19 March 2024
AIM: MPAC

Mpac Group plc
("Mpac", "the Company" or "the Group")

Full Year Results for the 12 months to 31 December 2023

FY23 in line with market expectations and positive outlook for FY24

Mpac Group, the global packaging and automation solutions Group, today announces its results for the 12 months to 31 December 2023 ("FY23").

The Group has delivered a strong trading performance for FY23 in line with market expectations, with significantly increased revenue and profit, aided by the normalisation of margins throughout the year and record order intake.

Financial Highlights

£'m	FY23	FY22	Change
Order intake	118.5	83.8	+41%
Closing order book	72.5	67.2	+8%
Total revenue	114.2	97.7	+17%
- Service revenue	31.8	23.1	+38%
- Original Equipment revenue	82.4	74.6	+10%
Statutory profit before tax	4.7	0.2	
Basic earnings/(loss) per share	13.1p	(2.2)p	
Underlying* profit before tax	7.1	3.5	+103%
Underlying* earnings per share	26.2p	13.3p	+97%
Net cash/(debt)	2.1	(4.7)	

*Non-underlying items include pension costs, acquisition-related items and reorganisation costs

Operational and Strategic highlights

- Strong financial performance, aided by the normalisation of margins through 2023, returning the Group to revenue and profit growth, and positive net cash.
- Good progress broadening the Group customer base - 37% of Original Equipment orders won came from new customers, including new global strategic accounts with potential for future orders over many years.
- Significant growth in Services, now representing 28% of Group revenue, increased from 24% prior year.
- Leadership team strengthened, with new Managing Director appointments in the UK and US, new Operations, Supply Chain and Service Directors in the Americas, and new Group appointments in HR and Global Strategic Accounts.
- Integration of the Switchback business completed, with the deployment of Group ERP system in the US.
- Clean Energy sector continues to develop well, commissioning the Freyr Customer Qualification Plant in Norway, starting pre-engineering work for Freyr's Giga America and for Ilika's SiSTEM pilot line in the UK.
- New five-year product roadmap launched, setting out the Group's priorities for innovation to deliver future growth.

Current trading and outlook

- The Group has started 2024 positively and trading is in line with expectations.
- Order intake is encouraging, and we have a healthy and diverse pipeline of prospects which means we are well positioned for the year ahead.

Adam Holland, Chief Executive, commented:

"I am delighted to present my first full year report as Chief Executive of Mpac Group plc, announcing performance in line with expectations. In 2023, the Group built momentum, reporting a substantial increase in revenue and profit in H2 2023 over the first half of the year. Since joining the Group, I have said on many occasions that Mpac is defined by Mpac people. I have been impressed by the capability and dedication of Mpac people to serve our customers and to deliver on our commitments. It is due to their hard work and expertise that we can report record levels of order intake in 2023 and to start 2024 with a strong and diverse order book providing good coverage of future revenues."

Mpac Group plc Tel: +44(0)24 7642 1100
Adam Holland, Chief Executive
Will Wilkins, Group Finance Director

Shore Capital (Nominated Adviser & Broker) Tel: +44(0)20 7408 4050
Advisory
Patrick Castle
Iain Sexton
Broking
Henry Willcocks

Liberum (Joint Broker) Tel: +44 (0) 20 3100 2000
Edward Mansfield
Will King
Anake Singh

Hudson Sandler Tel: +44 (0) 20 7796 4133
Nick Lyon
Nick Moore

OPERATING REVIEW
Adam Holland

Introduction

In my first full year with Mpac, and as Chief Executive since May 2023, my focus has been on our customers, our people and our strategy.

Meeting with new and existing customers, the impact that Mpac can have on production in our customers' facilities is immediately apparent. Our equipment sits at the heart of our customers' operations, assembling and packaging the products that their businesses produce. From the smallest business introducing automation for the first time, to the largest multinational blue chip corporation rolling out the latest factory expansion, Mpac's performance is critical to the value that our customers create. Our expertise, depth of understanding and customer insight is what sets us apart. Our focus on our customers in 2023 resulted in an uptick in Service performance, an increase in new equipment opportunities and record levels of order intake, providing the Group with a solid pipeline and a strong and diverse order book going into 2024.

