

24 January 2024

**Van Elle Holdings plc**  
 ('Van Elle', the 'Company' or the 'Group')

**Interim Results for the six months ended 31 October 2023**  
**Analyst Briefing and Investor Presentation**

Van Elle Holdings plc, the UK's largest ground engineering contractor, announces its Interim Results for the six months ended 31 October 2023 (the 'Period').

£m	6 months ended 31 Oct 2023	6 months ended 31 Oct 2022
Revenue	68.2	80.8
EBITDA <sup>1</sup>	6.2	6.4
Operating profit	2.7	3.5
Operating profit margin	3.9%	4.3%
Profit before taxation	2.5	3.3
Basic earnings per share (p)	1.6	2.6
ROCE <sup>2</sup>	10.0%	11.2%
Net funds / (debt)	1.9	(2.5)
Net funds (excluding IFRS 16 property and vehicle lease liabilities)	8.9	3.5
Interim dividend per share (p)	0.4	0.4

<sup>1</sup> EBITDA is defined as earnings before interest, tax, depreciation and amortisation

<sup>2</sup> Return on capital employed is defined as 12-month rolling operating profit divided by average net assets excluding net debt

There are no non-underlying items reported in the current or comparative Period.

### Period highlights

- Resilient performance in challenging market conditions, delivering an operating margin of 3.9%, consistent with FY2023.
- As expected, revenue was 16% below the prior year, with the comparative period benefitting from stronger housing, construction and infrastructure markets.
- Good progress in the development of growth opportunities in the energy and water sectors.
- Establishment and commencement of trading of the Canadian rail subsidiary for which costs have been absorbed in the Period, including the impact of some initial delays to expected work volumes.
- The Group's growing innovation investment, aligned to its growth markets, is reflected in a stronger research and development claim reported in other operating income.
- Balance sheet remains robust and strong cash generation delivered an increase in net funds (excl. IFRS 16 property and vehicle lease liabilities), retaining significant liquidity headroom.
- Interim dividend declared of 0.4 pence per share, consistent year on year.

### Outlook

- Good progress is being made on the Group's strategies in the energy and water sectors, both of which are expected to deliver significant growth opportunities into the medium term.

Several customer frameworks have been agreed in the Period and initial schemes are expected to commence in late FY2024.

- Work volumes in the rail sector will dip in the transition to Control Period 7 (CP7) but are expected to be offset by the Group's framework position on the TransPennine Route Upgrade. The Board expects opportunities arising from CP7 to be significantly stronger than CP6 as a result of increasingly close customer partnerships.
- In highways, the Group's work on the retrofit safety measures as a framework partner on the Smart Motorway Programme Alliance are scheduled to commence in H2 FY2024.
- The new build housing and residential sector is expected to remain challenging in the short term but there are early signs of market recovery, and the Board anticipates a return to higher volumes in FY2025.
- The commercial and industrial markets show signs of increased confidence compared to the last 12 months, underpinning expected an increased utilisation in FY2025 in the General Piling division.
- The integration of Rock & Alluvium, which became part of the Group on 30 November 2023, is progressing well and is expected to be accretive to underlying earnings in FY2025. The Group's trading agreement with Galliford Try is expected to deliver £10-15m of incremental revenues from FY2025.
- The Board remains confident in achieving market expectations for the full year.<sup>1</sup>

<sup>1</sup> Company compiled analyst consensus for FY2024 underlying profit before tax is £5.0m.

**Mark Cutler, Chief Executive, commented:**

"These results represent a resilient performance in the face of expected challenging market conditions throughout FY2024, reflecting the benefits of the Group's diversified end-market exposure. Despite the anticipated lower revenues, operating margin has been maintained at FY2023 levels, our balance sheet is stronger, and our future prospects are more compelling. We are very pleased with the acquisition of Rock & Alluvium shortly after the Period end. The Group is developing a strong market position in the energy and water sectors and is well placed to benefit from a recovery in activity levels in housing, construction, rail and highways in FY2025."

**Analyst Briefing: 9.30am on Wednesday 24 January 2024**

An online briefing for Analysts will be held at 9.30am today. Analysts interested in attending should contact Walbrook PR on [vanelle@walbrookpr.com](mailto:vanelle@walbrookpr.com) or 020 7933 8780.

**Investor Presentation: 3.30pm on Wednesday 24 January 2024**

Mark Cutler, Chief Executive Officer, and Graeme Campbell, Chief Financial Officer, will hold a presentation to review the results and outlook at 3.30pm today. The presentation will be hosted through the digital platform Investor Meet Company.

Investors can sign up to Investor Meet Company for free and add to meet Van Elle Holdings plc via the following link <https://www.investormeetcompany.com/van-elle-holdings-plc/register-investor>. Investors who have already registered and added to meet the Company will automatically be invited.

Questions can be submitted pre-event to [vanelle@walbrookpr.com](mailto:vanelle@walbrookpr.com) or in real time during the presentation via the "Ask a Question" function.

