02649528, for Philip Payne Limited it is 01361523, for Solite Europe Limited it is 02295852 and for Portland Lighting Limited it is 02826511.

34 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 SchahlLED 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)
Total identifiable assets	5,535	4,873
Goodwill	16,616	14,624
Total purchase consideration	22,151	19,497
Total purchase consideration satisfied by:		
Cash	14,643	12,888
Redemption liability	5,185	4,563
Contingent consideration	2,323	2,046
Total consideration	22,151	19,497
Net cash flow arising acquisition of subsidiaries		
Cash consideration	14,643	12,888
Less cash in subsidiaries acquired	(324)	(286)
Cash outflow on acquisition of subsidiaries	14,319	12,602

34 Business combination continued

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 on going 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 proforma 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.

35 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).

Notice of meeting.

Notice is hereby given that the Annual General Meeting of FW Thorpe Plc will be held at Merse Road, North Moons Moat, Redditch, Worcestershire, B98 9HH on 16 November 2023 at 3.15 pm to transact the business set out below.

Ordinary business

1. To receive and adopt the Annual Report and Accounts for the year ended 30 June 2023.
2. To declare a final dividend.
3. To re-elect Mr M Allcock as a director.
4. To re-elect Mr C Muncaster as a director.
5. To elect Mr F Haafkens as a director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company and to authorise the directors to fix the auditors' remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions which will be proposed in the case of 7 as an ordinary resolution and in the case of 8 as a special resolution.

7. That the directors' remuneration report (as set out on pages 95 to 98 of the Annual Report and Accounts) for the year ended 30 June 2023 be approved.
8. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 1p each of the Company provided that:
   a. the maximum number of ordinary shares hereby authorised to be acquired is 11,893,559;
   b. the minimum price which may be paid for any such share is 1p;
   c. the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from the Alternative Investment Market for the five business days immediately preceding the day on which such share is contracted to be purchased;
   d. the authority hereby conferred shall expire on the date of the Annual General Meeting of the Company in 2024; and
   e. the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

Notes

1. Copies of the directors' service contracts will be available for inspection during usual business hours, at the registered office of the Company on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the meeting and also at the meeting for at least 15 minutes prior to, and until the conclusion of, the meeting. If you wish to inspect these documents, please contact the Company at shareholders@fwthorpe.co.uk.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.30 pm on 14 November 2023 (or, in the event of any adjournment, 6:30pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

Notes continued

5. A reply paid form of proxy is enclosed with shareholders' copies of this document. To be valid, it should be lodged with the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received not later than 3.15 pm on 14 November 2023 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (www.euroclear.com), and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent ID RA19, by 3.15 pm on 14 November 2023 (or, in the case of an adjournment of the Annual General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities 2001 (as amended).
10. As at 12 October 2023 (being the last practicable day prior to the publication of this notice), the Company's issued share capital consists of ordinary shares of 1p each, carrying one vote each. Excluding 1,704,004 shares held in treasury, the total voting rights in the Company as at 12 October 2023 are 117,231,586.

Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

By order of the Board

Craig Muncaster
Joint Chief Executive, Group Financial Director and Company Secretary

Registered Office:
Merse Road
North Moons Moat
Redditch
Worcestershire
B98 9HH

12 October 2023

Financial calendar.

2023

16 October	Posting of the Annual Report and Accounts
16 November	Annual General Meeting
24 November	Payment of final dividend

2024

March	Announcement of interim results
April	Payment of interim dividend
September	Announcement of results for the year

Company Information.

Independent Auditors
PricewaterhouseCoopers LLP
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Bankers
Lloyds
Church Green East
Redditch
Worcestershire
B98 8BZ

Solicitors
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WC2A 1JF

Pinsent Masons LLP
19 Cornwall Street
Birmingham
B3 2FF

Nominated Adviser
Singer Capital Markets
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Registrars
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Registered No
FW Thorpe Plc is registered in
England and Wales No. 317886

22039900788
Printed on Carbon Captured paper

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Consultancy, design and production by:
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FW THORPE PLC

Thorlux Lighting

Philip Payne

SOLITE

PORTLAND LIGHTING

TRT LIGHTING ROAD & TUNNEL SYSTEMS

LIGHTRONICS

Famostar

ZEMPER

INTELLIGENT LIGHTING SCHAHL LED

ratio ELECTRIC

FW THORPE PLC

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