

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

**Interim Results for the six months ended 31 October 2022**  
**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 2022 (the 'Period').

<b>£m</b>	<b>6 months ended 31 Oct 2022</b>	<b>6 months ended 31 Oct 2021</b>
Revenue	<b>80.8</b>	60.1
EBITDA <sup>1</sup>	<b>6.4</b>	4.8
Operating profit	<b>3.5</b>	2.3
Profit before taxation	<b>3.3</b>	1.9
Basic earnings per share (p)	<b>2.6</b>	1.4
ROCE <sup>2</sup>	<b>11.2%</b>	4.4%
Net debt	<b>(2.5)</b>	(2.0)
Net funds (excluding IFRS 16 property and vehicle lease liabilities)	<b>3.5</b>	3.5
Interim dividend per share (p)	<b>0.4</b>	-

<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 in the current or comparative Period.

**Period highlights**

- Record half year revenue with operating profit significantly ahead of the prior year
- All divisions operated with high activity levels throughout the Period
- Rail business delivered major electrification programmes under framework agreements, seeing continuation of strong activity levels
- Balance sheet remains strong with a net funds position at the Period end (excl. IFRS 16 property and vehicle lease liabilities), retaining significant liquidity headroom
- Healthy order book at 31 December 2022 of £38.3m (31 October 2022: £49.0m) excluding frameworks
- Secured framework agreements are expected to contribute materially to FY24 and beyond, with estimated annual revenues over the medium-term in the range of £30m-40m (subject to allocation of workload)
- Interim dividend declared of 0.4 pence per share following a reinstatement of dividend distributions at the time of the 2022 Final Results

**Outlook**

- The Group has continued to trade in line with management's expectations since the Period end
- The housing sector is expected to deliver lower volumes in the short-term, however, Van Elle's Infrastructure and Construction markets remain healthy and typically deliver an improved margin mix
- Secured frameworks provide much improved work visibility through to FY25
- The Board remains confident in achieving market expectations for the full year<sup>1</sup>

<sup>1</sup> *Company compiled analyst consensus for FY2023 underlying profit before tax is £5.3m with a range of £5.2m - £5.4m*

**Mark Cutler, Chief Executive, commented:** "Strong trading momentum was sustained throughout the Period despite a challenging macro environment. All divisions operated at high activity levels throughout, with significantly increased revenues delivered in Housing and General Piling, Rail activity in line with expectations and the Group as a whole reporting record revenues.

"The Group is benefitting from improved future work visibility, primarily due to being appointed to several strategic frameworks in highways and rail, all of which require an integrated delivery approach across our specialist capabilities.

"Market conditions in the short term, especially in respect of new build housing, are expected to be more

challenging, however Van Elle is well positioned to benefit from opportunities across its breadth of end markets and diverse customer base. The Board therefore remains confident in the delivery of our medium-term strategy, and in achieving market expectations for the full year."

### **Analyst Briefing: 9.30am on Wednesday 25 January 2023**

A 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 25 January 2023**

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:**

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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 Rail, and Ground Engineering Services; 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 and Rail 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 over 120 rigs.

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

### **Van Elle Holdings plc - Interim Report to 31 October 2022**

#### **Results overview**

Strong trading momentum was sustained throughout the Period despite a challenging macro environment. All divisions operated at high activity levels throughout, with significantly increased revenues delivered in Housing and General Piling, with the Group as a whole reporting record revenues.

Half year revenues of £80.8m were 35% ahead of the prior period (H1 FY2022: £60.1m).

The housebuilding market delivered strong demand, resulting in very high activity levels throughout the Period. Infrastructure and general construction markets also continued to show good growth, with improving order levels and contract activity.

The supply chain disruption which impacted the Group's results over recent reporting periods has eased, with improved stability of input prices and better availability of raw materials. However, inflationary pressures have continued to adversely affect the cost base, particularly through wage, utilities and fuel cost increases. These cost increases are mitigated through contract price mechanisms as far as possible, however, in some cases there is a lag in recovery.