During 2023 I visited each of the Mpac operating sites and was fortunate enough to spend time with very nearly every member of the global team. As a project-based business, our people are critical to our success. From our most recent apprentices to our most experienced colleagues, the dedication and focus that our people bring to Mpac is outstanding. It is particularly encouraging to see engineering hours increasing through the year as we bring new people into the Group, complete training, and deploy them to project activities. These activities, along with the actions that drive employee engagement and retention, have been essential in supporting the growth delivered in 2023, and setting the path for future years.

As part of my onboarding with the Group, and with the support of the Board, this year we also critically assessed the Group's strategy. The strategy has delivered growth since 2016 and continues to provide a solid foundation for future growth today. In 2022 the Group was impacted by short-term operational issues which affected semiconductor supply chains globally, but performance in 2023 has demonstrated that the Group's fundamentals are sound. Maintaining a clear and stable strategy helps our teams to focus on what is important, finding new ways to deliver on firm objectives. In 2023 we saw an acceleration in growth, as we started to implement new ways of delivering strategic change, focusing on accessing the opportunities in the attractive markets in which we operate.

Operationally, the Group delivered a strong performance in 2023, growing Original Equipment ("OE") and Service order intake and revenue whilst improving margins, and making good progress with the unwinding of working capital. Mpac operates in large, resilient markets and has a significant opportunity to increase market share. By remaining focused on executing the long-term strategy of developing order intake growth, improving margins through the development of our Service business, and increased operational efficiencies, the Group will continue to deliver profitable growth.

The scale of the opportunity with our customers in attractive growth markets is clear. The Board and I are excited about the next growth phase for the Group, and we remain well placed to deliver on our long-term strategy.

Strategic update

Under our stable Group strategy, we have adopted an updated set of strategic initiatives, linked to a new five-year financial plan under which we seek to deliver double digit annual growth from the Group's existing businesses and achieve a sustainable double digit return on sales. A key element of our growth strategy is to focus on extending our customer base with new global blue chip key accounts and in 2023 Mpac was successful in securing orders from several of the newly targeted global customers, thereby providing a strong platform for future growth. These blue chip customers chose Mpac due to the quality of our engineered solutions, our ability to provide flexible automation and packaging solutions and our global support infrastructure.

Our strategy remains focused on our core markets, but with a broadening customer base, an extended product portfolio and a well-executed Service offering.

Our updated strategy focuses on the following five pillars to drive growth:

Going for Growth – Offering customers automation and packaging solutions in our target markets, growing our capacity to support customers and supporting the development of our commercial team with a new programme: Sales Excellence.

Outstanding Customer Service – Deployment of new business tools to support our Service teams, thereby growing our global field service capacity. We provide our customers with a comprehensive portfolio of service products to ensure they maximise their return on investment.

Operational Excellence – Focusing on project execution, including project management, engineering, operations and supply chain processes, supported by integrated resource planning to drive shorter project lead times and on-time-in-full delivery.

Innovation – A comprehensive programme to extend our product, including packaging technology and further development of our battery cell assembly capabilities.

People – Increasing employee engagement, talent acquisition, development and retention.

Going for Growth

Our ambition is to broadly double revenue from our existing businesses over our five-year strategic planning period. Our addressable end market is substantial, resilient to wider macro-economic cycles and growing. The Group's objective is to deliver sustainable growth in our key end markets, capturing market share by increasing the number of touch points with our customers and the amount of time that we spend with them. In response to these objectives, we have increased the size of our commercial team and appointed additional experienced senior leaders. Furthermore, in 2023 we invested extensively in brand awareness and marketing, exhibiting at the flagship Interpack (Europe) and Pack Expo (US) trade shows and launching our first SEO programme to drive online presence. In 2024 we will continue to expand our commercial teams and introduce a comprehensive sales excellence programme to optimise our prospect pipeline and conversion rate.

Our opportunity in Clean Energy remains a focus for the Group. In July 2021, the Group signed a contract with FREYR Battery ("FREYR"), a developer of clean, next-generation battery cell production capacity, incorporating 24M Technologies (''24M'') battery platform technology, for the supply of casting and unit cell assembly equipment to the battery cell production line at FREYR's Customer Qualification Plant in Norway. The equipment supplied by Mpac will support FREYR in achieving its ambitious plans for a more sustainable future through semi-solid lithium-ion technology. Mpac brings production equipment, services and know-how in the automation of production processes, applied in this project to industrialise the battery cell production. In June 2023, we were awarded a pre-engineering order to begin work to scope the requirements for Gigafactory production lines for FREYR. In October 2023 we were also awarded an engineering contract for Ilika plc, to support their work on scaling up solid-state lithium-ion technology, further cementing our position in the Clean Energy sector. The Group continues to work closely and collaboratively with FREYR, 24M, Ilika and others in the development of battery cell production capability.