**For further information, please contact:**

**Van Elle Holdings plc**  
Mark Cutler, Chief Executive Officer  
Graeme Campbell, Chief Financial Officer

**Via Walbrook**

**Peel Hunt LLP (Nominated Adviser and corporate broker)**

Ed Allsopp / Ben Harrington

**Tel: 020 7418 8900**

**Walbrook PR Limited**

Tom Cooper / Nick Rome

**Tel: 020 7933 8780**

**or**

**[vanelle@walbrookpr.com](mailto:vanelle@walbrookpr.com)**

**07971 221 972 or 07748 325**

**236**

**About Van Elle Holdings plc:**

Van Elle Holdings is the UK's largest specialist geotechnical engineering contractor. Formed in 1984 and listed on AIM in 2016, the Company provides a wide range of ground engineering techniques and services including ground investigation, general and specialist piling, rail geotechnical engineering, modular foundations, and ground improvement and stabilisation services.

Van Elle operates through three divisions: General Piling, Specialist Piling and Rail, and Ground Engineering Services; and is focused on diverse end markets including residential and housing, infrastructure and regional construction - across which the Group has completed more than 20,000 projects over the last 40 years.

## Van Elle Holdings plc - Interim Report to 31 October 2023

### Results overview

The Group's results for the Period are in line with the Board's expectations, reflecting a resilient operational performance despite challenging market conditions, continuing inflationary pressures and delayed project starts.

Half year revenue of £68.2m, represents a decrease of 16% on the prior period (H1 FY2023: £80.8m). Operating margin has remained consistent with the prior year at 3.9% (FY2023: 3.9%).

The Group experienced softer market conditions in the Period, with continued uncertainty impacting activity levels in all end markets. Performance in the residential sector was consistent with Board expectations with new build housing delivering reduced volumes, which is a trend expected to continue throughout the second half of the financial year. There remains a strong need for new housing in the UK and the market is showing some early signs of recovery in some regions, supported by a reduction in mortgage rates towards the end of 2023.

The Infrastructure and Construction markets were also relatively subdued. Infrastructure was impacted by inflationary pressures and widespread delays to major projects which were expected to commence in the Period. However, the Group has made strong progress on substantial growth opportunities in the energy and water sectors, where investment is forecast to grow significantly over the long term.

The costs of establishing the Group's new Canadian rail subsidiary have been absorbed in the Period. Initial projects commenced in the second quarter, although delays in mobilising reflected lower levels of activity than originally expected.

Inflationary pressures have continued to adversely affect the cost base, particularly through wage inflation. Cost saving measures are being implemented where possible to help manage the Group's cost base.

The Group delivered an operating profit of £2.7m (H1 FY2023: £3.5m).

Net funds as at 31 October 2023 (excluding IFRS 16 property and vehicle lease liabilities) increased to £8.9m, from £7.5m. Net capital expenditure of £2.5m primarily represents continued investment in the rig fleet, with higher margin and utilisation rigs being targeted for acquisition. The Group paid the final remaining consideration of £0.7m, for the acquisition of ScrewFast Foundations Limited, and the FY2023 final dividend of £0.9m in the Period.

The Group continued to maintain a strong balance sheet with a healthy cash balance and significant liquidity headroom against its £11.0m funding facility, which remains unused. Group debt reduced to £0.1m, excluding IFRS 16 lease liabilities.

The order book at 31 December 2023 was £42.0m including £11.6m for Rock & Alluvium. On a like-for-like basis, this reflects a slight reduction from the position at 31 October 2023 of £32.7m primarily due to the quieter winter trading period.

### Market overview

The Group operates in the following three market sectors:

- **Residential** constituted 43% of Group revenues in the Period (38% in H1 FY2023). Sector revenue decreased by 5% to £29.3m (H1 FY2023: £30.9m).

Van Elle's teams deliver integrated ground improvement, piling and modular, precast concrete foundation systems for national and regional housebuilders, retirement and multi-storey residential properties.

Demand for the Group's Smartfoot system was strong in the first quarter, with high activity levels continuing the momentum achieved in the prior year. New building regulations, introduced towards the end of Q1 FY2024, resulted in the acceleration of some residential projects, which provided a temporary increase to revenues during the early part of the financial year.

As anticipated, the impact of increasing interest rates and general market uncertainty caused a decrease of the rate of new build starts during the second quarter. Lower volumes are expected to continue throughout the second half of the financial year, however the Group has a balanced exposure to affordable and partnership housing as well as private sector housebuilders, which helps to provide some resilience.

The Board remains confident that Van Elle's unique range of geotechnical solutions for housebuilders will continue to prove popular with volume housebuilders when markets recover.

- **Infrastructure** constituted 42% of Group revenues in the Period (39% in H1 FY2023). Sector revenue decreased by 9% to £28.7m (H1 FY2023: £31.6m).

