

TOTAL FOUNDATION SOLUTIONS

RESILIENT PERFORMANCE
IN CHALLENGING CONDITIONS



ABOUT US

THE UK'S LARGEST AND MOST DIVERSE GEOTECHNICAL AND GROUND ENGINEERING CONTRACTOR.

Van Elle designs and delivers optimal foundation techniques, providing safe and innovative solutions for infrastructure, residential, and construction projects across the country.

With specialised expertise in piling, ground stabilisation, and geotechnical testing, Van Elle plays a pivotal role in shaping the nation's infrastructure landscape.

OUR VISION

To be the leading, most trusted provider of total foundation solutions.

OUR MISSION

To achieve perfect delivery on our projects.

OUR VALUES

Keen to impress our customers, always do a great job and keep improving what we do.

Safety
Always put health and safety first.

Teamwork
A "can do" approach, working together to exceed customer expectations.

Integrity
Open, honest and straightforward, delivering on our promises.

Excellence
Keen to impress our customers, always do a great job and keep improving what we do.



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FINANCIAL HIGHLIGHTS

Revenue
£139.5M

2024	£139.5m
2023	£148.7m
2022	£124.9m

Net Funds*
£5.5M

2024	£5.5m
2023	£7.5m
2022	£5.9m

NON-FINANCIAL HIGHLIGHTS

Headcount
639

2024	639
2023	648
2022	601

Underlying Operating Profit

£5.5M

2024	£5.5m
2023	£5.8m
2022	£4.4m

Underlying Return on Capital Employed

10.5%

2024	10.5%
2023	12.2%
2022	9.4%

Apprentices and Trainees Employed

42

2024	42
2023	34
2022	36

Statutory Operating Profit

£5.8M

2024	£5.8m
2023	£5.9m
2022	£4.4m

Statutory Return on Capital Employed

11.2%

2024	11.2%
2023	12.2%
2022	9.4%

Underlying Operating Profit Margin

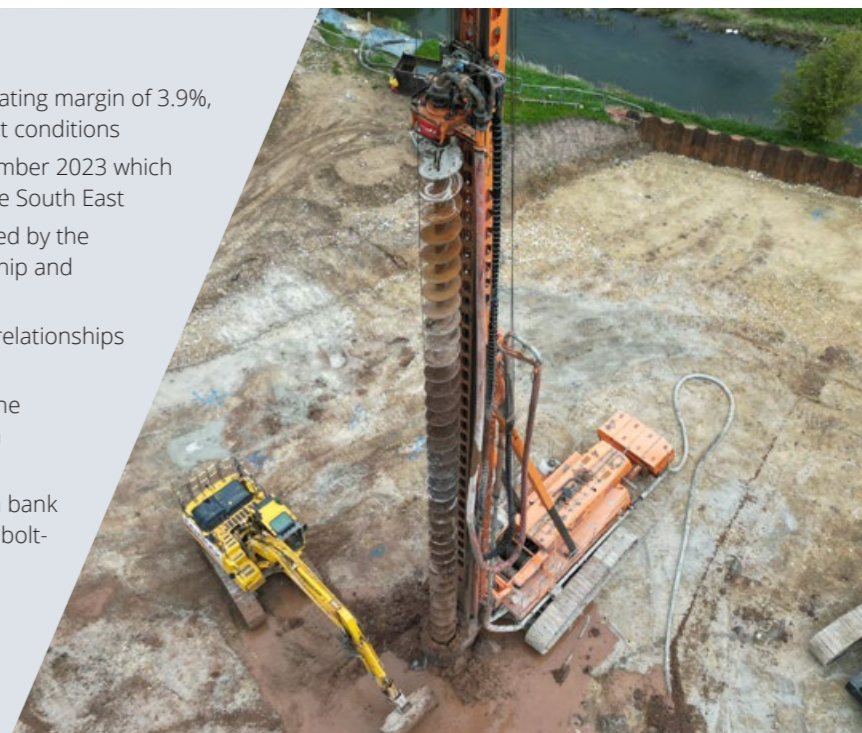
3.9%

2024	3.9%
2023	3.9%
2022	3.5%

* Net funds excluding IFRS 16 property and vehicle lease

OPERATIONAL HIGHLIGHTS

- Strong performance delivering an underlying operating margin of 3.9%, consistent with FY2023, despite challenging market conditions
- Completed acquisition of Rock & Alluvium in November 2023 which established a stronger presence in London and the South East
- Impact of a softer housing market partially mitigated by the Group's diverse customer base including partnership and affordable housing customers.
- Excellent progress in developing closer customer relationships in the energy and water sectors.
- Establishment and commencement of trading of the Canadian rail subsidiary for which costs have been absorbed in the year.
- Strong balance sheet maintained with an undrawn bank facility of up to £11.0m, providing capacity to fund bolt-on M&A and organic growth investment.
- Proposed final dividend of 0.8 pence per share to deliver full year dividends of 1.2p (FY2023: 1.2p).



OUR BUSINESS AT A GLANCE

VAN ELLE INTEGRATED CAPABILITIES

Van Elle's integrated capabilities provide a comprehensive suite of solutions to meet diverse project needs efficiently and effectively.

Van Elle operates through 3 divisions: General Piling, Specialist Piling and Rail, and Ground Engineering Services; and is focused on diverse end markets including residential and housing, infrastructure and regional construction – across which the Group has completed more than 20,000 projects over the last 40 years.

We work across 3 key markets



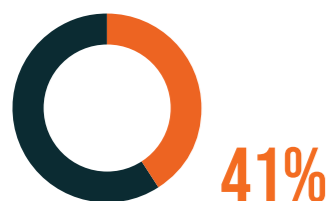
Residential

Full range of services for national and regional housebuilders, retirement and multi-storey residential properties, including ground investigation, ground improvement and ground stabilisation, alongside piling and modular, precast concrete foundation systems.

Revenue

£57.2M

Revenue share



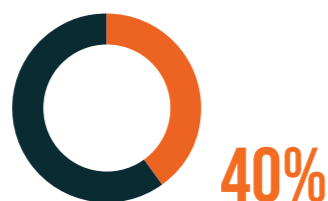

Infrastructure

A full range of geotechnical services to the highways, rail, energy, coastal, flooding and utility sectors including market-leading on track capabilities.

Revenue

£55.2M

Revenue share




Regional construction

Foundation solutions for the commercial and industrial building markets including city centre specialisms and ground improvement and piling capabilities to the logistics sector.

Revenue

£26.2M

Revenue share



We report across 3 segments



General piling

Offering a variety of ground engineering and foundation solutions on open site construction projects.

Key capabilities

Open site, larger projects, and key techniques being large diameter rotary, CFA piling and precast driven piling (Rock & Alluvium).

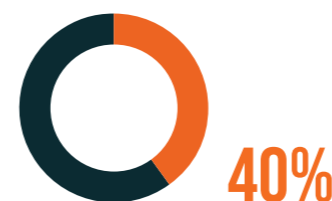
Our brands

Rock & Alluvium 

Revenue

£56.7M

Revenue share




Specialist piling and rail

Providing a range of piling and geotechnical solutions in operationally challenging environments, which require the use of specialist piling rigs and techniques.

Key capabilities

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.


Our brands

 ScrewFast FOUNDATIONS

Revenue

£43.9M

Revenue share

Ground engineering services

Offering a range of ground investigation expertise and modular foundation systems for residential solutions.

Key capabilities

Driven and CFA piling for housebuilders, precast concrete modular foundations (Smartfoot); ground investigation and geotechnical services (Strata Geotechnics).

Our brands

 STRATA GEOTECHNICS

Revenue

£38.3M

Revenue share



REASONS TO INVEST

We benefit from a national scale, exposure to diversified markets, a deep understanding of clients' needs, leading capabilities and a strong financial position.

1. THE LEADING UK PLAYER



- The UK's largest ground engineering contractor with the broadest range of specialist services, and a presence across all UK regions
- Transformation strategy completed, experienced Board and senior management team in place
- Diverse, expert position across housing, infrastructure and construction markets enables early benefit from upside investment cycles, whilst mitigating against sub-sector headwinds
- Successful track record of recent M&A and plan for further consolidation and diversification
- Leading position in high-growth water and energy sub-sectors with high levels of sector activity anticipated over the long term
- Customer frameworks in place in all sectors
- Low-risk, cash-generative commercial model

132 RIGS

**MORE THAN
25 DIFFERENT
TECHNIQUES**

2. STRONG FINANCIAL POSITION



- Strong balance sheet, available funding facility and low levels of debt
- In excess of £50m replacement cost of plant and machinery
- Liquidity headroom to support further growth, M&A and capital investment
- A stable institutional shareholder base
- A progressive and well covered dividend

1.2P DIVIDEND

**£11M
FUNDING FACILITY**

3. CLEAR STRATEGY FOR GROWTH



- Medium term growth plans include:
 - >10% compounded year-on-year revenue growth driven by:
 - housing market recovery
 - investment growth in water and energy sectors
 - higher rail CP7 spend and improved work mix
 - new civils capability
 - bolt-on acquisitions
 - new customer partnerships and frameworks
 - EBIT margin improvement from 4% to 6-7%
 - ROCE improvement from 10.5% to 15-20%

**REVENUE GROWTH
> 10%**

**ROCE TARGET
15-20%**

OUR YEAR IN BRIEF

We have a rich heritage in innovation, investment, growth and awards. Here are some of the significant achievements of the last year.



INDUSTRY ENGAGEMENT AND COLLABORATION

- Hosted our first sustainability open day at the Training Centre in Kirkby-in-Ashfield, bringing together over 30 industry-leading suppliers to discuss and demonstrate the latest advancements and innovations.
- Showcased Rail Plant in Ontario Ministerial Visit.
- Hosted the Ashfield Business Networking Event in partnership with Ashfield District Council and Discover Ashfield.
- Specialist Piling team attended the opening of the second section of Dawlish Seawall, following our involvement in project delivery, including installing piles for various structures along the seafront and station from Coastguards to Colonnade.



EXPANSION AND GROWTH

- Acquired Canada's first piling RRVs, established a local team, and opened a depot in Ontario.
- Strata Geotechnics expanded operations with a new sample processing and storage facility in Pinxton, Nottinghamshire.
- Acquired Rock & Alluvium Limited, providing an established presence in the South East, a region with good mid-term growth prospects, which is currently under-served by Van Elle.
- Acquired Van Elle's first owned rigid inclusion rig, supporting continuous growth in our ground improvement offering.



COMMUNITY ENGAGEMENT AND OUTREACH

- Proudly participated in collaborative community clean-up events in the area around our Head Office, demonstrating our commitment to supporting and enhancing our local community.
- Collaborated with SPL Powerlines and Adey Steel Group to install floodlight foundations at Holbrook St Michaels football club.
- Engaged and educated over 160 primary school children about ground engineering in Leeds.
- Supported the Salvation Army's Christmas Present Appeal by delivering over 150 donated presents.
- Inspired future engineers at Orchard Primary School, with interactive and educational session for children aged 7 to 10 years old.