Outstanding Customer Service

We have made excellent progress in growing our Service business, supported by expanding the field service and technical resources located in the regions where our customers operate. Our goal remains to generate a sustainable 30% of Group revenue from these services and we are well on track to meet this target after a very strong 2023. We will continue to help our customers meet their operational needs by developing the experience and capacity of our Service team, aided by the deployment of Service business tools to both enhance our customers' experience and to provide business intelligence. The development of digital service products with advanced engineering, information management, connected services and machine insights underpins our offering and ensures that our customers can fully embrace Industry 4.0.

Operational Excellence

Our strategic objective remains consistent: building an increasingly flexible organisation which can respond with agility to our customers' needs, leveraging our global resources. Our global ERP and business systems blueprint, already implemented in our facilities in the Netherlands, Canada and the UK, was successfully rolled out to our facility in the US in H1 2023 and provides the Group with a single, fully flexible, operating model. The updated strategic plan for operational excellence will now focus on project execution, with programmes for our project managers, engineering, and operations teams. The goal is to further leverage our resources to reduce lead times and maximise utilisation between the facilities.

Innovation

In 2023 we made significant progress in the development of our battery cell assembly capabilities and introduced to the market the concept of our first top load robotic cartoner, which will provide Mpac with access to a significant additional market segment. The next phase of our innovation roadmap will complete this launch, followed by a comprehensive and ambitious programme to extend our cartoning and end of line product offering.

People

Our employees are critical to the success of our Group. In 2023 we elevated our focus on people with the appointment of a senior HR leader, furthering our attention on development, talent acquisition, retention, and engagement. During 2023 we also added HR managerial bandwidth, and are proud to have completed the second year of our Mpac Leadership Academy. The 17 graduates from two cohorts of Mpac Academy now extend the pool of future leaders available to the Group.

Environmental, Social & Governance

We are fully committed to improving our Environmental, Social & Governance (''ESG'') performance in all areas, meeting our own needs without compromising the ability of future generations to meet theirs. Sustainability is also increasingly important to our customers. Our engineered automation and packaging solutions provide customers with sustainable and environmentally sound equipment that support the global megatrends of reduction in packaging, particularly single-use plastics, reducing waste and energy use, and increasing overall equipment effectiveness. Our end-to-end capabilities help our customers to achieve their sustainability goals.

Our approach to our people and the communities in which we operate as well as governance considerations, will be set out in our 2023 ESG report to be published in the first half of 2024.

Acquisition strategy and update

The Board continues to seek out and evaluate potential acquisition opportunities. Our focus is to identify businesses that will enhance our customer proposition in automation and packaging solutions by extending our product range and our access to a broader range of customers in our key market sectors. The Company will provide updates on acquisitions when appropriate to do so.

Outlook

Full year 2023 order intake was the highest ever for Mpac and the Group built momentum throughout 2023, reporting a substantial increase in revenue and profitability over the prior year. This momentum has continued into 2024, with trading in line with expectations. The Group ended the year in a net cash position, aided by working capital improvements which are expected to continue in FY24. Our balance sheet remains healthy and provides us with the ability to invest in the Group for growth.

We have an expanding order book and prospect pipeline from our existing and target blue chip customers and an exciting new product development roadmap to launch in the coming years. Under our new strategic and five-year plans we are seeking to deliver OE and Service growth at improved margins, doubling revenue from our existing businesses by the end of the strategic period. The Board believes the Group's long-term prospects are strong and that the Group is well positioned to meet its strategic objectives.

Adam Holland

Chief Executive

FINANCIAL REVIEW

Will Wilkins

Revenue and operating results

Group revenue of £114.2m (2022: £97.7m) represents an increase of 17% compared to the previous year. OE revenue increased by 10% to £82.4m (2022: £74.6m), underpinned largely by growth in EMEA and Asia. Services revenue grew by 38% to £31.8m (2022: £23.1m), driven predominantly by growth in the Americas and EMEA, assisted by the first service projects in the Clean Energy sector. The rate of revenue growth in all regions benefited from the reduction in supply chain lead times and more consistent supplies of key electronic components.