Group activities include specialist ground engineering services to the rail, highways, energy, coastal, flooding and utility sectors.

Activity levels in the rail sector were strong in the Period as CP6 entered its final year before the planning phase of CP7 commences, which will result in lower revenue in the second half of the financial year. Work on the major electrification programmes in south Wales and the east midlands is now largely complete. However, the Group is a framework partner on the TransPennine Route Upgrade (TRU) programme and site work is expected to commence in H2 2024 and is expected to provide a solid base of workload during FY2025.

In Canada, rail work commenced in the second quarter, but project start dates have been delayed resulting in lower activity levels than expected. Project delays continued to impact for the remainder of 2023 but activity levels have improved in January 2024. The ONxpress Toronto Metro expansion project has been delayed until late 2025. Accordingly, the Group is reviewing its strategy and evaluating other revenue opportunities.

Government spending in the highways sector has been lower than anticipated, with several major projects being delayed. The Group's appointment to the Smart Motorways Programme Alliance (SMPA) framework in FY2023 has also delivered lower volumes than expected following the cancellation of any new all-lane running Smart Motorway projects although works on the retrofit emergency refuge areas is expected to commence in H2 FY2024.

The Group has made good progress on substantial growth opportunities in the energy and water sectors, with several customer frameworks agreed in the Period and an identified bidding pipeline of approximately £300m over the next five years. This is further strengthened by the launch of a dedicated civil engineering team targeted on integrated civils and foundations opportunities in the rail, energy and water sectors.

- **Regional Construction** constituted 14% of Group revenues (22% in H1 FY2023). Sector revenue decreased by 47% to £9.7m (H1 FY2023: £18.1m).

The Group delivers a full range of piling services, and the growth of our ground improvement specialism has assisted in accessing a wider range of attractive projects in the industrial sector and continues to perform well since its inception in FY2020.

Growth in the prior year was primarily driven by a select few larger commercial projects in central London, delivered substantially by the General Piling division. With the backdrop of a more challenging and price sensitive regional construction market in the Period, activity levels were below the previous period. The Group's activities in central London have been strengthened by the acquisition of Rock & Alluvium shortly after the Period end.

## Operating structure

Van Elle's operational Group structure has remained consistent and is reported in three segments:

- **General Piling:** open site; larger projects; key techniques being large diameter rotary, CFA piling and precast driven piling.
- **Specialist Piling and Rail:** restricted access and low headroom piling; extensive rail mounted capability; helical piling and steel modular foundations (ScrewFast); sheet piling, soil nails and anchors, mini-piling and ground stabilisation projects.
- **Ground Engineering Services:** driven and CFA piling for housebuilders, precast concrete modular foundations (Smartfoot); ground investigation and geotechnical services (Strata Geotechnics).

### **General Piling**

Revenue decreased by 13% in the Period to £25.4m (H1 FY2023: £29.3m), representing 37% of Group revenues.

The General Piling division operates across each of the Group's three market segments. Market conditions remained highly competitive, with price sensitive tendering being a key factor in work winning.

Revenue growth was achieved in the Residential sector with several significant contracts delivered, particularly in the first quarter of the financial year. Infrastructure workload benefited from the completion of the first phase of a major energy sector contract in the Period. Regional Construction revenues were lower than the comparative period, mainly due to a very strong order book being brought forward into the previous year.

Operating profit was £1.8m for the Period (H1 FY2023: £2.3m) reflecting the reduced activity levels.

The Group acquired Rock and Alluvium Limited on 30 November 2023, which increases the division's geographic activity in the Southeast and expands capacity for additional CFA piling, primarily reported in the General Piling division activities.

### **Specialist Piling and Rail**

Revenue decreased by 18% in the Period to £20.3m (H1 FY2023: £24.8m), representing 30% of Group revenues.

Specialist Piling experienced softer market conditions towards the end of the previous financial year, which continued into the first half of FY2024, primarily due to delays to major infrastructure work on highways and a short-term decrease in demand for drill and grout activity. Work-winning improved towards the end of the Period and the division is now expected to operate at near capacity for the second half of the financial year. The medium-term outlook for the division's work in the infrastructure sector remains very positive, with significant growth opportunities in the high-voltage power sector supporting the development of the UK's electricity transmission networks.

The Rail division delivered strong revenues in the Period, as CP6 entered its final year before CP7 commences. A decrease in activity levels is anticipated until CP7 work starts. However, the Group is a framework partner on the TransPennine Route Upgrade (TRU) programme and site work is expected to commence in Q4 FY2024 and provide a solid base of workload for up to three years.

As previously referenced, in Canada the ONxpress Toronto Metro expansion project has been delayed until H2 FY2025.

Operating profit for the division decreased to £0.5m (H1 FY2023: £1.1m).

## **Ground Engineering Services**

Revenue decreased by 17% in the Period to £22.1m (H1 FY2023: £26.6m), representing 32% of Group revenues. Ground Engineering consists of the Housing division and Strata Geotechnics.