EMPLOYEE RECOGNITION AND DEVELOPMENT

- Recognised outstanding individuals and flagship projects during the annual Van Elle People Awards.
- Lucy Jackson, Graduate Geotechnical Engineer, shared insights into her role in honour of International Women and Girls in Science Day.
- Engineers Zakaria Al-Musrati and Shoaib Ali shared insights on Ramadan to raise awareness amongst colleagues.
- In honour of INWED, Geotechnical Engineer Shannon Wade shared a glimpse into her typical workday detailing what it's like to work in this industry, and to inspire the next generation of engineers.
- We were honoured to receive the Safety and Occupational Health Award from our client Wates, recognising our dedication to safety and the wellbeing of our team in the housing sector.



TECHNICAL ACHIEVEMENTS AND PROJECTS

- Set a new record for the deepest CFA piles ever undertaken by the company, showcasing our expertise and innovation in the field.
- Completed work on a significant rigid inclusion project for a new warehousing complex in Portgordon, Scotland.
- Announced the commencement of project enabling works for a station upgrade in Toronto, Canada.
- Strata Geotechnics secured an expanded role in the Coal Authority's ground investigation framework, securing a place on all 5 regional lots in British coalfield areas.
- ScrewFast achieved a significant milestone by successfully completing the largest indoor helical piling project in the UK.

CHAIR'S STATEMENT

SUCCESSFUL STRATEGIC PROGRESS



THE BOARD EXPECTS THERE TO BE SIGNIFICANT OPPORTUNITY FOR GROWTH IN THE MEDIUM TERM."

FRANK NELSON
NON-EXECUTIVE CHAIR



Highlights

- Strong performance despite challenging market conditions
- Acquisition of Rock & Alluvium Limited in November 2023
- Customer frameworks in place for delivery of essential energy transmission works under the Accelerated Strategic Transmission Investment programme
- Strong balance sheet maintained with an undrawn bank facility of up to £11.0m
- Proposed final dividend of 0.8 pence per share to deliver full year dividends of 1.2p

Overview

I am pleased to report that the Group has delivered another strong financial performance, building on the progress achieved in recent years. As expected, the UK market conditions proved to be challenging for most of the year, particularly in the housing and infrastructure sectors, but the Group has responded well to these challenges to deliver underlying profit before tax in line with market forecasts. We have benefitted from strong customer relationships across a broad range of end markets in the UK construction sector, and this has provided resilience to the softer market conditions.

The housing sector delivered very strong revenues during the first quarter of the financial year but has since been impacted by lower volumes on new-build housing starts. Strong relationships with housebuilders in the social housing sector, has reduced the impact from market factors, and this has partially mitigated the lower volumes seen across the sector as a whole.

In the construction sector a strong demand for logistics warehousing and data centres has helped to mitigate uncertainty in the regional commercial markets, albeit we experienced early signs of recovery in London for which we are well positioned to benefit following the acquisition of Rock & Alluvium Limited ("Rock & Alluvium") from Galliford Try in November 2023.

In the infrastructure sector, highways and rail activity levels were lower due to the cyclical nature of infrastructure spending. The transition between CP6 and CP7 resulted in a drop off in volumes for the wider supply chain challenges but the Group remains set to benefit from the increased investment priorities of CP7, new frameworks and deeper customer relationships.

The Group has developed strong positions in the water and energy sectors where there is a clear pipeline of large-scale, essential investment across the UK, which is expected to contribute materially to our activity levels from FY2026 and beyond.

Despite some short-term volatility in market conditions, we continue to see strong levels of demand for the Group's services and remain confident that our end markets are attractive, particularly with an anticipated recovery in the housing sector and significant future investment expected in UK infrastructure.

Capital structure and allocation

The Group maintains a strong balance sheet with a healthy cash position, low debt and flexibility provided by a borrowing facility of up to £11.0m.

As part of the acquisition of Rock & Alluvium Limited, 3 piling rig finance lease contracts were transferred to Van Elle. Total debt (excluding IFRS 16 lease liabilities), including these contracts was £0.5m at the year-end.

The Group's borrowing facility is provided on a revolving basis, secured against receivables and certain tangible assets, and was not drawn during the financial year. The facility was extended in September 2023 for a further 3 years and now expires in September 2026.

Net funds, excluding IFRS 16 property and vehicle lease liabilities, decreased to £5.5m at 30 April 2024 (30 April 2023: £7.5m). This reduction in net funds reflects £3.6m of net capital expenditure (after disposals), £2.5m of consideration for acquisitions, £1.3m in dividends and an increase in working capital as a result of higher activity levels in the final quarter of the financial year.

We operate 132 rigs and continue to allocate capital across all divisions, to ensure we maintain a market-leading fleet of plant and machinery. Total capital expenditure was £5.5m in the year, a slight reduction over the prior year. We continually review our existing fleet and dispose of ageing assets, particularly those with low utilisation.

The Board continues to be disciplined in reviewing potential bolt-on acquisitions of established businesses, which would be earnings accretive, augment and strengthen the Group's offering.

Dividend

The Board recognises the importance of maintaining a sustainable dividend distribution. A prudent approach has been taken in recent years reflecting the significant future opportunities for growth, which will require capital investment.

Following another year of profitable performance, a strong balance sheet and a healthy cash position, the Board is pleased to recommend the payment of a final dividend of 0.8p per share (FY2023: 0.8p per share). If approved, the proposed FY2024 will be paid on 18 October 2024 to shareholders on the register as at the close of business on 4 October 2024. The shares will be marked ex-dividend on 3 October 2024.

An interim dividend of 0.4p per share (FY2023 interim dividend: 0.4p per share) was paid on 15 March 2024. The total dividend payable for FY2024 will, therefore, be 1.2p (FY2023: 1.2p).

ESG and our people

We are committed to reducing the impact of our activities on the environment and our carbon footprint as we make the journey towards net zero emissions. I am pleased to report that we have made

good progress this year via the Group's Sustainability Working Group, which has representation from across the business. We have signed up to the Science Based Targets initiative ("SBTi") and have developed a carbon reduction roadmap, which we are using to track progress.

At Van Elle, our people engage across local communities, contributing to social value initiatives local to our head office, as well as supporting several customer projects.

Our people are our strongest asset, and I am proud of our collective achievements in the past year. Their health, safety and wellbeing is our main priority. We have made excellent progress on improving our safety performance during the year. The Accident Frequency Rate ("AFR") improved from 0.19 in FY2023 to zero in FY2024.

On behalf of the Board, I would like to thank all our employees for their hard work and commitment over the past year.

Board and governance

The Board's composition is reviewed regularly to ensure that we continue to have an appropriate mix of expertise and experience within the Board. There were no changes to the Board in the current year, which has provided a stable platform as we continue to deliver the Group's strategy.

During the year, we completed a comprehensive internal review of the Board's structure and performance and an action plan is in progress to ensure continuous improvement of the Board's effectiveness. I would like to extend my thanks to my Board colleagues for their significant contribution and commitment over the past year.

The Group is committed to the highest standards of corporate governance and prioritises effective shareholder communication and engagement. We have continued to adopt the Quoted Companies Alliance Corporate Governance Code, complemented with other suitable governance measures appropriate for a Company of our size.

Outlook

The Board expects the current challenging market conditions to continue throughout the remainder of calendar year 2024, particularly in the housing and infrastructure sectors. However, the Group's broad range of capability and diverse exposure to multiple sectors, provides strong resilience against macroeconomic factors and means Van Elle is well-placed to benefit from improvements in the market.

Despite the expectation that the first half of FY2025 is likely to be impacted by the softer market, all the Group's end markets are expected to recover in the near term and combined with strong positions being developed in the water and energy sectors and a fast-growing rail business in Canada, the Board expects there to be significant opportunity for growth in the medium term.

We remain confident of delivering our medium-term financial targets of 5–10% annual revenue growth, 6–7% operating profit margin and 15–20% ROCE by FY2027.

FRANK NELSON
NON-EXECUTIVE CHAIR

23 JULY 2024

► For more information turn to pages 86 to 89

THE UK GROUND ENGINEERING MARKETPLACE

OUR UNIQUE SPREAD OF ACTIVITY ACROSS ALL CONSTRUCTION SECTORS PROVIDES RESILIENCE IN A CHALLENGING MARKET.



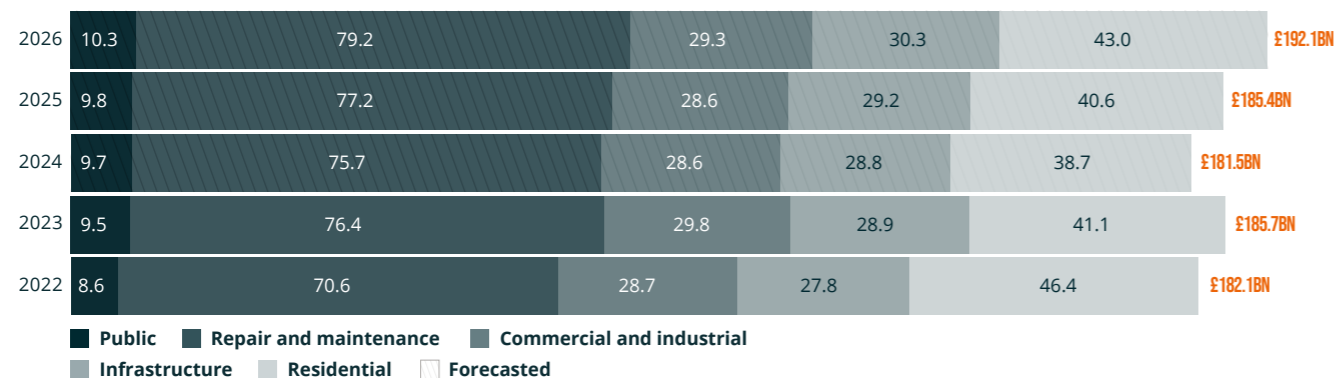
UK construction market overview

The UK Construction market continues to fall in 2024, with the latest forecast showing an overall annual drop of 2.3%. Key drivers of the decline remain reductions in the construction of new housing, which is forecast to drop by 5.0% and industrial output, which is expected to decline by 7.4%. Political and economic uncertainties continue to prompt caution, with risks including the change in government, continued international instabilities and inflationary rises linked to the costs of materials and shipping.

Outlook

The Spring Construction Industry Forecasts 2024–2026 published by the CPA predicts a reduction in construction output across all sectors of 2.2% in 2024, with a forecast for 2025 of a 2.1% increase in output and a projected increase of 3.6% in 2026. A GDP growth of 0.5% is forecast for 2024, with stronger growth of 2.1% due in 2025 and 2.4% in 2026. The residential sector is expected to be spurred by an upturn in optimism in the housing market, with an overall predicted increase of 4.7% in 2025. Infrastructure output is expected to remain flat in 2024, before growth of 1.5% in 2025.

