RNS Number : 8187I
Van Elle Holdings PLC
17 August 2021

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

Results for the year ended 30 April 2021
Analyst Briefing & Investor Presentation

Van Elle Holdings plc, the UK's largest ground engineering contractor, announces its results for the year ended 30 April 2021 ('FY2021').

£m	**Year ended 30 April 2021**	Year ended 30 April 2020
Revenue	**84.4**	84.4
Underlying* operating loss	**(0.6)**	(0.3)
Reported operating loss	**(0.8)**	(1.6)
Underlying* loss before tax	**(1.2)**	(0.9)
Reported loss before taxation	**(1.4)**	(2.2)
Underlying* basic earnings per share	**(1.3)p**	(1.5)p
Basic earnings per share	**(1.3)p**	(1.5)p
Net funds/(debt)	**(1.7)**	0.9
Net funds excl. IFRS 16 property and vehicle lease liabilities	**3.7**	4.8
Operating cash conversion (%)	**18.5%**	175%

* Underlying results are stated before non-underlying items of £0.2m (2020: £1.3m) comprising share-based payment expense and other non-underlying items (disclosed in note 4).

Highlights:

- Resilient trading performance with revenues flat on FY2020, notwithstanding the impact of the global pandemic and Brexit uncertainty, emerging in a strong position as market conditions started to recover.
- Revenue run-rate at the end of the financial year returned to pre-pandemic levels.
- Core markets saw a strong recovery in the final quarter of the financial year with all divisions, except Rail, operating at near capacity by the year end.

- Further progress on the strategic agenda across operational delivery, employee engagement, governance and risk management, and delivering clear commercial and financial benefits.
- Reduction of outstanding hire purchase debt has further strengthened the balance sheet and arrangement of a new £11m debt facility (not currently utilised) provides significant headroom for growth.
- Selective rig investments ensured that capability and capacity is strengthened in high-demand sectors and utilisation optimised across the fleet.
- Acquisition of ScrewFast Foundations Limited for up to £3.7m has expanded the Specialist Piling and modular foundations segment. The integration programme is progressing as planned.
- Cash as at 30 April 2021: £8.5m.

Current trading and outlook

- Positive start to FY2022 with strong first quarter trading.
- Assuming supply chain and labour challenges do not materially worsen, the Board anticipates delivering a profitable result in line with market expectations.
- Increased tendering opportunities and greater pipeline visibility for the Rail division, which supports an encouraging mid-term outlook.
- Order book at 9 August increased to £34.7m (1 June 2021: £26.4m).
- The Board believes that good progress is being made in order to achieve the medium-term financial targets set in 2020.

Mark Cutler, Chief Executive, commented:

"In an operationally very challenging year for the construction sector generally, the Group demonstrated its resilience as market conditions started to recover from the global pandemic and Brexit uncertainty.

"Our core end markets recovered strongly in the final quarter of the financial year with all divisions, except Rail, operating at near capacity by the year-end. This recovery in activity levels has continued into the first quarter of FY2022, with the Group trading profitably during this period, and the prospects for our Rail division are notably improving. The Board's confidence is underpinned by a robust order book and a growing pipeline of tendering activity.

"The acquisition of ScrewFast has further strengthened the Group's position in the Specialist Piling and modular foundations segment. The integration of ScrewFast into the Group is progressing well and is providing greater opportunities for cross-selling our products and services.

"We are optimistic that the current levels of demand will be sustained in FY2022 and, assuming the supply chain and labour challenges do not materially worsen, we anticipate delivering a profitable result in line with market expectations."

Analyst Briefing: 9.30am on Tuesday 17 August 2021

A briefing for Analysts will be held at 9.30am this morning - Tuesday 17 August 2021. Analysts interested in attending should contact Walbrook PR on vanelle@walbrookpr.com or 020 7933 8780.

Investor Presentation: 3.30pm on Thursday 19 August 2021
Mark Cutler, Chief Executive Officer, and Graeme Campbell, Chief Financial Officer, will hold a presentation to review the results and prospects following their release at 3.30pm on Thursday 19 August 2021, 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, 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**
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About Van Elle Holdings plc:

Van Elle Holdings is the UK's largest specialist geotechnical engineering contractor. The Company provides a 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 ground engineering; and is focused on three end markets: residential and housing, infrastructure and regional construction - across which the Group has completed more than 20,000 projects over the last 35 years.

General piling provides a range of larger piling and ground engineering solutions for open-site construction projects. Specialist piling provides a range of geotechnical solutions in operationally constrained environments including on-track rail applications. Ground engineering services offers a range of ground investigation and geotechnical services and modular foundation solutions such as Smartfoot®. Van Elle has a market-leading reputation and the UK's largest rig fleet of 115 rigs.

Having floated on AIM in 2016 it now has a strong national presence, diversified offering and market-leading brand name.

CHAIRMAN'S STATEMENT

Overview
The Group's financial performance was heavily impacted by the COVID-19 pandemic, particularly in the first quarter when trading activity was significantly below pre COVID levels as a result of a shut down of activity at a number of customer sites. Since quarter one, there has been a steady recovery in our end markets. Working practices were quickly adapted to comply with government advice and industry guidance, allowing the Group to deliver contract works safely and productively.

The subsequent national lockdowns announced in November 2020 and January 2021 had a less significant impact on the Group and its markets as construction activity was able to continue. The uncertainty however impacted customer short-term decision making.

The Group took swift and decisive actions to protect the business, its employees, and its customers throughout the period of the pandemic, and remains well placed to take full advantage of growth opportunities as market recovery continues.

Revenue for the year to 30 April 2021 was £84.4m, consistent with the preceding year, despite a challenging first quarter. The resulting underlying operating loss was £0.6m (2020 loss: £0.3m).

Despite the uncertainties caused by COVID-19, the Group continued to make good progress in the delivery of its strategic plan, focused on improving operational performance and establishing strong market positions for future growth. Significant progress continues to be made on improving engagement with strategic customers, fostering an enhanced commercial and business development focus, and strengthening performance review and commercial processes across the business.

Capital structure and allocation

The Group's capital structure is kept under constant review, taking account of the need for, and the availability and cost of, various sources of finance. The Group's objective is to deliver long-term value to its shareholders whilst maintaining a balance sheet structure that safeguards the Group's financial position through normal economic cycles. In October 2020, the Group secured up to £11m of asset-backed lending facilities on a revolving basis over 4 years, with security agreed against the Group's receivables and certain tangible assets. The facilities remain undrawn to date. This, alongside the capital raise in April 2020, provides significant headroom for growth.

On 1 April 2021, the Group acquired ScrewFast Foundations Limited, an innovative helical pile design, fabrication and installation business. The acquisition strengthens the Group's position in growth markets of infrastructure and housing as well as providing access to new markets in the power and telecoms sectors. The helical pile solution complements Van Elle's existing breadth of capabilities, capturing more of the value chain through providing modular forms of construction. Full details of the structure of the consideration paid is included in the Financial Review.