The Housing division delivers integrated piling and Smartfoot foundation beam solutions to UK housebuilders. Demand was very strong in the first quarter, with high activity levels continuing the momentum achieved in the prior year but as anticipated, the impact of increasing interest rates and general market uncertainty caused a drop in the rate of new build starts during the second quarter. Lower volumes are expected to continue throughout the second half of the financial year and costs are being managed to mitigate this impact, although demand for new build housing remains strong and the market is expected to recover during FY2025.

Strata Geotechnics reported further growth with increased revenue of £4.1m (H1 FY2023: £3.5m) with gross margin at the upper end of the Group's activities. Progress was maintained in infrastructure work, particularly in the highways sector and on HS2 ground investigation projects. Strata had secured a place on the £800m phase 2 ground investigation framework, therefore the cancellation of phase 2b of HS2 was particularly disappointing.

Underlying operating profit for the segment decreased to £1.8m (H1 FY2023: £2.5m) reflecting the lower activity levels in Housing.

## **Strategy**

Good progress continues to be made against the final phase of the Group's strategy, with a wider range of diversified capabilities in place and market opportunities supported by stronger relationships with key customers and reliable performance on operational delivery.

The Group has navigated a challenging period, delivering a resilient performance, and remains well positioned with a strong balance sheet for when its end markets recover. Despite the short-term volatility and reduced activity levels, the Board remains confident in delivering 6% operating profit and 15-20% ROCE by FY2027 driven through organic revenue growth supplemented by strategic bolt-on acquisitions.

## **ESG**

In FY2021, the Group initiated its Sustainability Strategy, aligned with the UN Sustainable Development Goals that are most applicable to Van Elle's operations. This strategy encompasses objectives, targets, and key performance indicators, with business leaders managing its implementation. We aim to measure our strategy against key performance indicators annually to monitor our performance and identify continuous improvement measures. Our long-term "Net Zero by 2050" commitment is supported in the medium term by a roadmap to 2030, which provides a clear strategic pathway to a 30% reduction in our greenhouse gas emissions from a 2020 baseline.

We have made a commitment to developing 'Science Based Targets' to set achievable emissions reduction targets against a representative base year to achieve Net Zero by 2050 and are actively engaging with our supply partners to understand the greenhouse gas emissions arising from the materials and services with which they provide to us.

Our primary Scope 1 emissions arise from fuel usage. We are exploring transitional solutions to mitigate these emissions while new technologies are being assessed and developed. Recent improvements include the expansion of our company car scheme to encompass hybrid and electric vehicles, now increasingly adopted by our staff. Additionally, we've equipped our head office with electric vehicle charging stations for both employees and visitors.

In the previous financial year, the Group reduced its Scope 2 emissions through a new electricity purchase agreement, which is from 100% renewable sources (certified under the Renewable Energy Guarantees of Origin scheme).

## **Dividend**

The Board acknowledges that dividends continue to represent an important constituent of total shareholder returns, and accordingly has declared an interim dividend of 0.4 pence per share.

The interim dividend will be payable on 15 March 2024 to shareholders on the share register as at 23 February 2024. The shares will be marked ex-dividend on 22 February 2024.

### **Current trading and outlook**

Market conditions in the short term, especially in respect of new build housing, are expected to remain challenging in the current financial year. Since the Period end, lower volumes in housing have been broadly offset by a recovery in infrastructure and construction activity levels.

Although the Group has experienced delays to major infrastructure works in the Period, more recently, a strong pipeline of contract awards has been secured providing greater confidence in the medium-term outlook in the infrastructure sector. There are significant growth opportunities in the energy and water sectors alongside expected upturns in investment levels and increased market share in highways and rail.

The Group acquired Rock and Alluvium Ltd and entered into a five-year trading agreement with Galliford Try on 30 November 2023. The integration of Rock & Alluvium into Van Elle is progressing well, and the Board expects the acquisition to be accretive to underlying earnings in the first full year of ownership, which was reflected in upgraded market expectations for FY2025 and beyond.

The Board continues to expect results in line with market expectations for the current financial year and is confident the Group is well positioned over the medium term across all its core markets.

Mark Cutler  
Chief Executive Officer  
24 January 2024



## Condensed consolidated statement of comprehensive income

		<b>6 months to 31 Oct 2023 (unaudited) £'000</b>	6 months to 31 Oct 2022 (unaudited) £'000	12 months to 30 Apr 2023 (audited) £'000
	<b>Note</b>			
<b>Revenue</b>	<b>2,3</b>	<b>68,210</b>	80,836	148,734
Cost of sales		<b>(47,544)</b>	(60,211)	(108,646)
<b>Gross profit</b>		<b>20,666</b>	20,625	40,088
Administrative expenses		<b>(18,769)</b>	(17,309)	(35,089)
Credit loss impairment charge		<b>(93)</b>	-	(45)
Other operating income		<b>859</b>	169	904
<b>Operating profit</b>		<b>2,663</b>	3,485	5,838
Finance expense		<b>(177)</b>	(200)	(487)
Finance income		<b>3</b>	-	-
<b>Profit before tax</b>		<b>2,489</b>	3,285	5,371
Income tax expense		<b>(814)</b>	(465)	(693)
<b>Profit after tax and total comprehensive income for the year attributable to shareholders of the parent</b>		<b>1,675</b>	2,820	4,678
<b>Earnings per share (pence)</b>				
Basic	<b>4</b>	<b>1.6</b>	2.6	4.4
Diluted	<b>4</b>	<b>1.6</b>	2.6	4.4

All amounts relate to continuing operations. There was no other comprehensive income in either the current or preceding Period.