Overall order intake for the Group grew by 41% to £118.5m (2022: £83.8m), due primarily to the reversal of prior deferrals in customer investment decision making in the light of a more positive global economic outlook. We made good progress with the closing 2023 order book which increased to £72.5m (2022: £67.2m). The value of the closing order book continues to provide good coverage over the forecast 2024 revenue. We remain vigilant to project execution risk and the operational efficiency of the business.

As anticipated, revenue and profit before tax in H2 2023 were substantially above H1 2023, aided by the normalisation of margins through 2023 with full year underlying operating profit of £7.8m (2022: £3.9m), a 100% increase on 2022 and in line with market guidance.

Underlying profit before tax for the year of £7.1m (2022: £3.5m), net of third party interest charges of £0.7m (2022: £0.4m), was 103% up on 2022 and in line with revised market guidance.

The extension of project build times in 2022 was partially reversed during 2023, leading to lower working capital and significantly improved cash generation during the year.

Individual OE contracts, and to a lesser extent the Service contracts, can be sizeable. Accordingly, a few significant orders can have a disproportionate impact on the growth rates seen in individual sectors and regions from year to year.

Original Equipment

OE order intake of £86.3m (2022: £57.2m) was 51% above the prior year due to customer orders being delayed from 2022 and the growing confidence in the markets we serve. OE revenues of £82.4m (2022: £74.6m) were 10% ahead of the prior year.

OE revenue generated in the Americas region was level with the prior year at £40.8m (2022: £40.9m).

In EMEA, OE revenue in the year was £34.0m (2022: £27.8m), a growth of 22% due primarily to a recovery in the performance of our traditional markets of Healthcare, Food and Beverages offsetting the lower revenue from Clean Energy. OE revenue in Asia was £7.6m (2022: £5.9m).

Service

Order intake for the Service division was 21% above 2022 at £32.2m (2022: £26.6m). Service revenue of £31.8m (2022: £23.1m) was 38% above the prior year.

Service revenue in the Americas showed strong growth at £15.9m compared to £11.9m in 2022, with the increase being driven largely by the healthcare and food & beverage sectors. EMEA revenue in the year was £13.8m compared to £9.7m in 2022, driven by the commencement of service for the Clean Energy sector and an appealing product proposal in the key markets of Healthcare and Food & Beverage. Asia revenue in the year was £2.1m compared to £1.5m in 2022.

Operating results

Gross profit was £31.6m (2022: £24.4m) and underlying selling, distribution and administration costs were £23.8m (2022: £20.5m).

Underlying operating profit was £7.8m (2022: £3.9m). Underlying profit after tax was £5.3m (2022: £2.7m) and statutory profit for the year was £2.7m (2022: loss of £0.4m).

Non-underlying items merit separate presentation in the consolidated income statement to allow a better understanding of the Group's financial performance, by facilitating comparisons with prior periods and assessments of trends in financial performance. Pension costs, acquisition-related items, reorganisation costs and property transactions are considered non-underlying items as they are not representative of the core trading activities of the Group and are not included in the underlying profit before tax measure reviewed by key stakeholders.

Net financing income was £0.8m (2022: £0.2m). Tax on underlying profit before tax was £1.8m (2022: £0.8m). The tax charge on the Group's profit before tax was £2.0m (2022: £0.6m).

Reconciliation of underlying profit before tax to profit before tax

	2023	**2023**	2022	2022
	£m	**£m**	£m	£m
Underlying profit before tax		**7.1**		3.5
Non-underlying items				
Defined benefit pension scheme – other costs and interest	**0.4**		(0.8)	
Acquisition costs	**-**		(0.3)	
Reorganisation costs	**(1.2)**		(0.6)	
Acquired intangible asset amortisation	**(1.6)**		(1.6)	
Non-underlying items total		**(2.4)**		(3.3)
Profit before tax		**4.7**		0.2

Dividends

Having considered the opportunities for investment in the growth of the Group, the Board has decided that it is not appropriate to pay a final dividend. No interim dividend was paid in 2023. Future dividend payments will be considered by the Board in the context of future growth opportunities and when the Board believes it is prudent to do so.