The Group continues to invest in its rig fleet, maintaining and upgrading existing rigs and acquiring new modern rigs that are capable of delivering a broad array of services efficiently and which are at the forefront of piling technology. Capital expenditure on rig fleet expansion will continue to be considered on a selective basis where a compelling investment case exists.

Dividend

The period of disruption caused by COVID-19 and the resulting need to manage cash resources has resulted in no dividend being paid to shareholders during the year. The Board has not proposed a final dividend in respect of the financial year.

The Board recognises the importance of dividends to shareholders and the creation of shareholder value and expects to reinstate an appropriate dividend during the course of the FY2022 financial year, as market recovery is expected to continue.

People

During the year, the appointment of a Commercial Director and Rail Director has brought significant industry experience to the leadership team. The acquisition of ScrewFast has also brought with it a strong management team. These appointments ensure we have the optimal mix of experience and capability to deliver the Group's strategic objectives. We have worked hard to bring together a team that has the right combination of experience to enable us to deliver on our vision and strategy.

Van Elle remains a market-leading business with an outstanding group of employees. My thanks go to all employees for their resilience and commitment during a period which has had such a significant impact on our industry and wider society.

Board and governance

I joined the Board on 1 July 2020 as Non-Executive Director and Chair designate and assumed the role of Chair following the release of the previous year's results in August 2020, at which point the previous Non-Executive Director and Chair, Adrian Barden, retired from his position. I also assumed the role of Chair of the Nomination Committee in August 2020.

Robin Williams, Senior Independent Non-Executive Director also stepped down from the Board in August 2020 at which point, Charles St John, Non-Executive Director took over as Chair of the Audit & Risk Committee.

On behalf of the Board, I would like to thank Adrian and Robin for their service and support.

As a Board, we are committed to promoting the highest standards of corporate governance and ensuring effective communication with shareholders. We are committed to applying the Quoted Companies Alliance Corporate Governance Code, complemented with other suitable governance measures appropriate for a company of our size.

Outlook

Many of the Group's end markets have shown a sustained level of post COVID recovery during the year. We are currently experiencing some current supply chain challenges, particularly with regard to cement, concrete and steel pricing and availability. There has also been an impact on employee availability, where our people have been required to self-isolate by the NHS test and trace app.

Despite these challenges, the Board remains optimistic that significant opportunities exist across our broad end markets of residential, infrastructure and regional construction, much of which remain well-funded and/or are underpinned by long-term structural growth dynamics.

Frank Nelson
Non-Executive Chair
16 August 2021

CHIEF EXECUTIVE'S STATEMENT

OPERATING REVIEW

Overview

In a very challenging year for the construction sector generally, the Group demonstrated its resilience as market conditions started to recover from the global pandemic and Brexit uncertainty. Full year revenue was consistent with the prior year (in which the fourth quarter was impacted by the start of the pandemic) at £84.4m and the Group reported a modest underlying operating loss of £0.6m (FY2020 underlying operating loss: £0.3m).

Activity during the first quarter was significantly impacted by COVID-19, with revenues for the first three months being approximately £10m below pre-pandemic levels. Activity levels steadily recovered during the second quarter, with revenues in September and October 2020 returning to pre-pandemic levels, resulting in the Group returning to profitable trading in these months.

However, some market volatility returned in the third quarter, with further lockdowns and Brexit uncertainty impacting investment decisions and contract start dates. Normal seasonal factors also impacted our activities due to poor weather conditions during the winter months.

There was a strong recovery across the construction market in the final quarter, with most divisions operating at near capacity by the end of the financial year. This momentum has continued into FY2022, whilst noting that activity in the Rail division has remained subdued ahead of anticipated recovery in the second half of FY2022.

We remain optimistic about future growth opportunities in the Rail sector, as procurement activity in Network Rail's CP6 investment programme and future rail electrification programmes has progressed positively.

Whilst the year was heavily impacted by the COVID-19 pandemic, the financial result reflects the immediate actions which were taken to mitigate many of the challenges faced by the Group during this period.

We took appropriate measures to strengthen our balance sheet, including further reductions to outstanding hire purchase debt and maintained a stable cash position following the placing in April 2020. The Group also announced a refinancing of existing debt facilities in October 2020 and subsequently can access a debt facility of up to £11m, which remains undrawn.

The Group has also continued to make progress against its strategy which was announced at the end of FY2019. The senior leadership team has been strengthened further with the appointment of Andy Riggott as Group Commercial Director which has improved our commercial expertise, governance and risk management. We also recruited David Buckley to lead the Rail division, in anticipation of growth opportunities in the sector.

On 1 April 2021, we announced the acquisition of ScrewFast Foundations Limited for initial consideration of £1.7m, funded from existing cash resources, with deferred consideration of up to £2.0m payable over the next 2 years, an element of which is linked to performance. The acquisition will improve our market position and further diversify the Group's Specialist Piling services. In addition to the commercial opportunities that are created by the acquisition, we were pleased that the entire management team led by Dan Dye, Managing Director, joined the Van Elle Group. The integration of ScrewFast into the Group is progressing well.

Health and safety of our employees and contractors is a top priority for management, both in normal working environments, and also in respect of the ongoing COVID-19 pandemic. Unfortunately, a tragic accident occurred in January 2021, when one of our rigs suffered an unexpected failure when de-rigging, resulting in the fatality to a sub-contracted haulier. As part of our governance procedures, a comprehensive review of our health and safety systems and processes, including an independent external review, was performed in the year.

Efficiencies and cost reductions continue to be explored and in April 2021 a freehold property held by the Group in Norfolk was sold for £0.7m which was consistent with its book value. This followed the full co-location of all employees at our main site in Kirkby in Ashfield in FY2020.

Our focus on staff engagement and retention has continued throughout the year, following the appointment of a new human resources team in 2020. Delivery of our people strategy is ongoing and is starting to be reflected in retention rates and improved engagement survey results. We are also nearing the completion of the replacement of our HR system.

Our supplier payment performance has improved significantly over the period, and we are pleased to now sit within the upper quartile of industry league tables for payment of suppliers within agreed terms.

COVID-19 government assistance
As at 30 April 2021, the Group has no amounts owing to HMRC for liabilities which had been deferred under 'time to pay' arrangements.

The Group made claims of £1.7m under the government's Job Retention Scheme (JRS) during the year. With the recovery of activity levels in our core markets towards the end of the financial year, we are pleased to report that there were no employees furloughed at the year-end and no claims under the JRS have been made since the start of FY2022.

ESG
In late FY2021 the Group launched its ESG strategy. This work is starting to yield benefits in terms of employee engagement, delivery of social value projects around the UK and reduced carbon design and delivery innovations, where we are engaging with industry experts with the support of the Federation of Piling Specialists.