A shortage of skilled labour in the construction sector has continued to present a challenge, particularly due to the increased capacity requirement to support the Group's revenue growth. Skilled construction employees remain in high demand across the UK, with the industry affected by significant numbers of operational staff still needed to meet the requirements of HS2. The Group has maintained a high focus on both recruitment and retention of employees, and the directly employed workforce increased to 659 from 630 during the Period.

The Group delivered a materially improved operating profit of £3.5m (H1 FY2022: £2.3m), with basic

earnings per share increasing by 85% to 2.6p (H1 FY2022: 1.4p).

Net funds (excluding IFRS 16 property and vehicle lease liabilities) decreased from £5.9m as at 30 April 2022, to £3.5m at the end of the Period. This reflects an increase in working capital of £3.9m, primarily due to the impact of higher trading activity, and increased capital expenditure. Net capital expenditure of £3.5m represents an increased investment in the rig fleet following below average capital spend over the preceding three years. The Group paid the 2022 final dividend of £1.1m in the Period.

The Group maintains a strong balance sheet with a healthy cash balance and significant liquidity headroom against its £11.0m funding facility. During the Period, £3.0m of the asset-backed lending facility was drawn to support working capital growth and capital investment. In addition, £1.5m of new hire purchase finance was arranged on a variable interest rate basis, with no early repayment charges. The Group continues to maintain modest levels of debt (excluding IFRS 16 lease liabilities) and remains well within its target leverage threshold of less than 1.5x EBITDA. Total hire purchase finance at the end of the Period was £2.0m.

The Group's order book at 31 December 2022 decreased to £38.3m (31 October 2022: £49.0m) in line with expectations due to the quieter winter trading period.

### Market overview

All of the Group's core markets performed strongly, and ahead of pre-pandemic levels. The impact and challenges associated with Covid have largely dissipated, although the economic uncertainty has started to present new considerations which are expected to impact certain end markets in the near term, however it is too early to quantify these at this stage.

The Group operates in the following three market segments:

- **Residential** constitutes approximately 38% of Group revenues in the Period (43% in H1 FY2022). Although revenue increased by 20%, it represented a lower percentage of overall revenues in the Period. 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.

Since the housebuilding market recovered following the severe impact on the sector from Covid lockdowns in 2020, customer activity, and demand for the Smartfoot system has been very strong.

The impact of increasing interest and mortgage rates is likely to slow new build starts and will result in a reduction in activity levels. The Group operates across a diverse range of customers and geographies in the housebuilding sector, and this should provide some protection against reduced volumes in regional areas or specific housebuilding segments (private, affordable homes, or social housing). The Board remains confident that Van Elle's unique range of geotechnical solutions for housebuilders will continue to prove popular with both traditional housebuilders and emerging modular housebuilders when markets recover.

- **Infrastructure** constitutes approximately 39% of Group revenues in the Period (36% in H1 FY2022) and includes specialist ground engineering services to the rail, highways, energy, coastal, flood and utility sectors. Revenue increased by 45% year-on-year.

In the highways sector, projects continued to be delivered under local authority and National Highways frameworks. In the second half of FY2022, the Group was appointed to the 10-year Smart Motorways Programme Alliance (SMPA) framework and a major 5-6 year programme to construct additional emergency refuge areas will commence construction in early FY2024.

In the rail sector, major electrification programmes in south Wales and the east Midlands are ongoing and are expected to provide a core workload for future trading. The Group has also been appointed as a framework partner to the TransPennine Route Upgrade (TRU) programme. Activity levels in the rail sector have continued strongly as CP6 enters the final year before the planning phase of CP7 commences in 2024. International opportunities in rail are also being developed further to provide some protection against the cyclical nature of the UK's rail activities.

HS2 continues to offer considerable medium-term opportunities, where Van Elle anticipates its services will be used by main contractors to provide additional capacity for the high workloads required to meet the project deadlines.

In the energy sector, two major contracts were awarded during 2022, the most recent of which is valued at £13m and work commenced on site in December, with delivery expected within this financial year. Further activity has been completed through the Specialist Piling division in the high voltage power sector where further growth is anticipated in FY2024.