Total UK construction output



Source: Construction Products Association – Construction Industry Forecasts 2024–2026, Spring 2024 Edition

What this means for Van Elle

The UK's largest ground engineering contractor

Better coverage to capture market share, providing a consistent national service and the UK's best invested rig fleet

Deep technical competence with unique capabilities

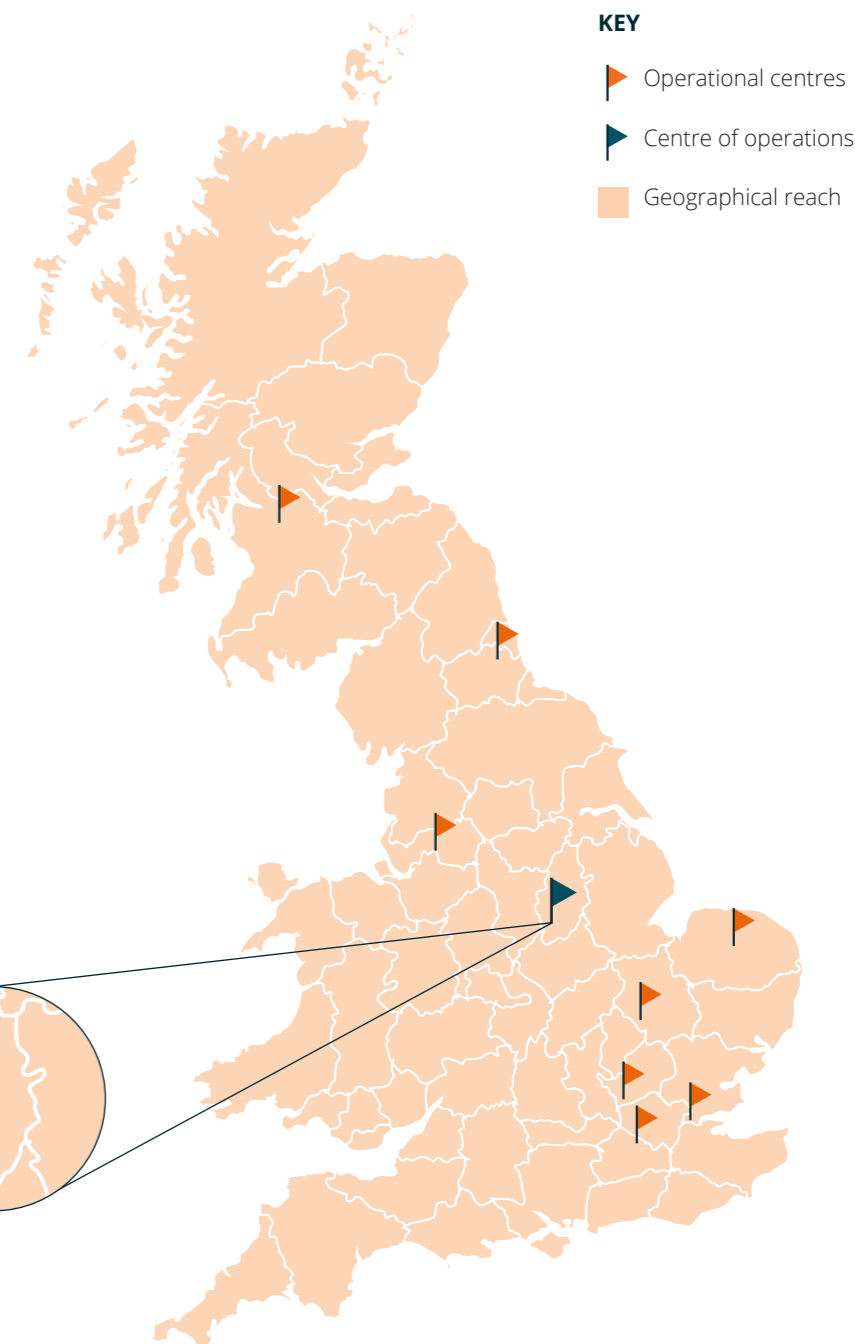
Expertise across 25 specialist techniques, in highly regulated operating environments

Agile and mobilised for speed

Our geographic reach and rivalled assets allow us to deliver over 1,200 projects a year

Geographical reach

Our transportation team, led from our Head Office, ensure that we are able to marshal our assets to service all locations within Britain



MARKET OVERVIEW

FY2024 MARKET OVERVIEW



INFRASTRUCTURE

The Infrastructure sector saw a growth in output of 4% in 2023 and now accounts for 26% of new construction work, up from 20% in 2019. Further growth in the sector of 1.5% in 2025 and 3.6% in 2026 is currently forecast.

Major projects for Van Elle in this sector include the ongoing Transpennine Route Upgrade (“TRU”) in the Rail sector, following the diversion of funds from the now defunct HS2 Phase 2. TRU is a multi-billion-pound railway programme designed to upgrade the existing Transpennine main line into a high performance and reliable railway serving freight and passengers with increased reliability and running more sustainable electrical stock. TRU projects have been delivered by all business divisions working collaboratively. The biggest growth in our civils add-on services has come from our ECI involvement with the TRU project.

The rail sector remains a big focus area. Network Rail CP7 began in April 2024 and will see a combined spend of £44bn across England, Wales and Scotland to March 2029.

The highways sector continues to be subdued. Van Elle continues involvement in the Smart Motorway programme as a strategic partner, working on the NEAR retrofit programme, increasing the number of emergency areas across the All Lane Running motorways by 50%. Schemes have so far included STRATA carrying out site investigations, soil nailing, King Post walls, sheet piling, screwfast helical and grillage foundations for gantries, and our rail division delivering plunge piles using road rail vehicle plant.

Our Civils division has had a new focus for FY2024, increasingly offering ancillary civils solutions to wrap around the piling solution. These are designed to simplify interfaces for customers, providing a more holistic approach.

The Energy, Power and Distribution sector is anticipated to grow substantially over the next 5–10 years. The Accelerated Strategic Transmission Investment (“ASTI”) Framework announced in December 2022 sees SSE and National Grid operating a joint framework based around a funding model where costs are to be recouped from energy bills. Major projects will include a number of sites along the Eastern Seaboard

of the United Kingdom connecting offshore wind to the grid, and expanding overseas connections. These vital renewable solutions will provide long-term energy security to the United Kingdom, and help the UK achieve the connection of an ambitious 50GW of offshore wind to the grid by 2030. Van Elle is well positioned to benefit from relationships with key clients already in the sector.

In FY2023 the Group delivered 2 significant energy plant projects with total revenues of c.£20m. It is a lack of projects of this scale in FY2024 that results in infrastructure revenues declining year on year.

Our response

FY2024 has seen a shift in focus for Van Elle from an emphasis on the project to an emphasis on the customer. Developing relationships has been key to our success this year, and we are looking forward to the opportunities this brings in FY2025 and beyond. Working closely with customers give us access to shared pipelines and greater visibility of future workload, helping us to plan better. Early involvement work should lead to Ground Investigation work in FY2025, progressing to the installation of foundations beyond.

For the first time, Van Elle has secured a position on the CP7 Southern framework working directly for Network Rail as a principal contractor. This positions the Company well to benefit from CP7 frameworks in different regions, and for further involvement in projects in the Southern region.

We remain a key strategic partner for BAM on the Geotechnical framework for TRU West. FY2025 will see a large portion of this project realised. We were involved with the South West Rail Resilience programme. Our specialist piling division installed a new seawall for BAM in Dawlish.

In Wales, we installed foundations for the overhead line equipment on the Core Valley line and remain one of the market leaders in delivering geotechnical solutions for the role out of electrification projects.

We foresee a range of opportunities arising from energy sector framework agreements with customers.



We are currently discussing agreements and have early involvement with multiple clients.

The water sector is a future focus for Van Elle. Water companies consistently failed to deliver promised levels of investment during AMP7, which ends in April 2025, and they are under pressure to remedy this in the significantly larger AMP8 delivery, leading to a projected 5% growth forecast for this sector in 2026. Van Elle is positioned well to capitalise on this growth thanks to the design of a modular repeatable solution designed through early involvement with key customers in this area.

The acquisition of Rock & Alluvium, formerly a Galliford Try company, included a 5-year trading agreement as part of the terms. Over the last half of FY2024, we have been developing relationships across the Galliford Try business, including in the infrastructure, highways and water sectors. Representatives from the business have visited Galliford Try offices right across the UK. Enquiry levels from Galliford Try have tripled and orders are increasing in the last half of 2024. We are expecting strong growth from the development of this business relationship in FY2025.

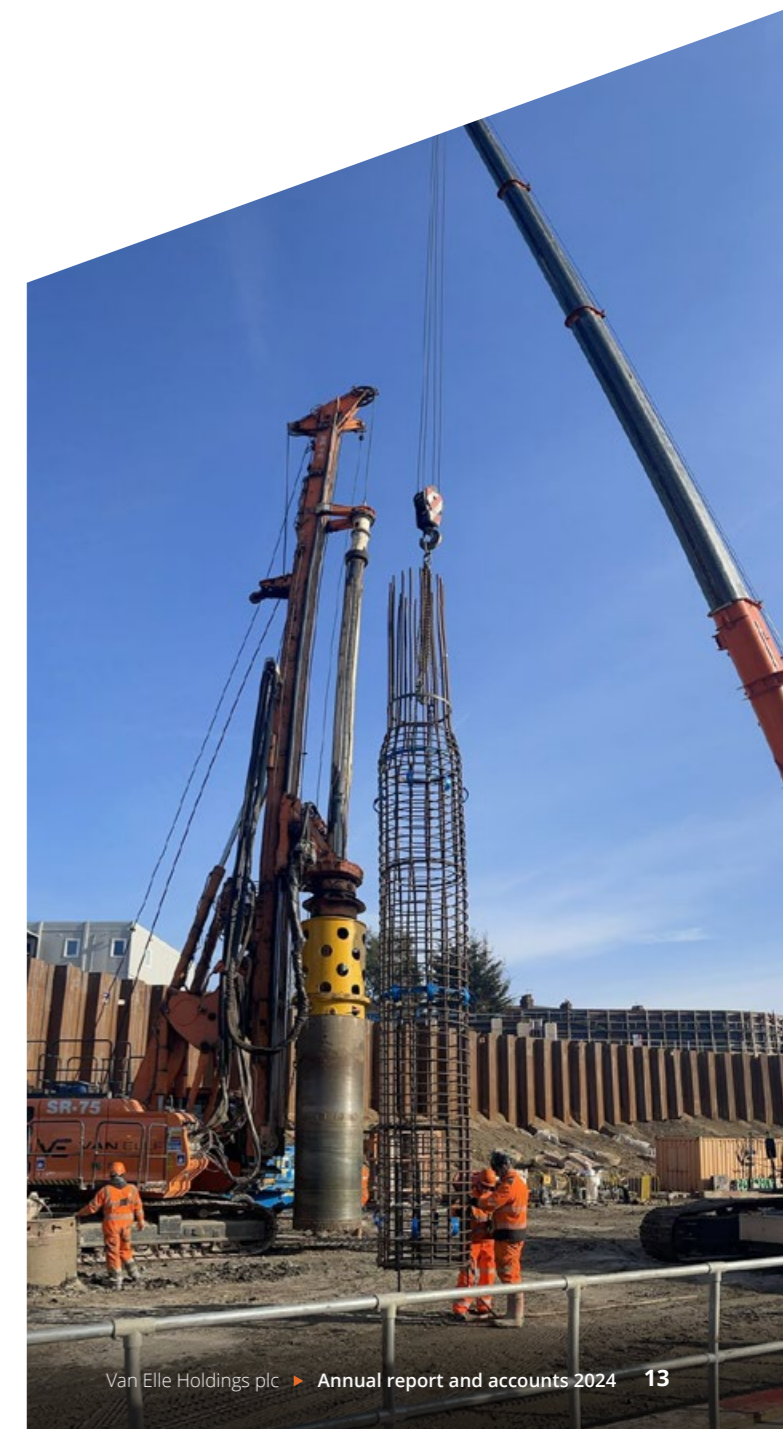
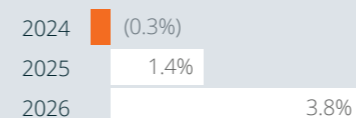
UK MARKET 2023

4.0%

VAN ELLE 2023/24

-11.8%

CPA GROWTH FORECAST



MARKET OVERVIEW CONTINUED



RESIDENTIAL



Major housebuilders are still facing the impacts of decline in demand over the last 18 months, and completions fell by more than 20% in 2023 for most. Housing associations and local authorities are prioritising investment in improving existing stock, rather than the development of new build projects. Contraction in the sector, which started in 2023, is due to continue throughout 2024. However, confidence in the housing market is starting to increase, as shown by a rise in house prices and strengthened demand. The CPA expects the Bank of England to make 2–3 interest rate cuts of 0.25% in the second half of 2024, easing the pressure on homeowners and further stimulating the market.