Strategic approach
We have made continued progress against the strategy, which was announced at the end of FY2019, and is summarised below:

Phase 1: Stabilising and improving performance
Simplifying the Group structure, improving leadership capability, strengthening commercial capability, cost reduction and efficiency improvements, safety and asset utilisation performance, and employee engagement activities.

Phase 2: Developing foundations for growth
Developing clear strategic plans for our core sectors of housing, infrastructure and regional construction, improving customer relationships and tendering activity, maximising our integrated solutions offering, broadening our range of products and services, and strengthening our balance sheet.

Phase 3: Establishing market leadership

Sustainable, profitable growth as the Group benefits from strategic actions taken in phases 1 and 2 and capitalises on opportunities presented by construction market recovery, with medium term objectives set in FY2020 being: revenue growth of 5-10% per annum, underlying operating margins of 7-8% and a return on capital employed of 15-20%.

During FY2021, the Group launched its updated Vision, Mission and Values and despite the challenges faced from the COVID-19 pandemic, we have continued to make progress against our strategic targets.

Key highlights include:

- The appointment of a Group Commercial Director which has strengthened commercial activities and improved governance and risk management.
- Reviewed investment in the rig fleet to ensure that capability is strengthened in high-demand sectors and under-utilised rigs are disposed of.
- Cost reduction through further rationalisation of the Group's property footprint. Following the full co-location of personnel at our main site in Kirkby in Ashfield in the prior year, our freehold property in Norfolk was sold during the fourth quarter.
- Our annual employee engagement survey reported increased scores across several indicators and is used to drive actions across the Group as we continue to focus on development and engagement of our employees.
- We have continued to reduce hire purchase debt, with all capital expenditure being funded from cash reserves. Hire purchased debt at the end of the year was £4.0m, down from £7.4m at the end of the last financial year. In addition, the refinancing of the Group's debt facilities was completed in October 2020, with an asset-based lending facility of up to £11m established, which remains undrawn.
- The acquisition of ScrewFast Foundations Limited in April 2021 broadens our market position in the highways, power and rail sectors and further diversifies the Group's Specialist Piling and modular foundation services. The acquisition provides the Group with a helical pile solution which complements Van Elle's existing breadth of capabilities, capturing more of the value chain.

Markets

COVID-19 had a significant impact across all market sectors in the financial year. Further market uncertainty caused by Brexit resulted in some additional volatility across our end markets, particularly General Piling which is more heavily exposed to the commercial building sector. Despite these challenges, the Group's markets continue to offer considerable long-term opportunity to support the delivery of our strategic objectives.

The Group operates in the following three market segments:

· **Residential** constitutes approximately 45% of Group revenues, including private and social housebuilding and larger residential developments.

The residential market was heavily impacted by the COVID-19 pandemic, with housebuilders closing all sites during the first national lockdown. The market subsequently recovered steadily, with activity levels returning to normal throughout the second half of the financial year. Customer demand in the final quarter was very strong, with the Housing division operating at near capacity levels.

The sector continues to offer growth opportunities, both in private housing and larger scale residential and retirement sectors. New housebuilding activity levels have proved resilient throughout the second half of the financial year and demand continues to be very strong. We are confident that our modular foundation system, Smartfoot, will continue to be popular with both traditional housebuilders and emerging modular housebuilders, due to the benefits of reduced time, certainty of supply and cost and much reduced on-site resource levels.

· **Infrastructure** includes highways, railways, coastal and flooding and power and energy segments, for all of which the Group has considerable experience and a strong track record.

In highways, the Group successfully delivered schemes under both local authority frameworks, Highways England's regional delivery programme and its Smart Motorway's programme during the year. The Group helped to deliver five separate Smart Motorway projects and through the acquisition of ScrewFast has extended its footprint and further consolidated its market leading position. Looking forward, Highways England's Smart Motorways Alliance, a 10-year collaborative partnership to deliver the future Smart Motorways work bank and for which we are bidding for a partnership role, is expected to support further progress in this sector.

The commencement of works on High Speed 2 offers considerable medium-term opportunities for the Group with several projects secured in the period and a targeted pipeline of current prospects valued at approximately £120m to the Group, albeit several are subject to delay at this early stage of the programme as construction delivery schedules are finalised.

The Group's activities in the Rail sector over the period have been mixed. In our Specialist Piling division, we commenced our 170th rail station project in the period, successfully delivering several high-profile station schemes for strategic customers on both Network Rail and regional transport authority funded schemes. On-track works, delivered through our Rail division, have remained subdued but we remain optimistic of a return to normal levels of revenue in H2 FY2022 and into FY2023 as we have greater clarity of CP6 work banks including new electrification schemes under-pinned by the Government's recently announced strategy to prioritise electrification projects and remove diesel-only trains by 2040. We have also continued to diversify our services which were previously heavily dependent on electrification programmes. During the period the Group has partly mitigated the impact of low Rail fleet utilisation by redeploying resources within the Group to ensure the retention of all key resources.

The Group is also developing positive market positions in the power sector where it regularly works on substation and power infrastructure projects across National Grid and regional distribution networks, again further strengthened by the ScrewFast acquisition.

· **Regional Construction** includes the general private and public sector building and developer-led markets across the UK.

The regional construction market has remained volatile and highly competitive as a result of COVID-19 and Brexit impacts on investment decisions and build programmes. Despite this we have continued to secure and deliver several good quality projects whilst also continuing to focus on contract execution and commercial improvement in our General Piling division which has supported further margin improvement compared to last year. Of particular note is the buoyancy in the industrial warehousing sector which continues to provide significant opportunities for the Group's expanded range of integrated services, including ground improvement and rigid inclusion techniques developed in FY2020 as well as its precast concrete piling operations which have operated at capacity since Q3 FY2021. Looking forward we anticipate the regional construction sector will remain competitive, but with improving activity levels as the market continues its recovery post COVID-19 and further capacity is taken by HS2 works.

Operating structure
Our operational Group structure has remained consistent and is reported in three segments. The acquisition of ScrewFast Foundations Limited is reported within the Specialist Piling and Rail segment, from April 2021.

- **General Piling**: open site; larger projects; key techniques being large diameter rotary and CFA piling as well as larger precast driven piling.

- **Specialist Piling and Rail**: restricted access; rail mounted capability; helical piling and steel modular foundations (trading as ScrewFast Foundations); smaller rigs and engineering techniques, including soil nails, anchors, mini-piling and ground stabilisation projects.

- **Ground Engineering Services**: modular foundation solutions (e.g. Smartfoot); ground improvement and geotechnical services (trading as Strata Geotechnics).

General Piling
Revenue contracted by 6.8% in the year to £27.3m (2020: £29.3m), representing 32% of Group revenues. The division suffered from the uncertainties in the markets for the reasons described above as well as the significant impacts of COVID-19.