- **Regional Construction** constitutes approximately 22% of Group revenues (21% in H1 FY2022) and has seen revenue growth of 47%, primarily driven by industrial and logistics warehouse projects for private customers across the UK, and larger commercial projects in central London, delivered substantially by the General Piling division. The Group delivers a full range of piling services, but the growth of our ground improvement capabilities has assisted in accessing a wider range of attractive projects in the industrial sector.

The regional construction market was very strong in the Period although the market has remained relatively competitive and, as a result, price sensitive.

### 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 increased by 62% in the Period to £29.3m (H1 FY2022: £18.1m), representing 36% of Group revenues.

Market conditions remained competitive throughout the Period, with price-sensitive tendering continuing to be a key factor in work winning. However, the division made further progress in developing strong customer relationships and delivered high-quality contract works utilising significant technical capabilities. The growth in the Period was assisted by the completion of several major projects across the UK, using the Group's rotary, CFA, precast driven and rigid inclusion capabilities.

Despite ongoing inflationary pressures (particularly fuel, raw materials and wages), the increase in activity levels resulted in a significantly improved operating profit of £2.3m for the Period (H1 FY2022: £0.9m).

### **Specialist Piling and Rail**

Revenue increased by 12% in the Period to £24.8m (H1 FY2022: £22.1m), representing 31% of Group revenues.

Specialist Piling experienced very high levels of demand following the market recovery, post the first Covid lockdowns. Further revenue growth has been achieved in the Period as a result of the division expanding its operational capability by investing in new rigs for growth and increasing the number of site gangs. Key contracts included passing the landmark of the 200<sup>th</sup> rail station project, the start of the M6 Smart Motorway scheme, several HV substations and several major ground stabilisation contracts for housebuilders.

The long-term outlook for the Division's work in the infrastructure sector remains very positive, with an increase in Smart Motorway works expected to mobilise in early FY2024.

Rail delivered stronger revenues than in previous periods, continuing the improved momentum in the second half of FY2022. Piling works continued for the decarbonisation and electrification of the Core Valley Lines rail network and the Group was appointed to the piling framework for the TRU programme between Manchester and Leeds in the Period. Work on TRU is expected to commence in FY2024 and will involve both the Specialist Piling and Rail divisions for up to three years.

The Rail division continued a rolling programme of rig updates, including mid-life overhaul of several Colmar road and rail piling rigs. The rolling programme of maintenance work commenced in FY2022 and will be largely concluded by the end of FY2024. Orders for five, new generation, UK designed and built rigs were placed in the prior year at a cost of approximately £2.5m.

Operating profit for the division decreased to £1.1m (H1 FY2022: £1.6m). The result was impacted by some challenging contracts in the Specialist Piling division and rail strikes across the UK, which have caused short-term disruption to the Rail division with some works cancelled at late notice. Both Rail and Specialist Piling were impacted by inflationary factors across their cost base in the Period.

### **Ground Engineering Services**

Revenue increased by 34% in the Period to £26.6m (H1 FY2022: £19.8m), representing 33% of Group revenues.

The Housing division delivers integrated piling and Smartfoot foundation beam solutions to UK housebuilders. Activity levels were high throughout the Period, with the division operating at current capacity. Production capacity was consistently exceeded, with beam production being partially outsourced to meet the demand of site works.

The division has also expanded its geographic footprint with new contracts being won and delivered in the South of England.

Strata, Van Elle's Geotechnical division, reported increased revenue of £3.5m (H1 FY2022: £3.0m). Further progress in infrastructure work has increased activity levels, particularly in the highways sector (including under the Highways England ground investigation framework) and on HS2 ground investigation projects.

Underlying operating profit for the segment increased to £2.5m (H1 FY2022: £1.2m).

### **Strategic approach**

The Group continued to make good progress against Phase 3 of the strategy, and is seeing the early benefits of actions taken under Phases 1 and 2 (which are substantially complete, although subject to continuous improvement), as 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 the Group's core sectors of housing, infrastructure and regional construction, improving customer relationships and tendering activity, maximising the integrated solutions offering, broadening the range of products and services, and strengthening the Group's balance sheet.