Cash, treasury and funding activities

Cash at the end of the year was £11.0m (2022: £4.2m) with £8.0m of borrowings drawn at both the 2023 and 2022 year ends. Net cash inflow before reorganisation was £13.1m (2022: outflow of £12.8m) after a decrease in working capital of £4.7m (2022: outflow of £17.7m) and defined benefit pension payments of £2.3m (2022: £2.1m). Reorganisation costs of £0.8m (2022: £0.8m) were paid in the year. Net taxation payments were £1.1m (2022: £0.4m). Capital expenditure on property, plant and equipment was £1.1m (2022: £1.0m), and capitalised product development expenditure was £1.5m (2022: £1.4m). Net current assets at the end of the year were £15.1m (2022: £12.2m) and net assets at the year end were £64.0m (2022: £62.2m).

The Group entered into a three-year funding agreement with HSBC in 2022, which provides the Group with a £20.0m revolving credit facility (''Facility'') to support future growth. The Facility also provides several other opportunities to proactively manage the Group's cash and ensure that the Group is well placed to react to opportunities, both organic and acquisition related, as they arise. The Group utilised £8.0m of the Facility in the year.

There were no significant changes during 2023 in the financial risks, principally currency risks and interest rate movements, to which the business is exposed, and the Group treasury policy has remained unchanged. The Group does not trade in financial instruments and enters into derivatives (mainly forward foreign exchange contracts) solely for the purpose of minimising currency exposures on sales or purchases in currencies other than the functional currencies of its various operations.

Working Capital

The global supply chain issues experienced in 2022 began to ease in early 2023, though supply chain lead times remain extended compared to earlier years, with the consequent extension of the Group's working capital cycle. The improvements in supply chain management led to £4.7m of cash being generated from working capital movements in the year, compared to a £17.7m outflow of funds into working capital in 2022. Further improvements in working capital levels are anticipated throughout 2024.

Pension schemes

The Group is responsible for defined benefit pension schemes in the UK and the US, in which there are no active members.

The IAS 19 valuation of the UK scheme's assets and liabilities was undertaken as at 31 December 2023 and was based on the information used for the funding valuation work as at 30 June 2021, updated to reflect both conditions at the 2023 year end and the specific requirements of IAS 19. The smaller US defined benefit schemes were valued as at 31 December 2023, using actuarial data as of 1 January 2023, updated for conditions existing at the year end. Under IAS 19 the Group has elected to recognise all actuarial gains and losses outside of the income statement.

The IAS 19 valuation of the UK scheme resulted in a net surplus at the end of the year of £32.2m (2022: £31.5m) which is included within the Group's assets. The value of the scheme's assets at 31 December 2023 was £309.0m (2022: £311.2m) and the value of the scheme's liabilities was £276.8m (2022: £279.7m). Despite the continuing volatility in financial markets around the world in 2023, the scheme's protection strategies, notably its use of Liability Driven Investments, ensured that the surplus was protected.

The IAS 19 valuations of the US pension schemes showed an aggregated net deficit of £1.8m (2022: £2.1m) with total assets of £7.7m (2022: £8.1m).

During the year the Company made payments to the UK defined benefit scheme of £2.0m (2022: £2.0m).

The UK scheme's triennial valuation as at 30 June 2021 reported a deficit of £28.4m. The contributions are £2.0m per year, increasing at 2.1% per year, with a recovery period of four years and six months. The scheme deficit on a triennial valuation basis had reduced ahead of this projection at 31 December 2023.

Equity

Group equity at 31 December 2023 was £64.0m (2022: £62.2m). The movement arises mainly from the profit for the year of £2.7m, a net actuarial loss in respect of the Group's defined benefit pension schemes of £1.7m and changes in the fair value of cash flow hedges of £0.8m; all figures are stated net of tax where applicable.