Recent changes to the building safety act have had an impact on the market. Developers now need to have all designers for a project on board before full planning is granted, and as piled foundations are typically contractor designed, this includes piling. This means earlier involvement with projects, and increased certainty around pipeline works, but delays from initial project engagement to commencement on site. There is also some uncertainty remaining regarding the requirements and the new process from some developers and principal contractors.

Our response

The first half of FY2024 was buoyant for Van Elle, thanks to high demand for project completion prior to the June 2023 change to Building Regulations Part L. The second half of FY2024 was subdued, as predicted. We are currently seeing a slow start to FY2025, however, there are already signs of the sector picking up. This is reflected in the CPA's prediction that this sector will bounce back quickly, with 5% growth in private housing in 2025 and 6% in 2026.

Our Smartfoot solution continues to be a best seller in this sector; however, we have started to offer cast in-situ ground beams via our civils division to offer customers an alternative solution that is often better suited in the current market. Through the civils division we are looking to offer more turnkey solutions to our housing customers. A collaboration with leading groundworker M&J Evans has also been established to offer a joined-up service to major housebuilders.

Van Elle's acquisition of Rock & Alluvium, finalised in the latter part of 2023, was primarily driven by the requirement to increase our presence and customer base in the South East and London regions, predominantly in the medium to high-rise residential market. Traditionally, this has been a difficult regional market to enter.

UK MARKET 2023

-11.4%

VAN ELLE 2023/24

+0.6%

CPA GROWTH FORECAST

2024	(5.8%)
2025	4.9%
2026	5.9%



REGIONAL CONSTRUCTION*



Output in public non-housing projects is predicted to increase by 3% in 2024, before plateauing in 2025.

Work on the New Prisons Programme ("NPP") had been delayed due to planning challenges, but is now back on track. Van Elle are working closely with Wates to develop modular solutions for the security fencing and piling strategies for the main buildings.

London continues to be a difficult market to break into given the specific dynamics of the way contracts are awarded. Our acquisition of Rock & Alluvium together with Van Elle's support has started to yield results in this region with a number of large multi discipline schemes coming on line.

Our response

FY2024 has seen Van Elle complete significant and high-profile projects across the regions of the UK. The focus of our work winning function on to the customer as opposed to the project has led to an emphasis on building relationships and gaining places on frameworks. This gives us a better handle on pipelines and a greater certainty and accuracy on reporting and resource management.

As previously mentioned, we have been working closely with Galliford Try developing relationships across their regional offices. This has already translated into an increase in enquires in FY2024.

Van Elle completed the delivery of 2 of the largest energy-from-waste schemes in the country in the North East and West Midlands, with works completed in FY2024 for a new client, Acciona construction.

FY2024 also saw Van Elle complete our largest sheet piling installation to date for the defence sector at Devonport.

Our general piling division successfully delivered a new battery Gigafactory for Wates. A wider partnership with Nissan and Sunderland City Council to create an electric vehicle hub, this project has cemented our relationships with Wates major projects division and discussions around numerous significant opportunities are ongoing, including as previously mentioned, the new prisons programme.

FY2024 saw continued investment in plant to grow our ground improvement division offering logistics and distribution centres a more cost effective and lower carbon foundation solution, which is fast becoming market leading. We completed a Whisky storage facility in Port Gordon with the installation of £4.5m of rigid inclusions.

UK MARKET 2023

+3.8%

VAN ELLE 2023/24

-9.5%

CPA GROWTH FORECAST

2024	(5.8%)
2025	4.9%
2026	5.9%

* Comprises the Construction Products Association commercial and industrial sectors.

BUSINESS MODEL

We leverage our well invested rig fleet, our technical expertise and culture to provide full lifecycle ground engineering services to our diverse customer base in order to deliver value for our stakeholders and society.

HOW WE ADD VALUE

1. Trusted partnerships

- Long-term customer focus
- End-to-end, integrated capabilities
- Best-value, innovative technical solutions
- Appropriate risk profile
- Collaborative approach and early involvement
- Conscious of our impact on communities and the environment

2. The best people and assets

- Engaged employees
- More than 5% trainees and apprentices
- Visible leadership
- Well-trained, directly employed workforce
- Optimised utilisation of well-maintained, extensive rig fleet
- Responsive logistical support

3. Our people

- Attracting and developing excellent people to create a vibrant, diverse and flexible workforce
- 100% direct labour model and a culture where employees feel valued and empowered to make informed decisions
- Interesting and challenging careers in a diverse business that provides people with the opportunity to develop their potential

Headcount
639

WHAT WE DO – OUR FULL LIFECYCLE CAPABILITY

OUR SERVICES

- Opensite piling
- Ground improvement
- Restricted access and specialist piling
- Modular foundation systems for housebuilders
- Rail engineering
- Retaining structures
- Slope stabilisation
- Ground investigation
- Pile testing
- Geotechnical engineering
- Logistical support (precast manufacturer and steel fabrication)
- Construction training

► For more information turn to pages 02 and 03

OUR DIFFERENTIATED OFFERING

1. Integrated capability

We provide an end-to-end service, from initial ground investigation through to the largest types of foundation engineering

2. UK's largest rig fleet

We have 132 rigs in our fleet with more than £60m capital invested since 2015

3. Dedicated team

We deploy a directly employed workforce of more than 400 highly trained operatives

4. Innovative

We are constantly innovating and invest up to 10% of our expenditure into developing new techniques and applications



COMPETITIVE ADVANTAGES

5. Expert

We provide more than 25 geotechnical, ground improvement and piling techniques across the Group

Different techniques

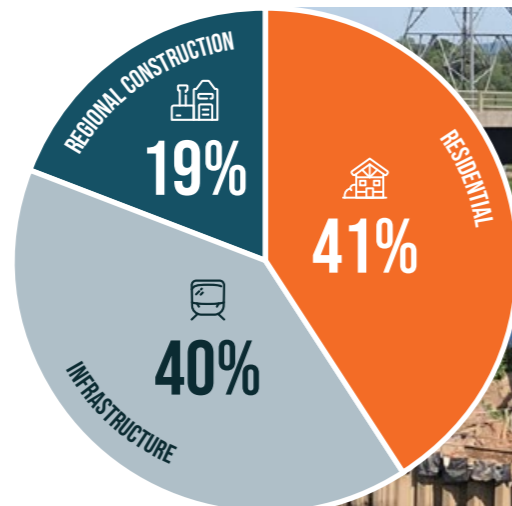
25+

6. Market leading

We are one of the UK market leaders in the deployment of modular foundations to the housing sector

OUR RESILIENCE

Operating nationally in different sectors with a diverse product portfolio gives us resiliency through national cyclicality.



DELIVERING LONG-TERM VALUE

- For our CUSTOMERS
- For our EMPLOYEES
- For our COMMUNITIES
- For our SHAREHOLDERS

THE VALUE WE CREATE

Our customers

- A focus on long-term strategic relationships
- Early contractor involvement to assist customers in designing the most innovative, value adding, cost effective and sustainable geotechnical solutions
- A broad range of geotechnical solutions including modern methods of construction with off-site and modular products

Recurring revenues

75%

Our shareholders

- Delivering profitable results and on track to achieve the Group's medium-term financial targets
- Robust balance sheet with low gearing and reinvestment in the business to support our growth strategy
- Operational flexibility leading to improving asset utilisation and return on capital employed

Total recommended dividend

1.2P

Our people

- Attracting and developing excellent people to create a vibrant, diverse and flexible workforce
- 100% direct labour model and a culture where employees feel valued and empowered to make informed decisions
- Interesting and challenging careers in a diverse business that provides people with the opportunity to develop and reach their potential

Apprentices and trainees

42

STRATEGY

The Group's objective is to maintain and extend our position as the UK's largest and most diverse ground engineering contractor. We will do this in a sustainable way to ensure long-term benefits for all our stakeholders.

In 2020, the business launched its 3-phase strategy of improving business performance, developing foundations for growth and establishing a market leadership position. Recognising ongoing continual improvements in phases 1 and 2, the Group's focus is firmly on phase 3 of the plan, which is defined by the published medium-term financial targets. These are; annual revenue growth of 5–10%, underlying operating margins of 6–7%, and return on capital employed of 15–20%. Progress has been interrupted by external factors including Brexit uncertainties, the Covid-19 pandemic and high UK inflation and interest rates impacting all the Group's end markets. Although some uncertainties are expected to persist during FY2025, as a result of actions taken to improve performance, diversify its range of services and accelerate its position in new growth markets, the Group is confident in achieving these financial objectives in the medium term.



IMPROVED BUSINESS PERFORMANCE

▶ Read more about our strategy in action on page 25

Strategic priorities	Progress to date
Simplified structure, improved leadership capability, strengthening of management team, employee engagement and development	<ul style="list-style-type: none"> ■ A strengthened leadership team and Board ■ Launch of the Van Elle leadership development programme, aimed at developing and retaining the next generation of leadership talent ■ Year-on-year improved employee engagement scores ■ Full review of employee remuneration and benefits targeted at employee engagement and retention
Operational performance improvement	<ul style="list-style-type: none"> ■ Improved operational processes, increased digitisation of site records and strengthened project management roles ■ Strengthened health and safety team with experienced safety professionals aligned to each division
Strengthened commercial approach, improved compliance and governance	<ul style="list-style-type: none"> ■ New commercial structure in place with updated processes for bidding and agreeing contract terms
Overhead and cost efficiencies, debt reduction and strong cash position	<ul style="list-style-type: none"> ■ Cost reduction and cash preservation actions embedded ■ Business improvement team established



Links to KPIs	Link to risks
<ul style="list-style-type: none"> ■ Revenue ■ Operating profit ■ Operating margin ■ Earnings per share ("EPS") ■ Net funds ■ Return on capital employed ■ Leverage 	<ul style="list-style-type: none"> ■ Non-compliance with our Code of Business Conduct ■ Product and/or solution failure ■ Ineffective management of our contracts ■ Failure to comply with health and safety and environmental legislation ■ Not having the right skills to deliver