As we experienced in 2020, challenging market conditions also resulted in lower utilisation of our large diameter rotary and CFA piling rigs which are the higher margin techniques in this division. A highly competitive commercial environment resulted in a weakened blended margin performance, albeit this was offset by the strengthened commercial capability and improved operational processes in the division.

Underlying operating profit for the division was £0.3m (2020 loss: £0.9m).

Specialist Piling and Rail
In the Specialist Piling division, revenue was 15.4% higher at £29.3m (2020: £25.4m), representing 35% of Group revenues. The division benefited from a strong performance in the infrastructure sector with a presence on five Smart Motorway projects and several rail station enhancements in the year. Particular highlights include the completion of our works on the M27 Smart Motorway for the Bam Morgan Sindall JV which involved four of our divisions in an integrated delivery approach, completion of the M6 Smart Motorways scheme for Kier at Stafford, and complex major works undertaken for Costain at Gatwick station.

A proportion of the increased revenue was delivered by drilling and grouting (ground stabilisation) activity from a more selective customer base with structured pricing strategy and improved margins.

The acquisition of ScrewFast will further complement both the Specialist Piling and Rail divisions with aligned capabilities delivering a broader range of techniques.

The Rail division endured a year of subdued revenues as a result of delayed workstreams on CP6 and the conclusion of major electrification programmes, but has retained its full skill set and made good progress diversifying its range of services and customer base. Highlights include a new South East reactive framework award and the delivery of the first rail interface schemes on the northern section of HS2, both with Balfour Beatty Rail. The division has also been involved in several station schemes in conjunction with the Specialist Piling division and has invested in expanding its ground investigation capabilities in conjunction with Strata Geotechnics, delivering several important projects during the year, reflecting the Group's strategy to target early involvement in key projects.

Underlying operating profit for the division increased to £1.0m (2020: £0.3m).

Ground Engineering Services
Revenues of £27.6m represented a 6.8% decrease on the prior year (2020: £29.6m), representing 33% of Group revenues.

Our housing division delivers integrated piling and Smartfoot foundation beam solutions to UK housebuilders. The impact of COVID-19 at the start of the financial year resulted the cessation of all housebuilding activity for several weeks. Despite the shortfall of activity during the first quarter, the market gradually recovered and, along with increased activity from our investment in Vibro rig capability in the previous year, the division remained profitable.

The housing sector is expected to move increasingly to modern methods of construction as the time and resource savings of modular foundations become better appreciated, and our expanded range of integrated services from early ground investigation, ground stabilisation and improvement followed by piling and foundations systems provides a strong model to support housebuilder customers.

Strata, our Geotechnical division, reported revenues of £4.7m (2020: £5.1m). As in the prior year, the blended margins were impacted by reduced pile testing volumes because of lower revenues in the General Piling division. Similar to the wider Group, the division has made good progress in the highways sector, including the first contracts delivered under the Highways England ground investigation framework and several projects in the rail sector and across HS2.

Underlying operating profit for the division remained consistent at £0.2m (2020: £0.2m).

Rig fleet
The market uncertainty caused by the COVID-19 pandemic resulted in immediate action being taken to minimise capital expenditure during the first half of the financial year. All capital spend during this period was restricted to sustaining operational activity only. As activity levels recovered during the second half of the financial year, certain divisions experienced an increase in workload with improving demand and a positive pipeline of future activity, resulting in some divisions operating at near capacity towards the end of the final quarter of the financial year. Where there is high confidence in a division's forward orders, and

forecast ROCE exceeds our medium-term strategic target of 15-20%, we have contracted to acquire new rigs either for growth opportunities or to replace ageing rigs which we dispose of. Total capital spend of £2.4m for new rigs was committed in the second half, with £1.4m paid from cash reserves before the year end. After low capital expenditure levels in the prior year and during the initial impact of COVID-19, we remain committed to owning and maintaining a market-leading modern rig fleet.

The total fleet size at the year end was 115, down from 118 last year, reflecting the capital spend noted above, 7 additional rigs added to the fleet from the acquisition of ScrewFast, offset by the disposal of several older or under-utilised rigs.

Summary and outlook
Further progress has been made in delivering the Group's strategy which is delivering positive impacts across many areas of the business including operational delivery, employee engagement, governance and risk management, and both commercial and financial performance.

The acquisition of ScrewFast on 1 April 2021, being the Group's first acquisition since IPO, has further strengthened the Group's position in the Specialist Piling and modular foundations segment, particularly across infrastructure growth markets. The integration of ScrewFast into the wider Group is progressing well as our teams work more closely together, providing greater opportunity for cross-selling our products and services.

The balance sheet remains strong with debt reduced further in the year, a stable cash position and an undrawn debt facility available. Capital expenditure and the initial consideration for the acquisition of ScrewFast has been funded from cash resources.

We look forward to further opportunities in the Smart Motorways sector and see continued growth in the Highways England wider RIS2 delivery programme. We are also encouraged by an increased level of tendering activity in the Rail division during 2021 including the anticipated investment in further electrification of the UK rail network.

The Group is experiencing some challenges from widely publicised supply chain issues, particularly with regard to cement, concrete, and steel pricing and availability. Raw material price increases are being adjusted in contract tenders, but contract margins could be impacted if the availability and price volatility continues. There has also been some impact on short term employee availability, where our people have been required to self-isolate by the NHS test and trace app.

Our core markets have seen a strong recovery in the final quarter of the financial year with all divisions, except Rail, operating at near capacity by the year end. This recovery in activity levels has continued into the first quarter of FY2022 with the Group trading profitably during this period. The Group also has a healthy order book and a growing pipeline of tendering activity.

We are optimistic that the current levels of demand will be sustained in FY2022 and, assuming the supply chain and labour challenges do not materially worsen, the Board anticipates trading for the full year to be in line with market expectations.

A further trading update will be issued for the Annual General Meeting, scheduled for 27 September 2021.

Mark Cutler
Chief Executive Officer
16 August 2021

CHIEF FINANCIAL OFFICER'S STATEMENT

FINANCIAL REVIEW

Revenue
Revenue in the year to 30 April 2021 was consistent with revenue reported for the preceding year. Continuing the experience of the final 6 weeks of the previous financial year, the first quarter of FY2021 was significantly impacted by the downturn in the wider construction market caused by COVID-19 restrictions. The decrease in H1 revenues and the increase in H2 revenues in comparison to the previous year reflects this impact.