# Condensed consolidated statement of financial position

	As at 31 Oct 2023 (unaudited) £'000	As at 31 Oct 2022 (unaudited) £'000	As at 30 Apr 2023 (audited) £'000
<b>Non-current assets</b>			
Property, plant and equipment	41,821	40,149	41,917
Investment property	-	806	-
Intangible assets	3,638	3,787	3,713
	45,459	44,742	45,630
<b>Current assets</b>			
Inventories	4,929	4,091	4,971
Trade and other receivables	29,909	43,181	35,544
Cash and cash equivalents	9,047	8,443	8,885
	43,885	55,715	49,400
<b>Total assets</b>	<b>89,344</b>	<b>100,457</b>	<b>95,030</b>
<b>Current liabilities</b>			
Trade and other payables	18,178	27,636	23,245
Loans and borrowings	-	3,000	-
Deferred consideration	-	-	790
Lease liabilities	2,476	2,159	2,339
Provisions	8,238	8,047	8,143
	28,892	40,842	34,517
<b>Non-current liabilities</b>			
Deferred consideration	-	1,193	-
Lease liabilities	4,654	5,798	6,179
Deferred tax	4,801	4,139	4,303
	9,455	11,130	10,482
<b>Total liabilities</b>	<b>38,347</b>	<b>51,972</b>	<b>44,999</b>
<b>Net assets</b>	<b>50,997</b>	<b>48,485</b>	<b>50,031</b>
<b>Equity</b>			
Share capital	2,133	2,133	2,133
Share premium	8,633	8,633	8,633
Other reserve	5,807	5,807	5,807
Retained earnings	34,424	31,912	33,458
<b>Total equity</b>	<b>50,997</b>	<b>48,485</b>	<b>50,031</b>

## Condensed consolidated statement of cash flows

	6 months to 31 Oct 2023 (unaudited) £'000	6 months to 31 Oct 2022 (unaudited) £'000	12 months to 30 Apr 2023 (audited) £'000
<b>Cash flows from operating activities</b>			
Operating profit	2,663	3,485	5,858
Depreciation of property, plant and equipment	3,498	2,845	5,984
Amortisation of intangible assets	74	58	134
Depreciation of investment property	-	5	9
(Profit)/loss on disposal of property, plant and equipment	(108)	(96)	(310)
Share-based payment expense	134	121	171
Operating cash flows before movement in working capital	6,261	6,418	11,846
Decrease in inventories	42	(318)	(1,200)
Decrease in trade and other receivables	5,635	(9,068)	(1,434)
Decrease in trade and other payables	(5,067)	5,185	344
Increase in provisions	95	310	405
Cash generated from operations	6,966	2,527	9,961
Income tax (paid)/received	(302)	322	323
Net cash generated from operating activities	6,664	2,849	10,284
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(3,914)	(3,745)	(6,167)
Disposal of property, plant and equipment	1,369	197	615
Deferred consideration for acquisition of subsidiary	(740)	(50)	(50)
Net cash absorbed in investing activities	(3,285)	(3,598)	(5,602)
<b>Cash flows from financing activities</b>			
New hire purchase financing	-	1,544	1,544
New loans and borrowings	-	3,000	3,000
Repayment of bank borrowings	-	-	(3,000)
Principal paid on lease liabilities	(2,189)	(1,072)	(2,394)
Interest paid on lease liabilities	(76)	(179)	(388)
Interest paid on loans and borrowings	(102)	(21)	(53)
Interest received	3	-	-
Dividends paid	(853)	(1,067)	(1,493)
Net cash absorbed in financing activities	(3,217)	2,205	(2,784)
<b>Net increase/(decrease) in cash and cash equivalents</b>	162	1,456	1,898
Cash and cash equivalents at beginning of year	8,885	6,987	6,987
<b>Cash and cash equivalents at end of year</b>	9,047	8,443	8,885