FOUNDATIONS FOR GROWTH

▶ Read more about our strategy in action on page 28

Strategic priorities	Progress to date
Raised brand profile and key customer development in target sectors	<ul style="list-style-type: none"> Customer partnerships developed in energy, water and rail 5-year trading agreement with Galliford Try Increased proportion of frameworks; now established with 6-8 UK housebuilders and major building companies
Innovation focus and diversified specialist capabilities	<ul style="list-style-type: none"> Launch of the Smartdeck housing foundation solution and continuous innovation of the Smartfoot product offering Development of market-leading deep CFA capability Diversification of capabilities in rail including ground investigation and ancillary civils The development of a sheet piling capability supports growth in all sectors Development of ground improvement capability supports growth in the logistics warehouse market Canadian rail subsidiary established in 2023 R&D expenditure is c.10% of cost base with a strong track record of R&D tax claims
Bolt-on acquisitions to strengthen end-to-end service offering	<ul style="list-style-type: none"> ScrewFast Foundations acquisition focused on specialist techniques in highways and energy Rock & Alluvium acquisition strengthens our offering in London and the South East Pipeline of acquisition opportunities now in place
Strengthened balance sheet and increased debt facilities	<ul style="list-style-type: none"> Strong balance sheet with low gearing and asset-based lending facility of up to £11m to support growth
Investment in skills and depot/office facilities to support growth aspirations	<ul style="list-style-type: none"> Headcount increased to 670 employees from 640 at the start of the period Expanded suite of in-house training facilities at the Kirkby training centre to meet the growth in headcount. Training days delivered has increased to 4,000 a year Refurbishment of the owned and previously sub-let Pinxton premises to provide additional depot capacity A new depot at Thurrock and a regional office in Leatherhead established as part of the Rock & Alluvium acquisition



Links to KPIs	Link to risks
<ul style="list-style-type: none"> Revenue Operating profit Operating margin Net funds Return on capital employed 	<ul style="list-style-type: none"> A rapid downturn in our markets Failure to procure new contracts Loss of market share Non-compliance with our Code of Business Conduct Product and/or solution failure Ineffective management of our contracts Cyber attack Inability to finance our business

SUSTAINABLE MARKET LEADERSHIP

▶ Read more about our strategy in action on page 27

Strategic priorities	Progress to date
Become a trusted partner for key customers; increasingly involved in longer-term collaborative projects	<ul style="list-style-type: none"> Appointment of Pre-construction Director with a dedicated focus on early involvement with key customers on strategic opportunities Appointment to the 10-year Smart Motorways Programme Alliance Appointment to the piling frameworks for electrification of the Core Valley Lines and the TransPennine Route Upgrade Customer frameworks in place in the energy and rail sectors Strategic, national partnerships with several top 10 construction contractors
Deploying the best people and assets	<ul style="list-style-type: none"> Launch of the Van Elle leadership programme in 2022 Investment in market-leading deep CFA technology Digitisation of site records to be rolled-out in FY2025
Reduce our environmental and carbon impact to net zero by 2050	<ul style="list-style-type: none"> Net zero strategy launched in FY2023 Key initiatives in place including; maximisation of offsite techniques, low carbon construction products, renewable energy supply at Kirkby and low emission plant
Delivery of our medium-term financial KPIs	<ul style="list-style-type: none"> Growth impacted by market volatility in FY2024. 10% YoY annual growth expected FY2025 onwards Debt reduced to nominal levels in 2023 EBIT margins to grow from 4% to 6-7% and ROCE to grow from 10.5% to 15-20% in the medium term



Links to KPIs	Link to risks
<ul style="list-style-type: none"> Revenue Operating profit Operating margin Earnings per share ("EPS") Net funds Return on capital employed Leverage 	<ul style="list-style-type: none"> A rapid downturn in our markets Failure to procure new contracts Loss of market share Ineffective management of our contracts Not having the right skills to deliver Inability to finance our business

KEY PERFORMANCE INDICATORS



THE KEY PERFORMANCE INDICATORS (“KPIs”) WE UTILISE ARE INSTRUMENTAL IN MEASURING AND ENSURING THE COMPANY MAXIMISES ITS FINANCIAL PERFORMANCE. THESE ARE MEASURED MONTHLY AND REVIEWED ANNUALLY AGAINST OUR STRATEGIC OUTLOOK.

REVENUE

2024	£139.5m
2023	£148.7m
2022	£124.9m

Description
Revenue and revenue growth track our performance against our strategic aim to grow the business.

Performance
Revenue decreased by 6.2% in total across the year to £139.5m. Excluding the impact of acquisition Rock & Alluvium, revenue decreased by 11.7%. The reduction in revenues was driven primarily by softer market conditions, with the housing and infrastructure sectors being impacted by lower levels of demand and project delays.

STATUTORY OPERATING PROFIT

2024	£5.8m
2023	£5.9m
2022	£4.4m

Description
Statutory operating profit is the basis for calculating other reported KPIs and is after all categories of non-underlying items.

Performance
Total operating profit in FY2024 is broadly in line with the previous year, with lower activity levels and the absorption of start-up costs for the Group's Canadian rail subsidiary offset by improved margin and overhead reduction.

STATUTORY OPERATING PROFIT MARGIN

2024	4.2%
2023	3.9%
2022	3.5%

Description
Statutory operating profit margin is a key measure of performance against our strategic growth objectives.

Performance
Statutory operating profit margin has improved in FY2024 due to improved gross margins and overhead reduction.

STATUTORY RETURN ON CAPITAL EMPLOYED

2024	11.2%
2023	12.2%
2022	9.4%

Description
This measure indicates the rate of return per pound invested in the operating assets of the business. Capital employed is taken to be average net assets excluding net funds (including IFRS 16 Property and Vehicle Lease Liabilities) and earnings is taken as reported operating profit.

Performance
Statutory ROCE has decreased in the period to 11.2%, reflecting broadly flat operating profit year on year, and the continued investment in capital and bolt-on-acquisitions.

STATUTORY EARNINGS PER SHARE

2024	3.9p
2023	4.4p
2022	1.7p

Description
This KPI measures our after-tax reported earnings relative to the weighted average number of shares in issue and provides a monitor on how we are increasing shareholder value.

Performance
Statutory basic earnings per share was 3.9p (2023: 4.4p) reflecting improved profit before tax in the period, offset by an increased effective tax rate.

NET DEBT/FUNDS

2024	£5.5m
2023	£7.5m
2022	£5.9m

Description
Net funds reflects the Group's total cash and cash equivalents less any borrowings, excluding IFRS 16 Property and Vehicle Lease Liabilities.

Performance
Net funds have decreased by £2.0m in the year to £5.5m. The Group's only remaining debt at 30 April 2024 is £0.5m of hire purchase financing. The reduction in net funds in the year is driven by purchase of subsidiary companies and investment in working capital.

UNDERLYING OPERATING PROFIT

2024	£5.5m
2023	£5.8m
2022	£4.4m

Description
Underlying operating profit is the basis for calculating other Underlying KPIs and is before all categories of non-underlying items.

Performance
Underlying operating profit declined in FY2024. Lower activity levels and the absorption of start-up costs for the Group's Canadian rail subsidiary have partially been offset by improved margin and overhead reduction. The Group reports a non-underlying credit of £333,000 in FY2024.

UNDERLYING OPERATING PROFIT MARGIN

2024	3.9%
2023	3.9%
2022	3.5%

Description
Underlying operating profit margin is a key measure of performance against our strategic growth objectives.

Performance
On an underlying basis the Group reports an operating margin of 3.9%, consistent with FY2023.

UNDERLYING RETURN ON CAPITAL EMPLOYED

2024	10.5%
2023	12.2%
2022	9.4%

Description
This measure indicates the rate of return per pound invested in the operating assets of the business. Capital employed is taken to be average net assets excluding net funds (including IFRS 16 Property and Vehicle Lease Liabilities) and earnings is taken as reported operating profit.

Performance
Underlying ROCE has decreased in the period to 10.5%, reflecting reduced underlying operating profit year on year, and the continued investment in capital and bolt-on-acquisitions.

UNDERLYING EARNINGS PER SHARE

2024	3.5p
2023	4.4p
2022	2.7p

Description
This KPI measures our after-tax underlying earnings relative to the weighted average number of shares in issue and provides a monitor on how we are increasing shareholder value.

Performance
Underlying basic earnings per share was 3.5p (2023: 4.4p) reflecting reduced underlying profit before tax in the period and an increased effective tax rate.

LEVERAGE

2024	0.0x
2023	0.1x
2022	0.1x

Description
This KPI measures our total debt as a proportion of EBITDA.

Performance
Leverage continues to be low as the only remaining debt at 30 April 2024 is £0.5m of hire purchase financing.

CHIEF EXECUTIVE OFFICER'S REVIEW

MARKET AND CAPABILITY DIVERSIFICATION DRIVING GROWTH



HIGHLIGHTS

- Strong performance delivering an underlying operating margin of 3.9%, consistent with FY2023, despite challenging market conditions.
- Revenue 6% below the prior year, with the comparative period benefiting from stronger end markets.
- Completed acquisition of Rock & Alluvium in November 2023 which established a stronger presence in London and the South East
- Impact of a softer housing market partially mitigated by the Group's diverse customer base including partnership and affordable housing customers
- Excellent progress in developing closer customer relationships in the energy and water sectors
Commencement of trading of the Canadian rail subsidiary
- Capital investment of £5.5m in the year and £2.9m of plant and equipment added as part of the Rock & Alluvium acquisition

MARK CUTLER
CHIEF EXECUTIVE OFFICER

Full-year expectations achieved

The Group delivered another resilient performance in FY2024, despite challenging market conditions across most sectors. As expected, revenue was 6.2% below the prior year at £139.5m (FY2023: £148.7m). On a like-for-like basis, excluding the impact of Rock & Alluvium, which was acquired on 30 November 2023, revenues decreased by 11.7%.

Notwithstanding these challenging market conditions, the Group delivered a robust performance, with underlying profit before tax of £5.1m (FY2023: £5.3m). Underlying operating margin also remained stable at 3.9% (FY2023: 3.9%).

The housing market delivered very strong revenues in the first quarter of the financial year but activity levels reduced materially over the remainder of the year, in line with the lower new build volumes widely reported by major housebuilders. Our diverse customer base, with additional exposure to partnership and affordable housing customers, partially mitigated this impact, where volumes were affected to a lesser extent.

In infrastructure, the Group has made excellent progress in developing closer customer relationships and strengthened market positions in all segments, but market challenges persisted throughout the year from a combination of budget and inflationary pressures, project delays and transition between investment cycles. A strong pipeline of opportunities has been developed in the energy and water sectors, where there is a clear pipeline of planned investment. These sectors are expected to contribute materially to Group performance in the medium term. Both rail and highways sectors reported lower activity levels during the year. Rail was impacted by lower spending during the final year of Network Rail's CP6 investment period. Highways revenues were also reduced, impacted by the cancellation of further

Smart Motorways project, other project cancellations and delays in regional delivery programmes.

Costs associated with establishing the Group's Canadian rail subsidiary have been absorbed in the year and activity levels are now increasing to sustainable levels, despite delays to the major Metrolinx GO Expansion programme in Toronto, for which we are now preferred bidder for the foundations strategic partner role, covering design development and early works ahead of main construction starting in FY26.

In the regional construction sector market, conditions were also challenging, with developer confidence affected by build cost inflation. The Group completed several important schemes in the growing segments of data centres and industrials. Commercial schemes have suffered delays in most regions. In London, progress has been impacted by the new Building Safety Act which requires more rigorous design and planning conditions for buildings over 18 stories, albeit the initial backlog will ease during FY2025. In November 2023, the Group acquired Rock & Alluvium Limited from Galliford Try Holdings plc, which has provided an established presence in London and the South East. Trading under the wider Galliford Try trading agreement is in line with expectations.