#### **Phase 3: Establishing market leadership**

Sustainable, profitable growth towards medium term objectives of revenue growth of 5-10% per annum, underlying operating margins of 7-8%, and return on capital employed of 15-20%.

The Group's vision is to be the leading, most trusted provider of Total Foundation Solutions and its strategic goals are aligned under three pillars of developing trusted partnerships, deploying the best people and assets and the perfect delivery of our projects.

### **ESG**

The Group launched its sustainability strategy in FY2022 which is aligned to industry best practice including guidance from the Construction Leadership Council programme.

Van Elle's ESG strategy is sponsored by a member of the executive team and an Environmental and

Sustainability Manager was appointed in the Period to lead delivery of the Group's vision, which is to help create a sustainable future through efficient and innovative foundation solutions in collaboration with customers and other stakeholders.

In December 2022, the Group committed to formalising our approach to sustainability by making a commitment to setting science-based targets and tracking performance against these targets.

A sustainability working group is now well established and meets periodically to consider a broad range of ESG initiatives.

In addition to the focus on sustainability of site operations, the Group has undertaken a number of initiatives, including establishing an electric company car scheme, installing vehicle charging points at its offices, and improvements to water management at the main site in Kirkby-in-Ashfield where the Group is also planning to install solar panels in FY2024.

The Group has switched to an electricity supply contract which ensures that all electricity is provided from 100% renewable energy source, certified by Renewable Energy Guarantees of Origin.

Van Elle's social initiatives include various charitable activities, including partnering with a local charity, which is selected by employees. Van Elle also promotes volunteering and teams have completed activities to support the local community over the course of the year.

#### Dividend

Following a prudent and temporary pause from dividend distributions as a result of the Covid-19 pandemic and benefitting from a recovery of the Group's core end markets, Van Elle resumed dividend payments, commencing with a final dividend of 1.0 pence per share in relation to the year ended 30 April 2022.

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, representing the first interim dividend distribution since FY2019.

The interim dividend will be payable on 17 March 2023 to shareholders on the share register as at 24 February 2023. The shares will be marked ex-dividend on 23 February 2023.

#### Current trading and outlook

Trading since the Period end has continued in line with management's expectations.

Whilst there remains significant macroeconomic uncertainty, most of the Group's core markets continue to show a positive outlook. The housebuilding sector is expected to deliver lower volumes in the short term, however, the infrastructure sector is forecasting modest growth, as noted in the recent CPA forecasts. Whilst this might impact overall volumes through the second half the year, the Group should benefit from a positive mix of higher margin work delivered.

Raw material supply chain disruption moderated in the Period, with improved stability of input prices and better availability of raw materials. Inflationary pressures on the Group's cost base have continued and are likely to persist in the short term, however, the Group continues to largely offset cost increases through contract pricing mechanisms.

The Group is benefitting from improved future work visibility, primarily due to being appointed to several framework agreements. The Smart Motorways Programme Alliance provides a strong pipeline of work forecast through to FY2025. The Rail division is engaged on multiple frameworks including the Core Valley Lines and TransPennine Route Upgrade, both of which require complementary works from other divisions. The Group also expects to be increasingly involved in support of HS2 phase 1 joint ventures.

Market conditions in the short term, especially in respect of new build housing, are expected to be more challenging. Van Elle is well positioned to benefit from opportunities across a number of end markets, and the Board is confident that the near-term outlook remains positive and its expectations for the full year remain unchanged.

Mark Cutler  
Chief Executive Officer  
25 January 2023

## Condensed consolidated statement of comprehensive income

		<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (audited) £'000
<b>Revenue</b>	<b>3</b>	<b>80,836</b>	60,061	124,915
Cost of sales		<b>(60,211)</b>	(42,967)	(90,842)
<b>Gross profit</b>		<b>20,625</b>	17,094	34,073
Administrative expenses		<b>(17,309)</b>	(14,819)	(29,980)
Credit loss impairment charge		-	(115)	(159)
Other operating income		<b>169</b>	125	438
<b>Operating profit</b>		<b>3,485</b>	2,285	4,372
Finance expense		<b>(200)</b>	(368)	(779)
<b>Profit before tax</b>		<b>3,285</b>	1,917	3,593