	2021	2020	Change	**2021**	2020
	£'000	£'000	%	**%**	%
H1	**38,323**	48,524	(21.0)	**45.4**	57.5
H2	**46,045**	35,849	28.4	**54.6**	42.5
Revenue	**84,368**	84,373	-	**100.0**	100.0

Throughout H1 there was a gradual recovery in contract activity with revenues recovered to pre-COVID levels by the end of H1. Further national lockdowns announced in November 2020 and January 2021 had a less significant impact on the Group and its markets as construction activity was able to continue with adapted operating procedures in accordance with government and industry guidance. Infrastructure and housebuilding markets continued to recover during H2 as a result and the Group's activity levels, subject to normal seasonal patterns, continued to recover with revenues in the fourth quarter returning to pre-COVID levels.

The Group tracks enquiry levels by market sector, which helps to identify trends and target our activities into growth areas. The mix of revenue by end markets is shown below:

	2021	2020	Change	**2021**	2020
	£'000	£'000	%	**%**	%
Residential	**37,296**	41,301	(9.7)	**44.2**	49.0
Infrastructure	**28,464**	23,974	18.7	**33.7**	28.4
Regional construction	**18,481**	18,728	(1.3)	**21.9**	22.2

Other	**127**	370	(65.7)	**0.2**	0.4
Revenue	**84,368**	84,373	-	**100.0**	100.0

The residential sector was impacted the most by COVID-19 restrictions with many sites closed in the later part of the preceding year and into Q1. In particular, extended site closures in Scotland, where the Group has a significant presence, impacted revenues. Despite this, the residential sector continues to lead the Group's revenues. A steady recovery in this market following the first lockdown meant operational teams operated at close to capacity throughout Q2 and through much of H2.

The infrastructure sector showed a steady recovery following the first lockdown in Q1. Whilst Rail activity remained subdued due to delays in Network Rail's CP6 programme the Group successfully delivered several significant highways projects during the year resulting in the increased revenues in this sector. The Group's Rail resources were effectively reallocated during the year to support this growth.

The Group continued to see high levels of competition and pricing pressure in the regional construction sector resulting in slightly reduced revenues. Several good quality projects in this sector were delivered during the year and the Group improved its execution compared to last year.

The mix of revenue by our divisions is shown below:

	2021 £'000	2020 £'000	Change %	**2021 %**	2020 %
General Piling	**27,340**	29,314	(6.7)	**32.4**	34.7
Specialist Piling and Rail	**29,345**	25,359	15.7	**34.8**	30.1
Ground Engineering Services	**27,596**	29,565	(6.7)	**32.7**	35.0
Head Office	**87**	135	(35.6)	**0.1**	0.2
Revenue	**84,368**	84,373	-	**100.0**	100.0

Specialist Piling showed the strongest recovery since the first COVID-19 lockdown with operational teams working at close to full capacity consistently since the end of Q1. The division benefited from strong, post COVID recovery in the highways and residential sectors. On 1 April 2021, the Group acquired ScrewFast Foundations Limited which contributed revenues of £1.0m in the final month of the financial year. ScrewFast forms part of the Group's Specialist Piling division.

General Piling was impacted by increased competition in the regional construction sector whilst Ground Engineering Services was significantly impacted by COVID restrictions in the residential sector in Q1.

Head office revenues relate to the provision of training services delivered through the dedicated training facility located at Kirkby-in-Ashfield.

Gross profit
The gross margin of the Group decreased to 26.1% (2020: 26.8%) mainly due to an adverse sales mix, with higher margin activities in rail subdued in the year. A small number of contracts suffered operational challenges during the year also impacting overall gross margin rates.

Gross margin was not significantly impacted by COVID-19 as the Group responded quickly, reducing costs in line with the downturn in activity. The Group utilised the government's job retention scheme during the year.

Operating profit
The impact of COVID-19, particularly in Q1 of the financial year and the reduction in gross margins impacted overhead recovery resulting in an underlying operating loss for the year of £0.6m (2020 underlying operating loss: £0.3m). The reported operating loss reduced by £0.8m to £0.8m in the year as one-off asset impairments and exceptional redundancy costs recognised in the previous financial year were not repeated. Reported operating margin increased to -0.9% (2020: -1.9%) and our underlying operating margin decreased to -0.7% (2020: -0.3%).

	2021 £'000	2020 £'000	Change %
Operating loss	**(801)**	(1,609)	50.2
Operating margin	**(0.9)%**	(1.9)%	1.0
Underlying operating loss	**(553)**	(257)	(115.2)
Underlying operating margin	**(0.7)%**	(0.3)%	(0.4)

Alternative performance measures
In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group and comparability from one year to the next.

The Board believes that the underlying performance measures for operating profit, profit before tax and EPS, stated before the deduction of non-underlying items give a clearer indication of the actual performance of the business.

During the year, total non-underlying items of £0.2m were incurred, principally in respect of the fees associated with the acquisition of ScrewFast Foundations Limited on 1 April 2021 and share-based payment costs.

Net finance costs
Net finance costs were £598,000 (2020: £630,000). The decrease in finance costs reflects the reducing financial liabilities as hire purchase contracts reach their term. HP agreements are typically at fixed rates of interest and over a five-year term.

Taxation
The Group had a taxable loss in the financial year ending 30 April 2021. The tax charge of £13,000 arises as a result of an increase in deferred tax liabilities relating to fixed asset timing differences arising from

accelerated capital allowances of £896,000, offset by an adjustment in respect of the amount of prior year tax losses that were utilised through carrying back claims against previous year tax charges of £554,000 and the creation of a deferred tax asset in respect of trading losses to the extent that they are expected to be utilised in the next 12 months of £329,000.

Dividends
The period of disruption caused by COVID-19 and the resulting need to manage cash resources has resulted in no dividend being paid to shareholders during the year. No final dividend is also proposed in respect of the current financial year.

The Board recognises the importance of dividends to shareholders and the creation of shareholder value and expects to reinstate an appropriate and meaningful dividend in the next financial year as market recovery is expected to continue.

Earnings per share

The underlying basic earnings per share was -1.1p (2020: -1.5p), based on an underlying loss of £1,164,000 (2020: underlying loss £1,227,000). Reported basic earnings per share was 1.3p (2020: 3.0p).

Balance sheet

	2021 **£'000**	2020 £'000
Fixed assets (including intangible assets)	**42,835**	40,912
Net working capital	**6,930**	4,439
Net funds/(debt)	**(1,711)**	852
Deferred consideration	**(1,521)**	-
Taxation and provisions	**(2,548)**	(959)
Net assets	**43,985**	45,244

Note: net working capital and taxation and provisions are stated net of claim liabilities and associated insurance assets

The Group's net assets reduced by £1.2m to £44.0m (2020: £45.2m) in the year as a result of the reported loss.

The Group reduced its investment in fixed assets during the year to £2.1m (2020: £3.7m) given the need to manage cash resources in a period of recovery. Rig purchases were restricted to the Specialist Piling and Ground Engineering Services divisions where post COVID-19 recovery has been strongest and there are further opportunities for future revenue growth.