Will Wilkins
Group Finance Director

CONSOLIDATED INCOME STATEMENT

		2023			2022		
	Note	**Underlying £m**	**Non-underlying (note 3) £m**	**Total £m**	Underlying £m	Non-underlying (note 3) £m	Total £m
Revenue	2	**114.2**	**-**	**114.2**	97.7	-	97.7
Cost of sales		**(82.6)**	**-**	**(82.6)**	(73.3)	-	(73.3)
Gross profit		**31.6**	**-**	**31.6**	24.4	-	24.4
Distribution expenses		**(8.8)**	**-**	**(8.8)**	(8.1)	-	(8.1)
Administrative expenses		**(14.6)**	**(3.9)**	**(18.5)**	(11.9)	(3.9)	(15.8)
Other operating expenses		**(0.4)**	**-**	**(0.4)**	(0.5)	-	(0.5)
Operating profit	2, 3	**7.8**	**(3.9)**	**3.9**	3.9	(3.9)	-
Financial income		**-**	**1.5**	**1.5**	-	0.6	0.6
Financial expenses		**(0.7)**	**-**	**(0.7)**	(0.4)	-	(0.4)
Net financing (expense)/income		**(0.7)**	**1.5**	**0.8**	(0.4)	0.6	0.2
Profit before tax		**7.1**	**(2.4)**	**4.7**	3.5	(3.3)	0.2
Taxation		**(1.8)**	**(0.2)**	**(2.0)**	(0.8)	0.2	(0.6)
Profit for the period		**5.3**	**(2.6)**	**2.7**	2.7	(3.1)	(0.4)
Earnings/(loss) per ordinary share							
Basic	5			**13.1p**			(2.2)p
Diluted	5			**13.1p**			(2.2)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 £m	2022 £m
Profit for the period	**2.7**	(0.4)
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss		
Actuarial losses	**(1.7)**	(5.0)
Tax on items that will not be reclassified to profit or loss	**-**	1.3
	(1.7)	(3.7)
Items that may be reclassified subsequently to profit or loss		
Currency translation movements arising on foreign currency net investments	**(0.9)**	2.1
Effective portion of changes in fair value of cash flow hedges	**0.4**	(1.3)
Reclassified to income statement from hedge reserve	**1.3**	-
	0.8	0.8
Other comprehensive income/(expense) for the period	**(0.9)**	(2.9)
Total comprehensive income/(expense) for the period	**1.8**	(3.3)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Translation reserve £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2022	5.0	26.0	0.3	3.9	(0.5)	30.7	65.4
Profit for the period	-	-	-	-	-	(0.4)	(0.4)
Other comprehensive (expense)/income for the period	-	-	2.1	-	(1.3)	(3.7)	(2.9)
Total comprehensive (expense)/income for the period	-	-	2.1	-	(1.3)	(4.1)	(3.3)
Equity-settled share based transactions	-	-	-	-	-	0.1	0.1
Purchase of own shares	0.1	-	-	-	-	(0.1)	-
Total transactions with owners, recorded directly in equity	0.1	-	-	-	-	-	0.1
Balance at 31 December 2022	5.1	26.0	2.4	3.9	(1.8)	26.6	62.2
Profit for the period	**-**	**-**	**-**	**-**	**-**	**2.7**	**2.7**
Other comprehensive (expense)/income for the period	**-**	**-**	**(0.9)**	**-**	**1.7**	**(1.7)**	**(0.9)**
Total comprehensive (expense)/income for the period	**-**	**-**	**(0.9)**	**-**	**1.7**	**1.0**	**1.8**
Equity-settled share based transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchase of own shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners, recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**5.1**	**26.0**	**1.5**	**3.9**	**(0.1)**	**27.6**	**64.0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets		**24.0**	25.4
Property, plant and equipment		**4.1**	4.0
Investment property		**0.8**	0.8
Right of use assets		**5.9**	5.0
Employee benefits	4	**32.2**	31.5
Deferred tax assets		**0.9**	1.3
		67.9	68.0
Current assets			
Inventories		**11.1**	9.6
Trade and other receivables		**46.8**	47.3
Current tax assets		**1.1**	0.6
Cash and cash equivalents		**11.0**	4.2
		70.0	61.7
Current liabilities			
Lease liabilities		**(1.3)**	(1.4)
Trade and other payables		**(43.8)**	(39.0)
Current tax liabilities		**(0.9)**	(0.1)
Provisions		**(0.9)**	(1.0)
Interest-bearing loans and borrowings		**(8.0)**	(8.0)
		(54.9)	(49.5)
Net current assets		**15.1**	12.2
Total assets less current liabilities		**83.0**	80.2
Non-current liabilities			
Interest-bearing loans and borrowings		**(0.9)**	(0.9)
Employee benefits	4	**(1.8)**	(2.1)
Deferred tax liabilities		**(11.4)**	(11.1)
Lease liabilities		**(4.9)**	(3.9)
		(19.0)	(18.0)
Net assets		**64.0**	62.2
Equity			
Issued capital		**5.1**	5.1
Share premium		**26.0**	26.0
Reserves		**3.8**	2.1
Retained earnings		**29.1**	29.0
Total equity		**64.0**	62.2