Income tax expense	(465)	(448)	(1,733)
<b>Profit after tax and total comprehensive income for the year attributable to shareholders of the parent</b>	<b>2,820</b>	1,469	1,860
<b>Earnings per share (pence)</b>			
Basic	<b>4</b>	<b>2.6</b>	1.4
Diluted	<b>4</b>	<b>2.6</b>	1.4

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 2022 (unaudited) £'000	Restated As at 31 Oct 2021 (unaudited) £'000	As at 30 Apr 2022 (audited) £'000
<b>Non-current assets</b>			
Property, plant and equipment	40,149	38,276	38,719
Investment property	806	815	811
Intangible assets	3,787	3,720	3,847
	<b>44,742</b>	42,811	43,377
<b>Current assets</b>			
Inventories	4,091	4,148	3,773
Trade and other receivables	43,181	33,109	34,112
Corporation tax receivable	-	84	322
Cash and cash equivalents	8,443	6,344	6,987
	<b>55,715</b>	43,685	45,194
<b>Total assets</b>	<b>100,457</b>	86,496	88,571
<b>Current liabilities</b>			
Trade and other payables	27,636	20,703	22,475
Loans and borrowings	3,000	49	-
Deferred consideration	-	-	50
Lease liabilities	2,159	2,723	1,696
Provisions	8,047	7,538	7,738
	<b>40,842</b>	31,013	31,959
<b>Non-current liabilities</b>			
Loan and borrowings	-	110	-
Deferred consideration	1,193	1,547	1,170
Lease liabilities	5,798	5,474	5,157
Deferred tax	4,139	2,150	3,674
	<b>11,130</b>	9,281	10,001
<b>Total liabilities</b>	<b>51,972</b>	40,294	41,960
<b>Net assets</b>	<b>48,485</b>	46,202	46,611
<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	31,912	29,629	30,038
<b>Total equity</b>	<b>48,485</b>	46,202	46,611

The statement of financial position as at 31 October 2021 has been restated to reflect the prior year adjustment to deferred tax as detailed in note 26 of the Group's financial statements for the year ending 30 April 2022.

## Condensed consolidated statement of cash flows

	<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (audited) £'000
<b>Cash flows from operating activities</b>			
Operating profit	3,485	2,285	4,372
Depreciation of property, plant and equipment	2,845	2,482	5,282
Amortisation of intangible assets	58	53	101
Depreciation of investment property	5	5	9
(Profit)/loss on disposal of property, plant and equipment	(96)	2	(122)
Share-based payment expense	121	156	174
Operating cash flows before movement in working capital	6,418	4,983	9,816
Increase in inventories	(318)	(1,126)	(750)
Increase in trade and other receivables	(9,068)	(1,071)	(2,074)
Increase/(decrease) in trade and other payables	5,185	(130)	1,280
Increase in provisions	310	97	102
Cash generated from operations	2,527	2,559	8,374
Income tax received	322	-	-
Net cash generated from operating activities	2,849	2,559	8,374
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	(3,745)	(2,203)	(4,946)
Disposal of property, plant and equipment	197	253	384
Purchase of intangibles	-	-	(176)
Deferred consideration for acquisition of subsidiary	(50)	-	-
Net cash absorbed in investing activities	(3,598)	(1,950)	(4,738)
<b>Cash flows from financing activities</b>			
Dividends paid	(1,067)	-	-
New loans and borrowings	3,000	-	-
New hire purchase financing	1,544	-	-
Repayment of bank borrowings	-	(654)	(812)
Principal paid on lease liabilities	(1,072)	(1,762)	(3,637)
Interest paid on lease liabilities	(179)	(314)	(608)
Interest paid on loans and borrowings	(21)	(53)	(110)
Net cash absorbed in financing activities	2,205	(2,783)	(5,167)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,456</b>	<b>(2,174)</b>	<b>(1,531)</b>
Cash and cash equivalents at beginning of year	6,987	8,518	8,518
<b>Cash and cash equivalents at end of year</b>	<b>8,443</b>	<b>6,344</b>	<b>6,987</b>