On 1 April 2021 the Group acquired 100% of ScrewFast Foundations Limited, a specialist helical pile design, fabrication and installation business for an initial consideration of £1,760,000 plus £780,000 payable on 31 August 2023 and up to a further £65,000 payable on 31 August 2022 and up to £1,110,000 payable on 31 August 2023 subject to future performance. The fair value of the net assets acquired was £897,000, including £980,000 of cash. The total consideration payable, net of cash acquired, and discounting of the deferred consideration is estimated at £2,297,000. Goodwill of £2,380,000 has been recognised on the acquisition. Since 1 April 2021 ScrewFast has contributed revenues of £1.0m and profit of £0.1m to the Group.

During the year the Group sold the property at Dereham after vacating the property in the previous financial year due to consolidation of the Group's operations into a single site at Kirkby-in Ashfield.

Working capital increased to £6.9m (2020: £3.8m), reverting to normalised levels following the reduction in working capital at the end of the previous financial year due to low levels of activity during April 2020 due to the first COVID-19 lockdown.

ROCE improved in the period to -1.8% at 30 April 2021 (2020: -3.6%), reflecting the impact of the lower operating loss.

Net funds

	2021 **£'000**	2020 £'000
Bank loans	**(812)**	-
Lease liabilities	**(9,417)**	(11,336)
Total borrowings	**(10,229)**	(11,336)
Cash and cash equivalents	**8,518**	12,188
Net (debt)/funds	**(1,711)**	852
Net funds excluding IFRS 16 property and vehicle lease liabilities	**3,704**	4,811

Net funds decreased by £2.6m to a net debt position of £1.7m as at 30 April 2021.

Cash has reduced during the year primarily due to the need to reinvest in working capital following the working capital reduction immediately prior to the previous year end due to significantly reduced activity amid the first COVID-19 lockdown.

The total value of debt has reduced during the year despite £1.2m of debt (£0.8m of loans and £0.4m of HP finance) being acquired on the acquisition of ScrewFast as the Group continues to pay down existing HP debt finance.

Cash has reduced during the year primarily due to the need to reinvest in working capital following the working capital reduction immediately prior to the previous year end due to significantly reduced activity amid the first COVID-19 lockdown.

The net debt position as at 30 April 2021 is stated after £5.4m of IFRS 16 property and lease liabilities. Excluding these liabilities, the Group reports a net funds position of £3.7m (2020: £4.8m). The increase in IFRS16 property and vehicle lease liabilities in the current year reflects the renewal of the Group's van fleet, the roll out of which commenced in Q4 of FY2021 and is on a long-term hire basis over a maximum period of 4 years.

In October 2020 the Group secured up to £11m of asset backed lending facilities on a revolving basis over 4 years secured against the Group's receivables and certain tangible assets. There are no financial covenants associated with the facilities and they remain undrawn to date. The undrawn overdraft facility with Lloyds Banking Group of £2.5m came to an end in October 2020 when the asset-backed lending facilities were established.

Cash flow

	2021 £'000	2020 £'000
Operating cash flows before working capital	**4,059**	4,627
Working capital movements	**(3,286)**	3,486
Cash generated from operations	**773**	8,113
Income tax received/(paid)	**1,408**	(679)
Net cash generated from operating activities	**2,181**	7,434
Investing activities	**(1,316)**	(2,324)
Financing activities	**(4,535)**	(919)
Net decrease/increase in cash	**(3,670)**	4,191

The Group received corporation tax refunds during the year amounting to £1.4m as a result of the recovery of payments on account made in the year ended 30 April 2020 and the utilisation of trading losses from the year ended 30 April 2020 carried back to previous periods. During the year all deferred VAT liabilities and time to pay arrangements made during the period of disruption caused by COVID-19 were settled with HMRC.

The Group continues to prioritise cash generation and the active management of working capital.

Graeme Campbell
Chief Financial Officer
16 August 2021

Consolidated statement of comprehensive income

For the year ended 30 April 2021

	2021 £'000	2020 £'000
Revenue	**84,368**	84,373
Cost of sales	**(62,365)**	(61,794)
Gross profit	**22,003**	22,579
Administrative expenses	**(23,320)**	(25,131)
Credit loss impairment charge	**(81)**	(299)
Other operating income	**597**	1,242
Operating loss	**(801)**	(1,609)
Operating loss before share-based payments and other non-underlying items	**(553)**	(257)
Share-based payments	**(153)**	(116)
Other non-underlying items	**(95)**	(1,236)
Operating loss	**(801)**	(1,609)
Finance expense	**(607)**	(654)
Finance income	**9**	24
Loss before tax	**(1,399)**	(2,239)
Income tax expense	**(13)**	(216)
Loss after tax and total comprehensive loss for the year attributable to shareholders of the parent	**(1,412)**	(2,455)
Earnings per share (pence)		
Basic	**(1.3)**	(3.0)
Diluted	**(1.3)**	(3.0)

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

Consolidated statement of financial position

As at 30 April 2021

	2021 £'000	2020 £'000

Non-current assets		
Property, plant and equipment	**38,243**	38,566
Investment property	**820**	829
Intangible assets	**3,772**	1,517
	42,835	40,912
Current assets		
Inventories	**3,022**	2,702
Trade and other receivables	**32,038**	12,633
Corporation tax receivable	**84**	854
Cash and cash equivalents	**8,518**	12,188
Assets classified as held for sale	**-**	683
	43,662	29,060
Total assets	**86,497**	69,972
Current liabilities		
Trade and other payables	**20,833**	11,579
Loans and borrowings	**230**	-
Lease liabilities	**3,110**	3,875
Provisions	**7,635**	241
	31,808	15,695
Non-current liabilities		
Loans and borrowings	**582**	-
Deferred consideration	**1,521**	-
Lease liabilities	**6,307**	7,461
Deferred tax	**2,294**	1,572
	10,704	9,033
Total liabilities	**42,512**	24,728
Net assets	**43,985**	45,244
Equity		
Share capital	**2,133**	2,133
Share premium	**8,633**	8,633
Other reserve	**5,807**	5,807
Retained earnings	**27,412**	28,681
Total equity	**43,985**	45,244

Consolidated statement of cash flows

For the year ended 30 April 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Cash generated from operations	**773**	8,133
Income tax received/(paid)	**1,408**	(679)
Net cash generated from operating activities	**2,181**	7,434
Cash flows from investing activities		
Purchases of property, plant and equipment	**(2,135)**	(2,373)
Disposal of property, plant and equipment	**899**	467
Disposal of assets held for sale	**700**	-
Acquisition of subsidiary, net of cash acquired	**(780)**	-
Purchases of intangibles	**-**	(418)
Net cash absorbed in investing activities	**(1,316)**	(2,324)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**-**	6,666
Share issue transaction costs	**-**	(326)
Repayment of bank borrowings	**(12)**	(975)
Repayments of Invest to Grow loan	**-**	(15)
Principal paid on lease liabilities	**(3,930)**	(4,839)
Interest paid on lease liabilities	**(553)**	(612)
Interest paid on loans and borrowings	**(49)**	(42)