## Condensed consolidated statement of changes in equity

	Share Capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 May 2022 (audited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>30,038</b>	<b>46,611</b>
Total comprehensive income	-	-	-	2,820	2,820
Share-based payment expense	-	-	-	121	121
Dividends paid	-	-	-	(1,067)	(1,067)
<b>Balance at 31 October 2022 (unaudited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>31,912</b>	<b>48,485</b>
Total comprehensive income	-	-	-	1,858	1,858
Share-based payment expense	-	-	-	50	50
Dividends paid	-	-	-	(426)	(426)
Deferred tax credit on share based payments	-	-	-	64	64
<b>Balance at 30 April 2023 (audited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>33,458</b>	<b>50,031</b>
Total comprehensive income	-	-	-	1,675	1,675
Share-based payment expense	-	-	-	134	134
Dividends paid	-	-	-	(853)	(853)
Deferred tax credit on share based payments	-	-	-	10	10
<b>Balance at 31 October 2023 (unaudited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>34,424</b>	<b>50,997</b>

# Notes to the condensed consolidated interim financial statements

**For the six months ended 31 October 2023**

## **1. Basis of preparation**

The unaudited interim consolidated statement of Van Elle Holdings plc is for the six months ended 31 October 2023 and does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. These condensed consolidated financial statements have been prepared in compliance with the recognition and measurement requirement of International Accounting Standards in conformity with the requirements of the Companies Act 2006. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Group's annual report. The unaudited interim consolidated statement has been prepared in accordance with the accounting policies that are expected to be applied in the report and accounts for the year ending 30 April 2024.

The comparative figures for the year ended 30 April 2023 do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, but they have been derived from the audited financial statements for that year, which have been filed with the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006 nor a reference to any matters which the auditor drew attention by way of emphasis of matter without qualifying their report.

### **Going Concern**

As part of the going concern assessment for the year ended 30 April 2023 detailed forecasts were prepared. These forecasts demonstrated a healthy cash flow and headroom across the period to 31 July 2024. Reverse stress testing was also carried out and the scenarios in which cash resources were exhausted and further debt facilities were required were considered remote.

Strong activity levels seen throughout FY2023 continued into Q1 of FY2024 and whilst market conditions have been more challenging from Q2 onwards, the Board remains confident in achieving market expectations for the current financial year. The Group's order book has also grown in the period since 30 April 2023.

A strong cash balance of £9.0m remains at the end of the period. The Group's net funds position (excluding IFRS 16 property and vehicle lease liabilities) of £8.9m has increased by £1.4m during the period. The Group's £11m asset backed lending facility remains undrawn at the end of the period having not been drawn during the 6 months to 31 October 2023. Total hire purchase finance at the end of the period was only £0.1m.

As part of the interim going concern assessment, forecasts for the 12 months ending January 2025 have been prepared which demonstrate that the Group is able to operate within its existing facilities and meet obligations as they fall due.

On this basis the Board consider the Group to have adequate resources to continue its operations for the foreseeable future. Accordingly, the Board continue to adopt the going concern basis in preparing the interim financial statements.

### **Accounting Policies**

The accounting policies adopted in the preparation of the unaudited Group interim consolidated statement to 31 October 2023 are consistent with the policies applied by the Group in its consolidated financial statements as at, and for the year ended 30 April 2023.

### **Functional currency**

The unaudited interim consolidated statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

## 2. Segment information

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS but excluding non-underlying items. Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. Head office central services costs including insurances are allocated to the segments based on levels of turnover.

### Operating segments – 6 months to 31 October 2023

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
<b>Revenue</b>	<b>25,372</b>	<b>20,333</b>	<b>22,058</b>	<b>447</b>	<b>68,210</b>
<b>Other operating income</b>	-	-	-	<b>859</b>	<b>859</b>
<b>Operating profit</b>	<b>1,816</b>	<b>486</b>	<b>1,761</b>	<b>(1,400)</b>	<b>2,663</b>
Finance expense	-	-	-	-	-
<b>Profit before tax</b>	<b>1,816</b>	<b>486</b>	<b>1,761</b>	<b>(1,400)</b>	<b>2,663</b>
<b>Assets</b>					
Property, plant and equipment (including right of use assets)	<b>8,937</b>	<b>13,777</b>	<b>7,548</b>	<b>11,559</b>	<b>41,821</b>
Intangible assets	<b>7</b>	<b>3,422</b>	<b>209</b>	-	<b>3,638</b>
Inventories	<b>1,898</b>	<b>759</b>	<b>2,233</b>	<b>39</b>	<b>4,929</b>
<b>Reportable segment assets</b>	<b>10,842</b>	<b>17,958</b>	<b>9,990</b>	<b>11,598</b>	<b>50,388</b>
Trade and other receivables	-	-	-	<b>29,909</b>	<b>29,909</b>
Cash and cash equivalents	-	-	-	<b>9,047</b>	<b>9,047</b>
<b>Total assets</b>	<b>10,842</b>	<b>17,958</b>	<b>9,990</b>	<b>50,554</b>	<b>89,344</b>
<b>Liabilities</b>					
Trade and other payables	-	-	-	<b>18,178</b>	<b>18,178</b>
Provisions	-	-	-	<b>8,238</b>	<b>8,238</b>
Lease liabilities	-	-	-	<b>7,130</b>	<b>7,130</b>
Deferred tax	-	-	-	<b>4,801</b>	<b>4,801</b>
<b>Total liabilities</b>	-	-	-	<b>38,347</b>	<b>38,347</b>
<b>Other information</b>					
Capital expenditure	<b>855</b>	<b>590</b>	<b>184</b>	<b>2,285</b>	<b>3,914</b>
Depreciation	<b>816</b>	<b>1,331</b>	<b>816</b>	<b>535</b>	<b>3,498</b>

The Group had one customer with revenues greater than 10% in the current period (2022: none). Total revenues with the customer were £7.4m and these are reported within the General Piling operating segment.