CONSOLIDATED STATEMENT OF CASH FLOW

	Note	**2023 £m**	2022 £m
Operating activities			
Operating profit		**3.9**	-
Non-underlying items included in operating profit		**3.9**	3.9
Amortisation		**0.8**	0.9
Depreciation		**2.1**	2.0
Profit on the sale of property, plant and equipment		**-**	-
Other non-cash items		**-**	0.2
Pension payments		**(2.3)**	(2.1)
Working capital movements:			
- (increase)/decrease in inventories		**(1.7)**	(3.7)
- decrease / (increase) in contract assets		**1.7**	(5.9)
- decrease/(increase) in trade and other receivables		**(0.3)**	(6.3)
- (decrease)/increase in trade and other payables		**1.8**	1.7
- (decrease)/increase in provisions		**(0.1)**	0.5
- (decrease)/increase in contract liabilities		**3.3**	(4.0)
Cash flows from continuing operations before reorganisation		**13.1**	(12.8)
Acquisition and reorganisation costs paid		**(0.8)**	(0.8)
Cash flows from operations		**12.3**	(13.6)
Taxation paid		**(1.1)**	(0.4)
Cash flows from operating activities		**11.2**	(14.0)
Investing activities			
Proceeds from sale of property, plant and equipment		**-**	-
Capitalised development expenditure		**(1.5)**	(1.4)
Acquisition of property, plant and equipment		**(1.1)**	(1.0)
Net cash flow on acquisition/payment of deferred consideration		**-**	(0.8)
Cash flows used in investing activities		**(2.6)**	(3.2)
Financing activities			
Interest paid		**(0.7)**	(0.3)
Purchase of own shares		**-**	-
Proceeds from borrowings		**-**	8.0
Principal elements of lease payments		**(1.1)**	(1.1)
Cash flows used in financing activities		**(1.8)**	6.6
Net increase / (decrease) in cash and cash equivalents	6	**6.8**	(10.6)
Cash and cash equivalents at 1 January		**4.2**	14.5
Effect of exchange rate fluctuations on cash held		**-**	0.3
Cash and cash equivalents at 31 December 2023		**11.0**	4.2

NOTES TO ANNOUNCEMENT

1. General information

The Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. that were effective at 31 December 2023.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2023 or 2022. Statutory accounts for 2022 have been delivered to the Registrar of Companies. The auditors have reported on the 2023 and 2022 statutory accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

2. Operating segments

Segment information

	12 months to 31 Dec 2023			12 months to 31 Dec 2022		
	OE £m	**Service £m**	**Total £m**	OE £m	Service £m	Total £m
Revenue						
Americas	**40.8**	**15.9**	**56.7**	40.9	11.9	52.8
EMEA	**34.0**	**13.8**	**47.8**	27.8	9.7	37.5
Asia Pacific	**7.6**	**2.1**	**9.7**	5.9	1.5	7.4
Total	**82.4**	**31.8**	**114.2**	74.6	23.1	97.7
Gross profit			**31.6**			24.4
Selling, distribution & administration			**(23.8)**			(20.5)
Underlying operating profit			**7.8**			3.9
Unallocated non-underlying items included in operating profit			**(3.9)**			(3.9)
Operating profit			**3.9**			-
Net financing income			**0.8**			0.2
Profit before tax			**4.7**			0.2

Sector information

	Revenue (by customer sector)			
	2023 £m	**2023 %**	2022 £m	2022 %
Food & Beverage	**45.8**	**40**	45.7	47
Healthcare	**41.6**	**36**	30.1	31
Clean Energy	**9.1**	**8**	11.1	11
Other	**17.7**	**16**	10.8	11
	114.2	**100**	97.7	100

Geographical information

	Revenue (by location of customer)			
	2023	**2023**	2022	2022
	£m	**%**	£m	%
UK	**18.4**	**16**	9.2	9
Europe (excl. UK)	**28.4**	**25**	26.7	27
Africa & Middle East	**1.1**	**1**	1.6	2
USA	**49.8**	**44**	45.8	47
Americas (excl. USA)	**6.8**	**6**	7.0	7
Asia Pacific	**9.7**	**8**	7.4	8
	114.2	**100**	97.7	100

3. Non-underlying items

	2023	2022
	£m	£m
Acquisition costs	**-**	(0.3)
Reorganisation costs	**(1.2)**	(0.6)
Amortisation of acquired intangible assets	**(1.6)**	(1.6)
Defined benefit pension scheme administration costs and interest	**0.4**	(0.8)
Total non-underlying expense before tax	**(2.4)**	(3.3)

4. Employee benefits

The Group accounts for pensions under IAS 19 Employee benefits.