## 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 2021 (as restated, audited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>28,004</b>	<b>44,577</b>
Total comprehensive income	-	-	-	1,469	1,469
Share-based payment expense	-	-	-	156	156
<b>Balance at 31 October 2021 (as restated, audited)</b>	<b>2,133</b>	<b>8,633</b>	<b>5,807</b>	<b>29,629</b>	<b>46,202</b>
Total comprehensive income	-	-	-	391	391

Share-based payment expense	-	-	-	18	18
<b>Balance at 30 April 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	-	-	-	<b>2,820</b>	<b>2,820</b>
Share-based payment expense	-	-	-	<b>121</b>	<b>121</b>
Dividends paid	-	-	-	<b>(1,067)</b>	<b>(1,067)</b>
<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>

## Notes to the condensed consolidated interim financial statements For the six months ended 31 October 2022

### 1. Basis of preparation

The unaudited interim consolidated statement of Van Elle Holdings plc is for the six months ended 31 October 2022 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 2023.

The comparative figures for the year ended 30 April 2022 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 2022 detailed forecasts were prepared. These forecasts demonstrated a healthy cash flow and headroom across the period to 31 August 2023. 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 FY2022 have continued during H1 of FY2023 with 34% growth in revenues in the 6 months ending 31 October 2022 compared with H1 FY2022. Operating profit margins have also increased in the 6 months ending 31 October 2022 compared with H1 FY2022. The Group's order book has also grown in the period since 30 April 2022.

A strong cash balance of £8.4m remains at the end of the period. The Group's net funds position (excluding IFRS 16 property and vehicle lease liabilities) of £3.5m has reduced by £2.4m during the period as £1.5m of new hire purchase finance and £3m of the Group's £11m asset backed lending facility was drawn to support working capital growth and capital investment as a result of significant revenue growth. Total hire purchase finance at the end of the period was £2.0m.

As part of the interim going concern assessment, forecasts for the 12 months ending January 2024 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 2022 are consistent with the policies applied by the Group in its consolidated financial statements as at, and for the year ended 30 April 2022.

#### 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. All turnover and operations are based in the UK.

#### Operating segments - 6 months to 31 October 2022

	Specialist	Ground	
General	Piling &	Engineering	Head



	Piling £'000	Rail £'000	Services £'000	Office £'000	Total £'000
<b>Revenue</b>	<b>29,308</b>	<b>24,806</b>	<b>26,552</b>	<b>170</b>	<b>80,836</b>
<b>Other operating income</b>	-	-	-	<b>169</b>	<b>169</b>
<b>Operating profit</b>	<b>2,325</b>	<b>1,102</b>	<b>2,541</b>	<b>(2,483)</b>	<b>3,485</b>
Finance expense	-	-	-	<b>(200)</b>	<b>(200)</b>
<b>Profit before tax</b>	<b>2,325</b>	<b>1,102</b>	<b>2,541</b>	<b>(2,683)</b>	<b>3,285</b>

#### Assets

Property, plant and equipment (including right of use assets)	<b>9,166</b>	<b>13,988</b>	<b>7,967</b>	<b>9,028</b>	<b>40,149</b>
Intangible assets	<b>15</b>	<b>3,543</b>	<b>229</b>	-	<b>3,787</b>
Inventories	<b>1,319</b>	<b>781</b>	<b>1,913</b>	<b>78</b>	<b>4,091</b>
Reportable segment assets	<b>10,500</b>	<b>18,312</b>	<b>10,109</b>	<b>9,106</b>	<b>48,027</b>
Investment property	-	-	-	<b>806</b>	<b>806</b>
Trade and other receivables	-	-	-	<b>43,181</b>	<b>43,181</b>
Cash and cash equivalents	-	-	-	<b>8,443</b>	<b>8,443</b>
<b>Total assets</b>	<b>10,500</b>	<b>18,312</b>	<b>10,109</b>	<b>61,536</b>	<b>100,457</b>