## Geographical segments – 6 months to 31 October 2023

Revenue and operating profit from external customers, and the carrying amount of non-current assets by geographical segment are shown below:

	UK £'000	Other countries £'000	Total £'000
<b>Revenue</b>	<b>68,180</b>	<b>30</b>	<b>68,210</b>
<b>Operating profit/(loss)</b>	<b>3,304</b>	<b>(641)</b>	<b>2,663</b>
<b>Non-current assets</b>	<b>44,287</b>	<b>1,172</b>	<b>45,459</b>

## Operating segments – 6 months to 31 October 2022

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
<b>Revenue</b>	29,308	24,806	26,552	170	80,836
<b>Other operating income</b>	-	-	-	169	169
<b>Operating profit</b>	2,325	1,102	2,541	(2,483)	3,485
Finance expense	-	-	-	(200)	(200)
<b>Profit before tax</b>	2,325	1,102	2,541	(2,683)	3,285
<b>Assets</b>					
Property, plant and equipment (including right of use assets)	9,166	13,988	7,967	9,028	40,149
Intangible assets	15	3,543	229	-	3,787
Inventories	1,319	781	1,913	78	4,091
Reportable segment assets	10,500	18,312	10,109	9,106	48,027
Investment property	-	-	-	806	806
Trade and other receivables	-	-	-	43,181	43,181
Cash and cash equivalents	-	-	-	8,443	8,443
<b>Total assets</b>	10,500	18,312	10,109	61,536	100,457
<b>Liabilities</b>					
Trade and other payables	-	-	-	27,636	27,636
Provisions	-	-	-	8,047	8,047
Loans & borrowings	-	-	-	3,000	3,000
Deferred consideration	-	-	-	1,193	1,193
Lease liabilities	-	-	-	7,957	7,957
Deferred tax	-	-	-	4,139	4,139
<b>Total liabilities</b>	-	-	-	51,972	51,972
<b>Other information</b>					
Capital expenditure	459	2,430	197	659	3,745
Depreciation	675	1,110	689	434	2,908

There are no individual customers accounting for more than 10% of Group revenue in either the current or preceding period.

## Geographical segments – 6 months to 31 October 2022

Revenue and operating profit from external customers, and the carrying amount of non-current assets by geographical segment are shown below:

	UK £'000	Other countries £'000	Total £'000
<b>Revenue</b>	80,836	-	80,836
<b>Operating profit</b>	3,485	-	3,485
<b>Non-current assets</b>	44,742	-	44,472

## Operating segments – 12 months to 30 April 2023

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
<b>Revenue</b>	54,838	46,593	47,067	236	148,734
<b>Other operating income</b>	-	-	-	904	904
<b>Operating profit</b>	3,403	2,236	3,642	(3,423)	5,858
Finance expense	-	-	-	(487)	(487)
<b>Profit before tax</b>	3,403	2,236	3,642	(3,910)	5,371
<b>Assets</b>					
Property, plant and equipment (including right of use assets)	9,090	14,411	8,005	10,411	41,917
Intangible assets	11	3,483	219	-	3,713
Inventories	1,858	727	1,902	484	4,971
Reportable segment assets	10,959	18,621	10,126	10,895	50,601
Trade and other receivables	-	-	-	35,544	35,544
Cash and cash equivalents	-	-	-	8,885	8,885
<b>Total assets</b>	10,959	18,621	10,126	55,324	95,030
<b>Liabilities</b>					
Trade and other payables	-	-	-	23,245	23,245
Provisions	-	-	-	8,143	8,143
Deferred consideration	-	-	-	790	790
Lease liabilities	-	-	-	8,518	8,518
Deferred tax	-	-	-	4,303	4,303
<b>Total liabilities</b>	-	-	-	44,999	44,999
<b>Other information</b>					
Capital expenditure	1,171	4,188	1,351	1,977	8,687
Depreciation	1,422	2,262	1,421	879	5,984

The Group had one customer with revenues greater than 10% in the current year (2022: none). Total revenues with the customer were £18.4m and these are reported within the General Piling operating segment.