We continue to focus on efficiency projects both to improve operational effectiveness and also to leverage the Group's IT infrastructure and systems. Further cost saving initiatives have also been identified, which are being delivered as part of our drive for continuous improvement.

Strong balance sheet

The Group maintained a strong balance sheet with a healthy cash balance, low debt and significant liquidity headroom against its undrawn £11.0m funding facility. The facility term was extended during the year and now expires in September 2026.

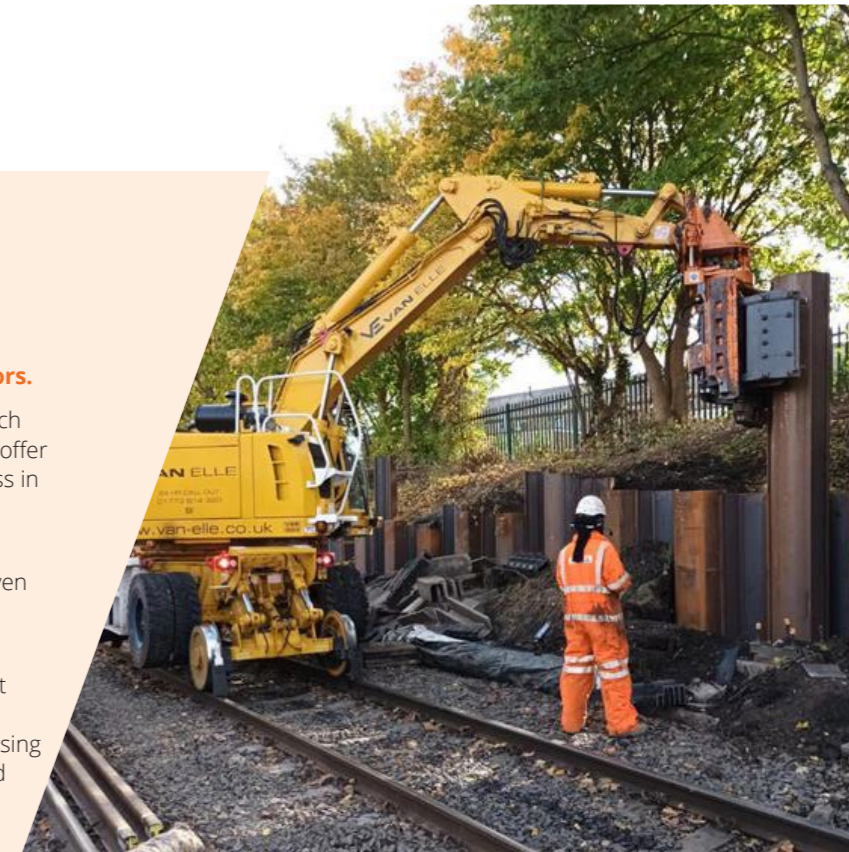
IMPROVED BUSINESS PERFORMANCE – CIVIL ENGINEERING CAPABILITY

We launched a dedicated civil engineering team focused on integrated civil and foundation opportunities in the rail, energy, and water sectors.

This strategic initiative highlights our proactive approach to meeting the evolving industry needs, allowing us to offer comprehensive solutions and enhance competitiveness in key sectors.

By combining civil engineering expertise with our foundation solutions, we can deliver holistic, value-driven projects that drive progress and foster sustainable development.

Notable projects include the Martlesham embankment works, Okehampton, Nexus, and the ongoing Oxford Station project. Additionally, we have completed a housing project in Seaford, utilising reinforced concrete ground beams instead of the precast option.



The Group assumed 3 small lease liabilities over rigs as part of the acquisition of Rock & Alluvium Limited, but Group debt remains well within our target leverage threshold of less than 1.5 times EBITDA. Total debt (excluding IFRS 16 lease liabilities) was £0.5m at the year-end (30 April 2023: £1.4m).

Net funds, excluding IFRS 16 property and vehicle lease liabilities, decreased to £5.5m at 30 April 2024 (30 April 2023: £7.5m). This reduction in net funds reflects £3.6m of net capital expenditure (after disposals), £2.5m of consideration for acquisitions, £1.3m dividends and an increase in working capital as a result of higher activity levels in the final quarter of the financial year.

Health and safety

The health, safety and wellbeing of our employees is our first priority. We have made excellent progress during the year with significantly improved internal communication and reporting, which is driving a stronger safety culture in the business.

A health and safety survey was conducted during the year with strong levels of engagement across the workforce. The survey responses are being used to drive an action plan for further improvement.

We have built on the progress made in the prior year on the Group's upgraded Integrated Management System, which now captures all operational processes and procedures. These have been briefed out to all employees to embed best practices and improved consistency.

Our safety record improved again in the year, with a RIDDOR Accident Frequency Rate ("AFR") per 100,000 hours worked of zero in FY2024 (FY2023: 0.19).

People

The Group continued to develop its workforce and core management capabilities, with new development programmes in place for supervisors and management. Our in-house training centre coordinated and delivered all the Group's training needs, delivering a high level of internal training days, broadly consistent with the prior year. Group average headcount was stable throughout the year at 639 and assisted by reduced resource demand on HS2. Voluntary churn was lower at 14% (FY2023: 18%).

During the year some restructuring was undertaken to improve the efficiency of the operating business units, reduce duplicated processes and roles and to improve collaboration. As part of

these changes Malcolm O'Sullivan was appointed as Chief Operating Officer and several other internal promotions were implemented.

Strategy

The Group made further progress in the year, with continued focus on the final phase of our strategic plan to deliver market-leading performance. The medium-term financial KPIs (annual revenue growth of 5–10%, underlying operating margins of 6–7%, ROCE of 15–20% and leverage of less than 1.5 times EBITDA) remain the Group's objectives.

Strategic highlights in the year include:

- As the pipeline of investment under the UK energy sector's Accelerated Strategic Transmission Investment ("ASTI") programme becomes clearer, we have developed strong customer partnerships for delivery of future works. Significant investment is expected in the UK high-voltage power network over the medium to long term and our breadth of capability puts the Group in a very strong position to be able to support major project activity.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED



THE GROUP HAS MADE EXCELLENT PROGRESS IN DEVELOPING STRONG CUSTOMER RELATIONSHIPS IN THE ENERGY AND WATER SECTORS, WHERE THERE IS A CLEAR PIPELINE OF PLANNED INVESTMENT."

- The acquisition of Rock & Alluvium from Galliford Try Holdings plc was completed to provide wider growth opportunities for the Group in London and the South East. The integration of Rock & Alluvium has progressed in line with expectations and the business traded profitably in the final quarter of the year.
- A 5-year trading agreement with Galliford Try was entered into, under which Van Elle has started to provide piling and geotechnical services.
- The Group was awarded new framework agreements including in Network Rail's southern region CP7 civils and with the Coal Authority for national ground investigation services.
- Continued investment in the establishment of the Group's Canadian operations, with a strong pipeline of identified opportunities now exceeding CAD \$40m.
- Continued leadership training with the first leadership development programmes in place for high potential leaders and supervisors.
- Re-development of the Group's freehold premises at Pinxton to provide additional capacity.

Sustainability and ESG

The Group's sustainability strategy is aligned with the UN Sustainable Development Goals, which we consider to be the most applicable to our business operations. We have signed up to the Science Based Targets initiative ("SBTi") to set achievable emissions reduction targets against a representative base year to achieve net zero by 2050.

A medium-term sustainability roadmap is established, which provides a clear pathway to a 30% reduction in our greenhouse gas emissions from a 2020 baseline.

Our Sustainability working group, which has executive level leadership, is using this roadmap to track progress against our targets and objectives. The Group measures and reports Scope 1 and Scope 2 emissions.

During the year, our people have engaged with numerous social value initiatives, both during customer projects and also locally within the community around our offices.

Our sustainability targets for next year include:

- Full validation of our targets with SBTi.
- Become accredited sustainable procurement, ISO 20400.
- Develop processes to measure and report Scope 3 emissions.
- Review and implement solar panels where appropriate.
- Trial low carbon concrete and steel.
- Embed carbon footprint estimations for all projects at the design stage.

Markets

The Group operates in 3 market segments:

Residential constituted 41% of Group revenues in the year (up from 38% in FY2023). Divisional teams deliver integrated piling and foundation systems for national and regional housebuilders, retirement homes and multi-storey residential properties.

Demand for the Group's Smartfoot precast concrete foundation system (reported in the Group's Ground Engineering Services segment) was very strong during the early part of the financial year. New building regulations, introduced towards the end of Q1 FY2024, resulted in the acceleration of some residential projects, which provided a temporary increase to revenues.

As anticipated, the impact of increasing mortgage rates and general market uncertainty caused a decrease in the rate of new build starts from the second quarter, which continued throughout the remainder of the financial year. Whilst this resulted in significantly lower activity levels in private housing, some impact was mitigated by the Group's balanced exposure to affordable and partnership housing customers.

Industry forecasts are still cautious regarding the recovery of the housing market, and we anticipate the remainder of the year to show only a modest improvement in volumes, however early indications are positive, with order intake in the financial year to date over 30% ahead of the corresponding period last year. The award of the former Boots site in Nottingham by Keepmoat is worth up to £3m, is our largest single scheme awarded in the last 12 months and represents the 15th with Keepmoat over the last 3 years, demonstrating our cross-tenure diverse customer base. Interest rate cuts are widely expected during the second half of 2024 and the new government has committed to improve the planning process and introduce mandatory housebuilding targets.

The Group is closely involved with several national housebuilders to help develop efficient foundation solutions ahead of further Building Regulations changes planned for 2025. We have recently invested in our precast pile factory through expanding our capacity by over 30% and have further diversified our capabilities by offering in-situ beams. A collaboration with leading groundworker M&J Evans has also been established to offer a joined-up service to major housebuilders.

Notwithstanding some short-term challenges, the long-term outlook for housebuilding remains very strong in the UK and in Q1 FY2025, orders for our Housing division are ahead of the same period in FY2024 by over 30%.

Despite the current challenges in the housing market, our total residential sector revenues were broadly consistent with prior year, primarily due to the acquisition of Rock & Alluvium Limited, where a large proportion of revenues were delivered in the residential sector and reported within the Group's General Piling segment.

Infrastructure constituted 40% of Group revenues in the year (down from 42% in FY2023). The segment includes specialist ground engineering services to the rail, highways, coastal and flooding, energy and utility sectors.



FOUNDATIONS FOR GROWTH – ENERGY AND WATER SECTORS

The Group has made significant progress in capturing substantial growth opportunities in the energy and water sectors.

During FY2023, we secured several customer frameworks and identified a bidding pipeline of approximately £300m over the next 5 years.

In the energy transmission and distribution sector, we have a robust pipeline of opportunities and are the preferred bidder on 3 targeted schemes for FY2024.

These projects underscore our operational excellence and commitment to client satisfaction, showcasing our strategic approach to delivering excellence across all endeavours.

Our accomplishments have laid a solid foundation for sustained growth and demonstrate our dedication to driving business performance, maximising value for our stakeholders.



ROCK & ALLUVIUM HAS PROVIDED AN ESTABLISHED PRESENCE IN LONDON AND THE SOUTH EAST"



CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

In the Rail sector, revenues during the first half of the year were strong as Network Rail's Control Period 6 (CP6) was delivering works in its final year, before the transition to CP7 commenced. As expected, this resulted in lower activity levels in the second half of the financial year.