#### Liabilities

Trade and other payables	-	-	-	<b>27,636</b>	<b>27,636</b>
Provisions	-	-	-	<b>8,047</b>	<b>8,047</b>
Loans & borrowings	-	-	-	<b>3,000</b>	<b>3,000</b>
Deferred consideration	-	-	-	<b>1,193</b>	<b>1,193</b>
Lease liabilities	-	-	-	<b>7,957</b>	<b>7,957</b>
Deferred tax	-	-	-	<b>4,139</b>	<b>4,139</b>
<b>Total liabilities</b>	-	-	-	<b>51,972</b>	<b>51,972</b>

#### Other information

Capital expenditure	<b>459</b>	<b>2,430</b>	<b>197</b>	<b>659</b>	<b>3,745</b>
Depreciation/amortisation	<b>675</b>	<b>1,110</b>	<b>689</b>	<b>434</b>	<b>2,908</b>

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

#### Operating segments - 6 months to 31 October 2021

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	18,067	22,140	19,790	64	60,061
Other operating income	-	-	-	125	125
Operating profit	898	1,646	1,208	(1,467)	2,285
Finance expense	-	-	-	(368)	(368)
Profit before tax	898	1,646	1,208	(1,835)	1,917

#### Assets

Property, plant and equipment (including right of use assets)	8,285	12,852	8,300	8,839	38,276
Intangible assets	22	3,447	246	5	3,720
Inventories	1,691	1,323	1,116	18	4,148
Reportable segment assets	9,998	17,622	9,662	8,862	46,144
Investment property	-	-	-	815	815
Trade and other receivables	-	-	-	33,193	33,193
Cash and cash equivalents	-	-	-	6,344	6,344
<b>Total assets</b>	<b>9,998</b>	<b>17,622</b>	<b>9,662</b>	<b>49,214</b>	<b>86,496</b>

#### Liabilities

Trade and other payables	-	-	-	20,703	20,703
Provisions	-	-	-	7,538	7,538
Loans & borrowings	-	-	-	158	158
Deferred consideration	-	-	-	1,547	1,547

Lease liabilities	-	-	-	8,197	8,197
Deferred tax	-	-	-	2,743	2,743
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,886</b>	<b>40,886</b>

#### Other information

Capital expenditure	211	1,568	316	108	2,203
Depreciation/amortisation	571	956	592	421	2,540

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

### Operating segments - 12 months to 30 April 2022

	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Revenue	38,974	45,771	40,043	127	124,915
Other operating income	-	-	-	438	438
Operating profit	1,804	2,998	2,115	(2,545)	4,372
Finance expense	-	-	-	(779)	(779)
<b>Profit before tax</b>	<b>1,804</b>	<b>2,998</b>	<b>2,115</b>	<b>(3,324)</b>	<b>3,593</b>

#### Assets

Property, plant and equipment (including right of use assets)	9,341	12,589	8,145	8,644	38,719
Intangible assets	18	3,594	233	2	3,847
Inventories	1,251	1,163	1,320	39	3,773
<b>Reportable segment assets</b>	<b>10,610</b>	<b>17,346</b>	<b>9,698</b>	<b>8,685</b>	<b>46,339</b>
Investment property	-	-	-	811	811
Trade and other receivables	-	-	-	34,434	34,434
Cash and cash equivalents	-	-	-	6,987	6,987
<b>Total assets</b>	<b>10,610</b>	<b>17,346</b>	<b>9,698</b>	<b>50,917</b>	<b>88,571</b>

#### Liabilities

Trade and other payables	-	-	-	22,475	22,475
Provisions	-	-	-	7,737	7,737
Deferred consideration	-	-	-	1,220	1,220
Lease liabilities	-	-	-	6,854	6,854
Deferred tax	-	-	-	3,674	3,674
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,960</b>	<b>41,960</b>

#### Other information

Capital expenditure	2,097	2,462	1,207	254	6,020
Depreciation/amortisation	1,166	1,907	1,296	913	5,282

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

### 3. Revenue from contracts with customers

#### 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	<b>6,880</b>	<b>2,334</b>	<b>21,643</b>	-	<b>30,857</b>
Infrastructure	<b>9,166</b>	<b>20,337</b>	<b>2,095</b>	-	<b>31,598</b>
Regional construction	<b>13,222</b>	<b>2,100</b>	<b>2,772</b>	-	<b>18,094</b>
Other	<b>40</b>	<b>35</b>	<b>42</b>	<b>170</b>	<b>287</b>
<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 - 6 months to 31 October 2021