## Geographical segments – 12 months to 30 April 2023

Revenue and operating profit from external customers, and the carrying amount of non-current assets by geographical segment are shown below:

	UK £'000	Other countries £'000	Total £'000
<b>Revenue</b>	148,734	-	148,734
<b>Operating profit</b>	5,858	-	5,858
<b>Non-current assets</b>	45,630	-	54,630

### 3. Revenue from contracts with customers

#### Disaggregation of revenue – 6 months to 31 October 2023

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	9,304	2,289	17,744	-	29,337
Infrastructure	10,076	15,486	3,126	-	28,688
Regional construction	5,907	2,558	1,185	-	9,650
Other	85	-	3	447	535
<b>Total</b>	<b>25,372</b>	<b>20,333</b>	<b>22,058</b>	<b>447</b>	<b>68,210</b>

#### Disaggregation of revenue – 6 months to 31 October 2022

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	6,880	2,334	21,643	-	30,857
Infrastructure	9,166	20,337	2,095	-	31,598
Regional construction	13,222	2,100	2,772	-	18,094
Other	40	35	42	170	287
<b>Total</b>	<b>29,308</b>	<b>24,806</b>	<b>26,552</b>	<b>170</b>	<b>80,836</b>

#### Disaggregation of revenue – 12 months to 30 April 2023

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	13,924	4,840	38,096	-	56,860
Infrastructure	20,761	37,180	4,651	-	62,592
Regional construction	20,147	4,507	4,289	-	28,943
Other	6	66	31	236	339
<b>Total</b>	<b>54,838</b>	<b>46,593</b>	<b>47,067</b>	<b>236</b>	<b>148,734</b>

**Contract assets**

	6 months to 31 Oct 2023 (unaudited) £'000	6 months to 31 Oct 2022 (unaudited) £'000	12 months to 30 Apr 2023 (audited) £'000
<b>As at 1 May</b>	<b>4,913</b>	2,163	2,163
Transfers from contract assets to trade receivables	(4,913)	(2,163)	(1,943)
Excess of revenue recognised over invoiced	3,296	3,347	4,913
Impairment of contract assets	-	-	(220)
<b>As at 31 October / 30 April</b>	<b>3,296</b>	3,347	4,913

**Contract liabilities**

	6 months to 31 Oct 2023 (unaudited) £'000	6 months to 31 Oct 2022 (unaudited) £'000	12 months to 30 Apr 2023 (audited) £'000
<b>As at 1 May</b>	<b>447</b>	388	388
Interest on contract liabilities	-	-	-
Contract liabilities recognised as revenue in the period	(247)	(188)	(188)
Deposits received in advance of performance	534	247	1,787
<b>As at 31 October / 30 April</b>	<b>734</b>	447	1,987

**4. Earnings per share**

The calculation of basic and diluted earnings per share is based on the following data:

	6 months to 31 Oct 2023 (unaudited)	6 months to 31 Oct 2022 (unaudited)	12 months to 30 Apr 2023 (audited)
Basic weighted average number of shares	106,667	106,667	106,667
Dilutive weighted average shares from share options	210	-	473
<b>Diluted weighted average number of shares</b>	<b>106,877</b>	106,667	107,140
	£'000	£'000	£'000
<b>Profit for the period</b>	<b>1,675</b>	2,820	4,678
	Pence	Pence	Pence
<b>Earnings per share</b>			
Basic	1.6	2.6	4.4
Diluted	1.6	2.6	4.4

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 106,666,650 ordinary shares being the weighted average number of ordinary shares in issue during the period.

The dilutive shares represent share options exercisable under Group's LTIP scheme that vested on 30 September 2023 and which have not been exercised at 31 October 2023.

## 5. Dividends paid

	6 months to 31 Oct 2023 (unaudited) £'000	6 months to 31 Oct 2022 (unaudited) £'000	12 months to 30 Apr 2023 (audited) £'000
<b>Amounts recognised as distributions to equity holders during the Period:</b>			
Final dividend for the year ended 30 April 2022 of 1.0p per share	-	1,067	1,067
Interim dividend for the year ended 30 April 2023 of 0.4p per share	-	-	426
Final dividend for the year ended 30 April 2023 of 0.8p per share	853	-	-
<b>Total</b>	<b>853</b>	<b>1,067</b>	<b>1,493</b>

## 6. Analysis of cash and cash equivalents and reconciliation to net (debt) / funds

	As at 31 Oct 2023 (unaudited) £'000	As at 31 Oct 2022 (unaudited) £'000	As at 30 Apr 2023 (audited) £'000
Cash at bank	9,039	8,403	8,847
Cash in hand	8	40	38
Cash and cash equivalents	9,047	8,443	8,885
Loans and borrowings	-	(3,000)	-
Lease liabilities	(7,130)	(7,957)	(8,518)
<b>Net funds / (debt)</b>	<b>1,917</b>	<b>(2,514)</b>	<b>367</b>
<b>Net funds excl. IFRS 16 property and vehicle lease liabilities</b>	<b>8,926</b>	<b>3,476</b>	<b>7,526</b>