Interest received	**9**	24
Dividends paid	**-**	(800)
Net cash absorbed in financing activities	**(4,535)**	(919)
Net increase/(decrease) in cash and cash equivalents	**(3,670)**	4,191
Cash and cash equivalents at beginning of year	**12,188**	7,997
Cash and cash equivalents at end of year	**8,518**	12,188

Consolidated statement of changes in equity

For the year ended 30 April 2021

	Share Capital £'000	Share premium £'000	Other reserve £'000	Non-controlling interest £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2019	1,600	8,633	-	18	31,810	42,061
Total comprehensive income	-	-	-	-	(2,455)	(2,455)
Share-based payment expense	-	-	-	-	116	116
Total changes in equity	-	-	-	-	(2,339)	(2,339)
Dividends paid	-	-	-	-	(800)	(800)
Issue of share capital	533	-	6,133	-	-	6,666
Write-off of non-controlling interest	-	-	-	(18)	-	(18)
Share issue costs	-	-	(326)	-	-	(326)
Balance at 30 April 2020	2,133	8,633	5,807	-	28,671	45,244
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,412)**	**(1,412)**
Share-based payment expense	**-**	**-**	**-**	**-**	**153**	**153**
Total changes in equity	**-**	**-**	**-**	**-**	**(1,259)**	**(1,259)**
Balance at 30 April 2021	**2,133**	**8,633**	**5,807**	**-**	**27,412**	**43,985**

1. Basis of preparation

The consolidated financial statements and announcement of Van Elle Holdings plc for the year ended 30 April 2021 were authorised for issue by the Board of Directors on 16 August 2021.

The financial information included within this announcement does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006 (the "Act"). The financial information for the year ended 30 April 2021 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued.

The statutory accounts for the year ended 30 April 2021 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The Group financial statements have been prepared in accordance with International Accounting standards in conformity with the requirements of the Companies Act 2006.The Group financial statements have been prepared on the going concern basis and adopting the historical cost convention.

Adoption of new and revised standards
During the year, the Group has adopted the following new and revised Standards and Interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

· Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020);
· Amendments to IFRS 3 Business Combinations - Definition of a Business (effective 1 January 2020);
· Definition of Material - Amendments to IAS 1 and IAS 8 (effective 1 January 2020);
· Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (effective 1 January 2020);
· COVID-19-related Rent Concessions - Amendment to IFRS 16 Leases (effective 1 June 2020);

New standards, interpretations and amendments not yet effective
The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:
· Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective 1 January 2022*);
· Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and
· Contingent Assets (effective 1 January 2022); and
· Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 1; IFRS 9; Illustrative Examples Accompanying IFRS 16; and IAS 41 (effective 1 January 2022).

* Note that the IASB has voted to propose a one-year deferral of the effective date to 1 January 2023.

2. Segment information

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as goodwill impairment, and the effects of share-based payments. 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. Loans and borrowings, insurances and head office central services costs are allocated to the segments based on levels of turnover. All turnover and operations are based in the UK.

Operating segments - 30 April 2021

	General Piling £'000	Specialist Piling and Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	**27,340**	**29,345**	**27,596**	**87**	**84,368**
Other operating income	**-**	**-**	**-**	**597**	**597**
Underlying operating profit/(loss)	**295**	**1,035**	**247**	**(2,130)**	**(553)**
Share-based payments	**-**	**-**	**-**	**(153)**	**(153)**
Other non-underlying items	**-**	**-**	**-**	**(95)**	**(95)**
Operating profit	**295**	**1,035**	**247**	**(2,378)**	**(801)**
Finance expense	**-**	**-**	**-**	**(607)**	**(607)**
Finance income	**-**	**-**	**-**	**9**	**9**
Profit before tax	**295**	**1,035**	**247**	**(2,976)**	**(1,399)**
Assets					
Property, plant and equipment	**8,496**	**12,405**	**8,031**	**9,311**	**38,243**
Intangible assets	**26**	**3,476**	**262**	**8**	**3,772**
Inventories	**984**	**1,208**	**810**	**20**	**3,022**
Reportable segment assets	**9,506**	**17,089**	**9,103**	**9,339**	**45,037**
Investment property	**-**	**-**	**-**	**820**	**820**
Trade and other receivables	**-**	**-**	**-**	**32,122**	**32,122**
Cash and cash equivalents	**-**	**-**	**-**	**8,518**	**8,518**
Total assets	**9,506**	**17,089**	**9,103**	**50,799**	**86,497**
Liabilities					
Trade and other payables	**-**	**-**	**-**	**20,833**	**20,833**
Provisions	**-**	**-**	**-**	**7,635**	**7,635**
Loans & borrowings	**-**	**-**	**-**	**812**	**812**
Deferred consideration	**-**	**-**	**-**	**1,521**	**1,521**
Lease liabilities	**-**	**-**	**-**	**9,417**	**9,417**
Deferred tax	**-**	**-**	**-**	**2,294**	**2,294**
Total liabilities	**-**	**-**	**-**	**42,512**	**42,512**
Other information					
Capital expenditure	**96**	**1,154**	**2,231**	**203**	**3,685**
Depreciation/amortisation	**1,152**	**1,601**	**1,137**	**1,087**	**4,978**

Operating segments - 30 April 2020

	General Piling £'000	Specialist Piling and Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	29,314	25,359	29,565	135	84,373
Other operating income	-	-	-	1,242	1,242
Underlying operating profit	(897)	334	240	66	(257)
Share-based payments	-	-	-	(116)	(116)
Other non-underlying items	(1,101)	-	-	(135)	(1,236)
Operating profit	(1,998)	334	240	(185)	(1,609)
Finance expense	-	-	-	(654)	(654)
Finance income	-	-	-	24	24
Profit before tax	(1,998)	334	240	(815)	(2,239)
Assets					
Property, plant and equipment	9,180	11,577	7,538	10,271	38,566
Intangible assets	32	1,160	290	35	1,517

Inventories	1,269	644	779	10	2,702
Reportable segment assets	10,481	13,381	8,607	10,316	42,785
Investment property	-	-	-	829	829
Trade and other receivables	-	-	-	13,487	13,487
Cash and cash equivalents	-	-	-	12,188	12,188
Assets classified as held for sale	-	-	-	683	683
Total assets	10,481	13,381	8,607	37,503	69,972
Liabilities					
Trade and other payables	-	-	-	11,579	11,579
Provisions	-	-	-	241	241
Lease liabilities	-	-	-	11,336	11,336
Deferred tax	-	-	-	1,572	1,572
Total liabilities	-	-	-	24,728	24,728
Other information					
Capital expenditure	137	835	2,645	149	3,766
Depreciation/amortisation	1,141	1,612	830	1,039	4,622

There are no individual customers accounting for more than 10% of Group revenue in the current or preceding year. All revenue is generated in the UK.