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
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Residential	5,420	3,678	16,636	-	25,734
Infrastructure	3,916	15,958	1,956	-	21,830
Regional construction	8,731	2,392	1,198	-	12,321
Other	-	112	-	64	176
<b>Total</b>	<b>18,067</b>	<b>22,140</b>	<b>19,790</b>	<b>64</b>	<b>60,061</b>

#### Disaggregation of revenue - 12 months to 30 April 2022

End market	General Piling £'000	Specialist Piling & Rail £'000	Ground Engineering Services £'000	Head Office £'000	Total £'000
Residential	13,569	6,346	33,392	-	53,307
Infrastructure	5,224	34,333	3,821	-	43,378
Regional construction	20,177	4,872	2,830	-	27,879
Other	4	220	-	127	351
<b>Total</b>	<b>38,974</b>	<b>45,771</b>	<b>40,043</b>	<b>127</b>	<b>124,915</b>

#### Contract assets

	<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (audited) £'000
<b>As at 1 May</b>	<b>2,163</b>	1,651	1,651
Transfers from contract assets to trade receivables	<b>(2,163)</b>	(1,651)	(1,651)
Excess of revenue recognised over invoiced	<b>3,347</b>	1,997	2,163
Impairment of contract assets	-	-	-
<b>As at 31 October / 30 April</b>	<b>3,347</b>	1,997	2,163

#### Contract liabilities

	<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (audited) £'000
<b>As at 1 May</b>	<b>388</b>	284	284
Interest on contract liabilities	-	-	-
Contract liabilities recognised as revenue in the period	<b>(188)</b>	(84)	(84)
Deposits received in advance of performance	<b>247</b>	49	188
<b>As at 31 October / 30 April</b>	<b>447</b>	249	388

#### 4. Earnings per share

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

	<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (audited) £'000
<b>Basic weighted average number of shares</b>	<b>106,667</b>	106,667	106,667
<b>Profit for the period</b>	<b>2,820</b>	1,469	1,860
Add back/(deduct):			
Non-underlying items	-	-	-
<b>Underlying profit for the period</b>	<b>2,820</b>	1,469	1,860
	<b>Pence</b>	Pence	Pence
<b>Earnings per share</b>			
Basic	<b>2.6</b>	1.4	1.7
Diluted	<b>2.6</b>	1.4	1.7
Basic - adjusted <sup>1</sup>	<b>2.6</b>	1.4	2.7
Diluted - adjusted	<b>2.6</b>	1.4	2.7

There is no dilutive effect of the share options as 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 being the weighted average number of ordinary shares.

<sup>1</sup>The adjusted earnings per share in the year ended 30 April 2022 is based on profit for the year adjusted for corporation tax rate changes amounting to £1,072,000. This tax rate change is a one-off deferred tax charge relating to future corporation tax rate changes enacted during the year. The Directors consider this measure provides an additional indicator of the underlying performance of the Group.

## 5. Dividends paid

	<b>6 months to 31 Oct 2022 (unaudited) £'000</b>	6 months to 31 Oct 2021 (unaudited) £'000	12 months to 30 Apr 2022 (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	<b>1,067</b>	-	-
<b>Total</b>	<b>1,067</b>	-	-

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

	<b>As at 31 Oct 2022 (unaudited) £'000</b>	As at 31 Oct 2021 (unaudited) £'000	As at 30 Apr 2022 (audited) £'000
Cash at bank	<b>8,403</b>	6,303	6,948
Cash in hand	<b>40</b>	41	39
Cash and cash equivalents	<b>8,443</b>	6,344	6,987
Loans and borrowings	<b>(3,000)</b>	(159)	-
Lease liabilities	<b>(7,957)</b>	(8,197)	(6,853)
<b>Net (debt)/funds</b>	<b>(2,514)</b>	(2,012)	134
<b>Net funds excl. IFRS 16 property and vehicle lease liabilities</b>	<b>3,476</b>	3,479	5,934

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