The most recent formal actuarial valuation of the scheme was carried out as at 30 June 2021 using the projected unit credit method. The market value of the scheme assets at that date was £431.4m and the funding level was 94% of liabilities, which represented a deficit of £28.4m. The principal terms of the deficit funding agreement between the Company and the Fund's Trustees, which is effective until 31 December 2035, but is subject to reassessment every three years are that the Company will continue to pay a sum of £2.0m per annum to the scheme (increasing at 2.1 per cent. per annum) in deficit recovery payments.

The funding agreement focuses the scheme and the company on achieving a funding level which should permit the scheme to achieve risk transfer to an alternative arrangement which the company would not be liable for the performance of. Based on annual tests, once the funding level on a technical provisions basis reaches 103%, contributions will be redirected to an escrow account which can only be used by the scheme to either enable risk transfer or remedy a future deficit arising and would be returned to the company should risk transfer be achieved without the funds being required. Should the funding level reach 110% of technical provisions (including the value of the escrow account), contributions cease.

The deficit recovery period from 30 June 2021 was estimated to be four years and six months, which is scheduled to be formally reassessed following the completion of the actuarial valuation being carried out as at 30 June 2024.

Formal valuations of the USA defined benefit schemes were carried out as at 1 January 2023, and their assumptions, updated to reflect actual experience and conditions at 31 December 2023 and modified as appropriate for the purposes of IAS 19, have been applied.

Profit before tax includes charges in respect of the defined benefit pension schemes' administration costs of £1.1m (2022: £1.4m) and a net financing income on pension scheme balances of £1.5m (2022: £0.6m). In respect of the UK scheme, the Group paid deficit recovery contributions of £2.0m (2022: £2.0m). Contributions to the US scheme totalled £0.2m (2022: £0.2m)

Employee benefits include the net pension asset of the UK defined benefit pension scheme of £32.2m (2022: £31.5m) and the net pension liability of the USA defined benefit pension schemes of £1.8m (2022: £2.1m), all figures before tax.

5. Earnings per share

Basic earnings per ordinary share is based upon the profit for the period of £2.7m (2022: loss of £0.4m) and on a weighted average of 20,474,424 shares in issue during the year (2022: 20,261,505). The weighted average number of shares excludes shares held by the employee trust in respect of the Company's long-term incentive arrangements.

Underlying earnings per ordinary share amounted to 26.2p for the year (2022: 13.3p) and is based on underlying profit for the period of £5.3m (2022: £2.7m), which is calculated on profit before non-underlying items.

6. Reconciliation of net cash flow to movement in net funds

	2023	2022
	£m	£m
Net increase / (decrease) in cash and cash equivalents	**6.8**	(10.6)
Change in net funds resulting from cash flows	**6.8**	(10.6)
Translation movements	**-**	0.3
Movement in net funds in the period	**6.8**	(10.3)
Opening net funds	**(10.0)**	7.6
Movement in interest bearing loans and borrowings	**-**	(8.0)
Movement in lease liabilities	**(0.9)**	0.7
Closing net funds	**(4.1)**	(10.0)

7. Analysis of net funds

	2023	2022
	£m	£m
Cash and cash equivalents – current assets	**11.0**	4.2
Interest-bearing loans and borrowings – current liabilities	**(8.0)**	(8.0)
Interest-bearing loans and borrowings – non-current liabilities	**(0.9)**	(0.9)
Lease liabilities	**(6.2)**	(5.3)
Closing net funds	**(4.1)**	(10.0)

8. Annual Report and Accounts

Shareholders will be notified, on or around 31 March 2024 of the availability of the Annual Report and Accounts, together with the Company's Notice of Annual General Meeting ("AGM"), via a Regulatory Information Service announcement. Copies of the documents will be available on the Group's website at www.mpac-group.com. Shareholders that have elected to receive a hard copy of the Annual Report and Accounts, together with the Notice of AGM will receive them shortly after. Details of arrangements for voting at the AGM will also be notified to shareholders at the same time. The AGM will be held at 12 noon on 15 May 2024 at the offices of Hudson Sandler LLP, 25 Charterhouse Square, London, EC1M 6AE.