Planned works in CP7 include greater focus on climate-related activities including slope stabilisation, drainage improvements, and maintenance works, which are expected to benefit the Group with a strong capability and track record across this type of work. With CP7 in the early planning and design stages, revenues are expected to remain subdued until early 2025.

The Group is well-placed for the medium term with multiple significant opportunities for growth in the UK rail sector. In particular our activities as a framework partner on the TransPennine Route Upgrade ("TRU") programme should grow materially over the next 3 years, and our award as a civils framework partner Network Rail's programme in the South East are both expected to generate a solid baseline of work for our Rail team.

In Canada, operations were impacted by further delays to project start dates resulting in lower activity levels in FY2024 than expected. The commencement of major works on the Toronto Metro expansion project has been delayed until late 2025. However, we have developed a strong position with a more diverse customer base ahead of the Metrolinx GO Expansion programme for which we are preferred bidder for the strategic partner role and expect to commence enabling works by the end of H1. The group has also successfully completed its first piling scheme for another customer using its advanced road-rail engineering methods which are unique to the region. Revenues are in line with our expectations for FY2025 to date.

Government spending in the highways sector has been lower than anticipated in the year, with several major projects being cancelled or delayed. The Group's activities on the Smart Motorways Programme Alliance ("SMPA") framework were at reduced levels as expected due to the cancellation of new schemes. However the Group delivered several emergency refuge areas during the second half. Following a reset of several target projects the Group has a good pipeline of schemes over the next 3 years going into National Highways RIS3 investment period and has been appointed as early partner on 3 large schemes for Bam and Galliford Try since the start of FY2025.

With the cyclical nature of investment impacting much of the UK's infrastructure activities, the Group has targeted the energy and water sectors for long-term strategic growth, particularly given the significant level of national investment expected in the medium and long term. In energy, we have developed strong customer partnerships for delivery of future works under the Accelerated Strategic Transmission Investment ("ASTI") programme, where our breadth of capability puts the Group in a very strong position to be able to support major transmission line and substation/ converter station schemes. This capability has been diversified to include all expected foundation types, including modular systems based on the ScrewFast solution and associated civil engineering works, to reduce interfaces for customers and allow the group to offer the best value solution for the project.

Strong progress has also been made in the water sector, where investment under AMP8 is committed to double to £88bn compared to AMP7. Customer partnerships are in place for several regions including the previously announced trading agreement with Galliford Try. Design solutions have been developed based on the Group's ScrewFast system which modularises and standardises simple foundations for lower carbon and faster delivery compared to traditional methods.

Regional Construction constituted 19% of Group revenues (unchanged from 19% in FY2023). The Group delivers a full range of piling and ground improvement services to the commercial and industrial sectors, from private and public sector building and developer-led markets across the UK.

Strong revenue growth in the prior year was primarily driven by a small number of large commercial projects in central London, delivered primarily by the General Piling division. With the backdrop of a more challenging and price sensitive regional construction market during the year, activity levels were below the prior year.

The London market is expected to lead a recovery in developer confidence although the new Building Safety Act will result in a temporary delay as upfront design and planning workload is increased. The Group's acquisition of Rock & Alluvium in November 2023 has significantly strengthened its South East presence and leaves it well positioned to play a leading role. Elsewhere in the UK the major regional conurbations are all showing signs of some market recovery. The industrial markets covering factories, data centres and warehousing also continue to offer significant opportunity for the Group's range of piling and ground improvement services.

Operating structure

Van Elle's operational Group structure has remained consistent and is reported in 3 segments:

- **General Piling:** open site; larger projects; and key techniques being large diameter rotary, CFA piling, precast driven piling, rigid inclusions and vibro stone columns.
- **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 and Smartdeck); ground investigation and geotechnical services (Strata Geotechnics).

Rig fleet

The Group operates 132 rigs in total, and we have continued to invest in the fleet to ensure that our market-leading capability is maintained. Total capital expenditure in the year was £5.5m (excluding new IFRS 16 leases), primarily relating to acquisition of new rigs and further investment in the Group's haulage fleet.

The Group also acquired £2.9m of plant and equipment at fair value (excluding leased assets) as part of the acquisition of Rock & Alluvium, primarily in relation to the acquired fleet of CFA piling rigs.

We continually review the existing fleet and dispose of older assets, particularly those with low utilisation. £1.9m of cash inflow was generated from such disposals.

Outlook

Market conditions are expected to remain challenging throughout the remainder of 2024. However, inflation has reduced to BoE target levels, interest rates have stabilised and are expected to start to reduce later in 2024 and there are early signs of improved confidence since the general election. In addition, the budget constrained cyclical investment transition impacting many of the Group's infrastructure sectors has passed, with increased relevant investment expected in the next 5-year periods for water, rail and highways along with significant new investment in the UK's energy transmission network.

The Group has continued to diversify its capabilities with a wider civil engineering offering now complementing its breadth of foundations and piling expertise, regional expansion into London and the South East through the acquisition of Rock & Alluvium and the establishment of a Canadian rail business in Toronto.

As a result, further steady progress in Group performance is expected in FY2025 ahead of accelerated growth in FY2026 and FY2027. We are confident of delivering at least 5–10% compound annual revenue growth over this period and in achieving our medium-term financial targets of 6–7% operating profit margin and 15–20% ROCE.

MARK CUTLER
CHIEF EXECUTIVE OFFICER

23 JULY 2024

MARKET LEADERSHIP – ROCK & ALLUVIUM

In a strategic move to enhance market presence and operations, we acquired Rock & Alluvium Limited from Galliford Try.

This acquisition consolidates our market leadership, expands our geographic footprint, and enhances our service offerings.

Rock & Alluvium are now part of the Group's General Piling Division, adding expertise and resources to support our expansion in the South East, a region with significant growth potential.

The acquisition includes a 5-year trading agreement with Galliford Try, expected to generate over £10m annually from FY2025. This agreement involves Van Elle providing piling and geotechnical services for Galliford Try's projects, solidifying our strategic partnership and revenue growth.

Integrating this reputable specialist strengthens our market position and lays a solid foundation for future growth, highlighting our commitment to enhancing service capabilities and delivering sustained value to stakeholders.



OPERATING REVIEW

GENERAL PILING



What we do

General Piling offers design and construction solutions for our larger rotary, CFA and driven piling projects that don't require restricted access specialist techniques, typically involving deeper and larger diameter piles and complex major project requirements. The division provides solutions under the Van Elle and Rock & Alluvium brands.

Year in review

Revenue increased by 3% in the year to £56.7m (FY2023: £54.8m), representing 41% of Group revenues. Reported revenue includes the impact of 5 months' trading of Rock & Alluvium and on a like-for-like basis, revenue was 11% down on prior year.

The General Piling division operates across each of the Group's 3 market segments. Market conditions remained highly competitive throughout the year, with price sensitive tendering being a key factor in work winning.

Revenue growth was achieved in the Residential sector with several significant contracts delivered, particularly in the first quarter of the financial year. The acquisition of Rock & Alluvium supported the strong growth in sector revenues, with the order book acquired being weighted towards CFA piling work in the residential sector.

Infrastructure workload benefitted from the completion of the first phase of a major energy sector contract in H1. Regional Construction revenues were lower than the comparative period, mainly due to a very strong order book being brought forward into the previous year.

Rock & Alluvium increased the division's geographic activity in the South East and expands capacity for additional CFA piling, primarily reported in the General Piling division activities.

Underlying operating profit for the division increased to £5.2m (FY2023: £3.4m).

Revenue

£56.7M

2024	£56.7m
2023	£54.8m
2022	£39.0m

Operating profit

£5.2M

2024	£5.2m
2023	£3.4m
2022	£1.8m

Projects

298

SPECIALIST PILING AND RAIL



What we do

The Specialist Piling and Rail segment comprises the Specialist Piling and Rail divisions, which have closely aligned capabilities.

Specialist Piling provides a range of piling and other geotechnical solutions in operationally constrained environments such as inside existing buildings, under bridges and in tunnels and basements, as well as off-track rail environments. Additionally, we offer nails and anchors, drilling and grouting techniques and sheet piling for ground stabilisation projects required for large civil engineering and new-build residential schemes. The division also provides helical pile and steel and modular foundation solutions under the ScrewFast brand.

The Rail division specialises in on-track geotechnical operations across the UK's rail network.

Year in review

Revenue decreased by 6% in the year to £43.9m (FY2023: £46.6m), representing 31% of Group revenues.

Specialist Piling experienced softer market conditions throughout the first half of the year, primarily as a result of delays to major infrastructure work on highways and a short-term decrease in demand for drill and grout activity. Work winning improved significantly in H2 and delivered very strong activity levels during the final quarter of the financial year.

In addition to the increased workload from core markets reported in H2, Specialist Piling maintained a strong focus developing customer partnerships in the energy and water sectors, where there is a clear pipeline of planned investment in the UK. These sectors are expected to contribute materially to segment and sector performance in the medium term.

The Rail division delivered strong revenues in H1, as Network Rail's CP6 entered its final year before CP7 commences. As expected, activity levels decreased significantly in H2, and are expected to remain lower than recent levels until CP7 work starts. However, the division is well-placed for medium-term growth, particularly following the appointment as a framework partner on the TransPennine Route Upgrade ("TRU") programme where work commenced in H2. The Rail division has also been appointed to Network Rail's civils and geotechnical programme in the South East, which is expected to generate material revenues in FY2025 and beyond.

Underlying operating profit for the division decreased to £1.2m (FY2023: £2.2m).

Revenue

£43.9M

2024	£43.9m
2023	£46.6m
2022	£45.8m

Operating profit

£1.2M

2024	£1.2m
2023	£2.2m
2022	£3.0m

Projects

417

GROUND ENGINEERING SERVICES

What we do

Ground Engineering Services comprises the Strata Geotechnics and Housing divisions.

Strata has expertise in drilling, sampling, analysing and reporting ground information to support follow-on design and construction activities.

The Housing division undertakes driven and CFA piling and precast modular foundations (Smartfoot and Smartdeck) for housebuilders.

Year in review

Revenue decreased by 18% in the year to £38.4m (FY2023: £47.1m), representing 27% of Group revenues.

Ground Engineering Services consists of the Group's Housing division and Strata Geotechnics.

The Housing division delivers integrated piling and Smartfoot foundation beam solutions to UK housebuilders plus Smartdeck and in-situ beam foundation solutions. Demand for Smartfoot was very strong during the early part of the financial year with new building regulations, introduced towards the end of Q1 FY2024, resulting in the acceleration of some residential projects, which provided a temporary increase to revenues.

As anticipated, there was a significant decrease in the rate of new build housing starts from the beginning of the second quarter, which continued throughout the remainder of the year. Whilst this resulted in significantly lower activity levels in private housing, some impact was mitigated by our exposure to affordable and partnership housing customers, where volumes remained more stable.

Strata Geotechnics delivered further revenue growth in the year, with good progress in the infrastructure sector, particularly on the National Highways national ground investigation framework and the Coal Authority framework, both of which have either been extended or renewed and on HS2 Strata had secured a place on HS2's £800m phase 2 ground investigation framework, therefore, the cancellation of phase 2b of HS2 was particularly disappointing.

Underlying operating profit for the division decreased to £0.9m (FY2023: £3.6m).