3. Revenue from contracts with customers

Disaggregation of revenue - 30 April 2021

End market	General Piling £'000	Specialist Piling and Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	**8,009**	**6,275**	**23,012**	**-**	**37,296**
Infrastructure	**6,765**	**19,302**	**2,396**	**-**	**28,464**
Regional construction	**12,602**	**3,768**	**2,112**	**-**	**18,481**
Other	**37**	**-**	**3**	**87**	**127**
Total	**27,413**	**29,345**	**27,523**	**87**	**84,368**

Head office revenue relates to revenue generated from the provision of training services.

Disaggregation of revenue - 30 April 2020

End market	General Piling £'000	Specialist Piling and Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	13,677	2,523	25,101	-	41,301
Infrastructure	2,215	19,088	2,671	-	23,974
Regional construction	13,292	3,645	1,791	-	18,728
Other	130	103	2	135	370
Total	29,314	25,359	29,565	135	84,373

4. Other non-underlying items

	2021 £'000	2020 £'000
Exceptional costs	**95**	652
Impairment of property	**-**	486
Impairment of goodwill	**-**	1,101
Research and development expenditure credit relating to prior years	**-**	(1,003)
	95	1,236

Current year exceptional costs relate to the acquisition costs for the purchase of ScrewFast Foundations Limited on 1 April 2021. Prior year exceptional costs relate to restructuring including redundancy and CEO compensation as the Group made the final changes to the operating divisions, the streamlining of which began in 2018, and costs incurred in the resolution of the technical compliance irregularity concerning the final dividend for the year ended 30 April 2019.

The Group vacated the site located at Pinxton during the prior financial year and sub-let the site to a third party. The valuation of the site undertaken to establish rental values indicated impairment of the property. An impairment loss of £486,000 was recognised in respect of this investment property.

The goodwill allocated to the General Piling division was impaired by £1,101,000 in the prior year and was considered to be non-underlying.

Prior year income in respect of a research and development expenditure credit claim relating to financial years ending 2018 and 2019 was considered to be non-underlying as it related to previous financial years.

5. Income tax expense

	2021 £'000	2020 £'000
Current tax (credit)/expense		
Current tax on profits for the year	**-**	-
Adjustment for over provision in the prior period	**(554)**	(59)
Total current tax credit	**(554)**	(59)
Deferred tax expense		
Origination and reversal of temporary differences	**282**	195
Adjustment for over provision in the prior period	**285**	(66)
Effect of decreased tax rate on opening balance	**-**	146
Total deferred tax expense	**567**	275
Income tax expense	**13**	216

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2021 £'000	2020 £'000
Loss before income taxes	**(1,399)**	(2,239)
Tax using the standard corporation tax rate of 19% (2020: 19%)	**(266)**	(425)
Adjustments for over provision in previous periods	**(269)**	(125)
Expenses not deductible for tax purposes	**121**	223
Income not taxable	**(39)**	(195)
Unused tax losses for which no deferred tax asset has been recognised	**466**	592
Tax rate changes	**-**	146
Total income tax expense	**13**	216

During the year ended 30 April 2021, corporation tax has been calculated at 19% of estimated assessable profit for the year (2020: 19%).

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 30 April 2021 continue to be measured at 19%.

6. Dividends

	2021 £'000	2020 £'000
Final dividend - year ended 2020		
Nil per ordinary share paid during the year (2020: 1.0p)	**-**	800
Interim dividend - year ended 2021		
Nil per ordinary share paid during the year (2020: Nil)	**-**	-
	-	800

No final dividend is proposed for the year ended 30 April 2021.

7. Earnings per share

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

	2021 £'000	2020 £'000
Basic weighted average number of shares	**106,667**	81,534

	£'000	£'000
Loss for the year	**(1,412)**	(2,455)
Add back/(deduct):		
Share-based payments	**153**	116
Other non-underlying items	**95**	1,236
Tax effect of the above	**-**	(124)
Underlying loss for the year	**(1,164)**	(1,227)

	Pence	Pence
Earnings per share		
Basic	**(1.3)**	(3.0)
Diluted	**(1.3)**	(3.0)
Basic - excluding share-based payments and other non-underlying items	**(1.1)**	(1.5)
Diluted - excluding share-based payments and other non-underlying items	**(1.1)**	(1.5)

There is no dilutive effect of the share options given the loss in the current year and as in the previous year the performance conditions remain unsatisfied or the share price was below the exercise price.

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 106,666,650 ordinary shares (2020: 81,534,246), being the weighted average number of ordinary shares.

The underlying earnings per share is based on profit adjusted for share-based payment charges and other non-underlying items, net of tax, and on the same weighted average number of shares used in the basic earnings per share calculation above. The Directors consider that this measure provides an additional indicator of the underlying performance of the Group.

8. Cash generated from operations

	2021 £'000	2020 £'000
Operating profit	**(801)**	(1,609)
Adjustments for:		
Depreciation of property, plant and equipment	**4,844**	4,533
Amortisation of intangible assets	**125**	89
Impairment of investment property	**9**	486
Impairment of assets available for sale	**-**	36
Impairment of goodwill	**-**	1,101
Profit on disposal of property, plant and equipment	**(272)**	(107)
Write off of non-controlling interest	**-**	(18)
Share-based payment expense	**153**	116
Operating cash flows before movement in working capital	**4,058**	4,627
Decrease/(increase) in inventories	**869**	180
Decrease in trade and other receivables	**(10,688)**	7,925
Decrease in trade and other payables	**6,437**	(4,624)
Increase/(decrease) in provisions	**97**	5
Cash generated from operations	**773**	8,113

9. Analysis of cash and cash equivalents and reconciliation to net debt

	2020 £'000	Cash flows £'000	Non-cash flows £'000	**2021 £'000**
Cash at bank	12,151	(3,671)	-	**8,480**
Cash in hand	37	1	-	**38**
Cash and cash equivalents	12,188	(3,670)	-	**8,518**
Loans and borrowings	-	-	(812)	**(812)**
Lease liabilities	(11,336)	4,483	(2,564)	**(9,417)**
Net debt including IFRS 16 lease liabilities	852	813	(3,376)	**(1,711)**

Cash flows in respect of lease liabilities include interest paid on leases of £553,000 (2020: £612,000) and principal paid of £3,930,000 (2020: £4,839,000).

Non-cash flows in respect of loans and borrowings relates to liabilities introduced on acquisition of ScrewFast Foundations Limited.

Non-cash flows in respect of lease liabilities include the purchase of £1,535,000 (2020: £975,000) of fixed assets on lease, £476,000 (2020: Nil) introduced on the acquisition of ScrewFast Foundations Limited and interest expense of £553,000 (2020: £612,000).