Revenue

£38.3M

2024	£38.3m
2023	£47.1m
2022	£40.0m

Operating profit

£0.9M

2024	£0.9m
2023	£3.6m
2022	£2.1m

Projects

539

SUSTAINABILITY

We are committed to acting in a safe, sustainable and responsible manner and recognise this is key to the success and growth of the business. The delivery of our sustainability strategy. This work is beginning to yield benefits in terms of employee engagement, delivery of social value projects and reduced carbon design and delivery innovations.

Policies

The Board recognises its responsibility for establishing responsible and sustainable business practices, ensuring the safeguarding of both the environment and stakeholders. We have several established policies in place that underpin our operations to support our sustainable and responsible approach. These include anti-bribery and corruption, health and safety, environmental protection, sustainable development, quality assurance, anti-fraud and tax evasion, equality, diversity and inclusion, training and development, whistleblowing, and modern slavery. Regular training on key policies is conducted by all employees to support compliance with high standards of business conduct.

Sustainability strategy

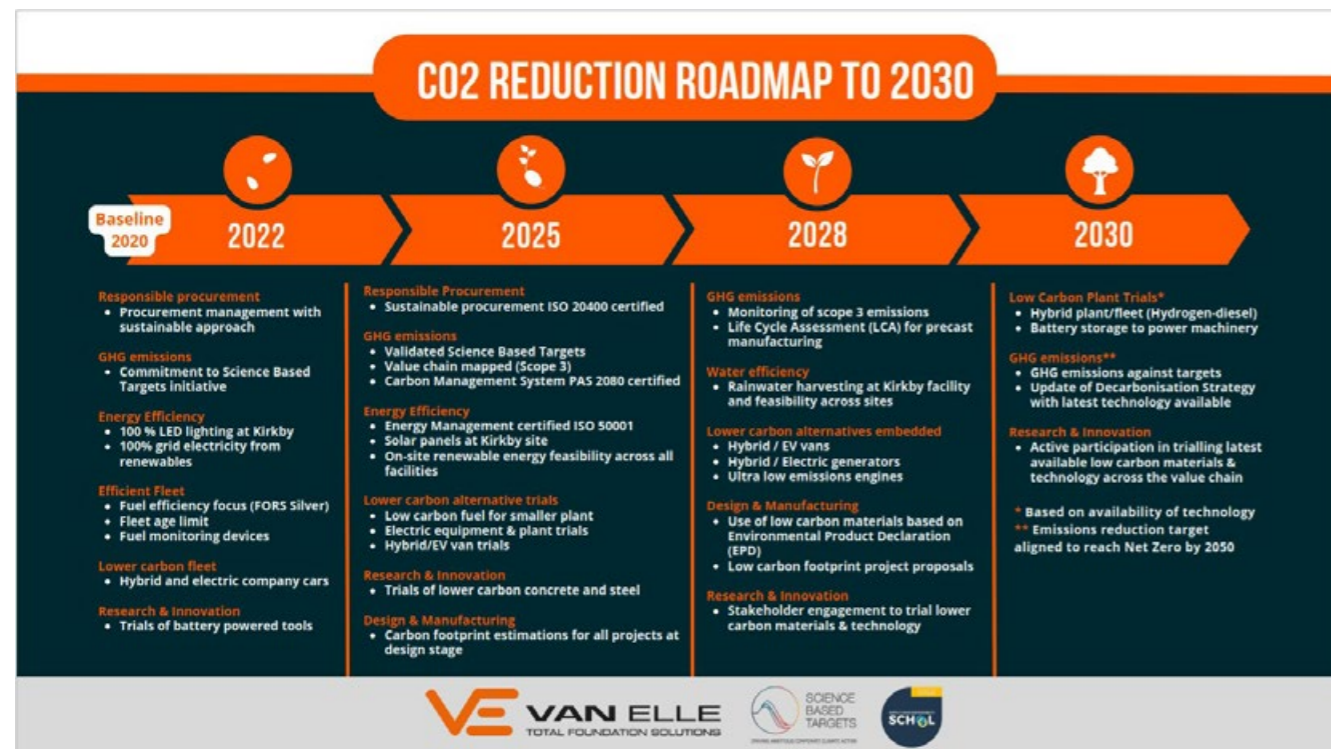
Van Elle has implemented a Sustainability Strategy, aligned with the UN Sustainable Development Goals ("SDGs") that are applicable to the business operations. We recognise that our core operations rely on energy-intensive materials such as cement and steel. These industries are moving fast and making significant progress in developing cleaner technology for their manufacturing and operational processes.

Our objective is to be at the forefront of developments, spearheading the move to a low carbon construction industry. We are aware that our manufacturing and on-site operations have an impact on the generation of greenhouse gas ("GHG") emissions, mainly due to requirements for fossil fuels and carbon intensive materials. We understand we must act now to start reducing our GHG emissions, which will also bring opportunities for innovation and efficiency across the Group, hence we have shown a commitment to net zero and are building a strategic plan to decarbonise our operations. This strategic plan includes goals, targets, performance indicators and responsible leads. We aim to measure our strategy against the indicators yearly so we can monitor our performance and identify improvement measures. Our long-term net zero by 2050 commitment is supported in the medium term by a roadmap to 2030 which provides a clear strategic pathway to a 30% reduction in our greenhouse gas emissions from a 2020 baseline.

OUR NET ZERO BY 2050 COMMITMENT IS SUPPORTED BY A ROADMAP TO 2030 WHICH PROVIDES A CLEAR STRATEGIC PATHWAY TO A 30% REDUCTION IN OUR GREENHOUSE GAS EMISSIONS."



CO₂ reduction roadmap to 2030



We record and report our Scope 1 and 2 emissions and have gathered an inventory of the sources contributing to our direct and indirect carbon emissions according to the GHG Protocol. The main footprint of our operations results from fuel consumption for our plant and fleet (>95%). Within our Scope 1 emissions, our plant fuel consumption represents around 80% of our carbon emissions compared to our fleet related emissions. Our Scope 2 emissions represent less than 5% of our carbon footprint.

We recognise that Scope 3 emissions related to our business operations will be significantly higher than those currently reported within Scopes 1 and 2. In 2023 we signed up to the Federation of Piling Specialists ("FPS") sustainability charter.

The charter is a summary of the key actions the governing body has committed to on behalf of its members. FPS member audits are now based on this charter, and the results are collated and anonymously reported back to its members on an annual basis. A key driver of the sustainability charter is that for all projects over £1m we are required to provide Scope 1, 2 and 3 emission data to the FPS. This has prepared us well for the capture and reporting of Scope 3 emissions once this becomes mandatory. In FY2024 we have begun to monitor our Scope 3 emissions the process of liaison with our supply partners in order to minimise these as much as possible.

In 2022 we committed to developing our Science Based Targets ("SBT") to allow us to set achievable emissions reduction targets against a representative base year to achieve net zero by 2050. We are currently in the process of developing our targets and metrics in line with this initiative, these are due to be validated for our net zero journey in December 2024.

We are actively engaging with our supply partners to understand the GHG emissions arising from the materials and services with which they provide us. We acknowledge that to achieve our net zero commitment, we need to identify and monitor the emissions of our suppliers. Since 2022 we have implemented a strong focus on sustainable procurement practices by continuously monitoring suppliers against responsible sourcing standards. We have also implemented a new process to register suppliers which includes a sustainability scoring system. Additionally, we are engaging with our suppliers and have provided lunch-and-learn sessions and open days to promote sustainable practices and technology that will benefit Group operations and support our ultimate net zero goal. Furthermore, we will implement the ISO 20400 for Sustainable Procurement across the business to ensure all our procurement practices are aligned to international standards.

As fuel consumption is the main contributor to our Scope 1 emissions, we have a strong focus on assessing transitional ways to reduce emissions while technology is developed to reach reduction targets. Our company car scheme now includes more hybrid and electric cars, which give employees options to choose from lower emissions vehicles. In addition, our Head Office and Plant Operational Base has installed electric chargers for employee use. Significant investment in our transportation fleet is yielding benefits in a clear reduction in our Scope 1 emissions.

Emissions reduction against our Scope 2 figure has been achieved by a new purchase agreement for grid electricity from 100% renewable sources. The electricity supplied is certified under the Renewable Energy Guarantees of Origin ("REGO") scheme which provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation.

In addition, we are ESOS phase 2 compliant, currently drafting our phase 3 compliance submission and are in the process of achieving ISO 50001 Energy Management certification.

We understand that estimating GHG emissions at the design stage of the projects is key to reducing the overall carbon footprint of a project. Estimators, designers and engineers use carbon tool calculators such as the EFC-DFI Carbon Calculator for projects so we are able to identify in which stage of the operations we can introduce best available practice or technology to reduce the associated GHG emissions.

Collaborative practice is vital to our business. We have systems in place to ensure we work responsibly to minimise any environmental impact that may occur within the local communities in which we work. Additionally, we take every opportunity to add social value to our activities, building a positive legacy in the areas surrounding our projects, and understand that working in partnership with communities can deliver lasting benefits for our stakeholders. Community engagement is aligned with our Trusted Partnership and Perfect Delivery mission. We recognise that a robust Sustainability Strategy is increasingly important to our customers and stakeholders.

Customer requirements and expectations around sustainability are progressively more important and carry a higher weighting in the bidding process; therefore key to our Sustainability Strategy is engagement with and participation in innovation projects with stakeholders. We are trialling battery powered electric tools as opposed to fuel powered tools in the aim to include more sustainable equipment in our operations. We are also involved in the trial of low carbon concrete (i.e., graphene admixtures) in our precast operations. Our near-term roadmap to 2030 includes involvement in trials of hybrid machinery and fleet such as hydrogen/diesel or hydrogen alone where technology is available.

Case study

COMMUNITY COLLABORATION SUPPORTING SISK PROJECTS IN THE NORTH WEST

We collaborated with Sisk projects in the North West region to undertake several community initiatives.

As part of Sisk's "Winter Warmer Campaign", we provided essential dry food goods to support those who are less fortunate in partnership with our concrete supplier.

We also supported the "Prom Wear Appeal" donation drive for St Matthews High School's Year 11 students. We collected and donated various items such as prom dresses, suits, shoes, bags, and accessories to help those who are unable to attend their end-of-year prom due to financial constraints. Furthermore, in response to a request from Manchester City Council, our team constructed four compost bins at Clayton Hall Museum using recycled pallets from our Kirkby yard.

A dedicated group of gardeners, along with Sisk North West's delivery team, also restored a neglected and overgrown garden at the museum on Ashton New Road. These efforts underscore our strong commitment to sustainability and community welfare in the North West.



SUSTAINABILITY CONTINUED

Health, safety and wellbeing

The health, safety and wellbeing of our staff is of utmost importance, and every precaution is taken to protect them, fellow contractors and visitors on site. Our Head of Health and Safety is driving an operations-led safety culture within the business and improving safety reporting, which is having a positive effect on the health and safety of our employees with all KPIs improving during the year.

Our dedicated professionally qualified health, safety, quality and environment team continues to undertake regular internal audits of our occupational health and safety procedures, tasks and activities to ensure they are as comprehensive as possible, highlighting any areas for improvement. As members of all the industry's key recognised certification and qualification schemes, our systems are under constant review by external bodies promoting best practice. We are Network Rail Plant Operations Scheme ("POS") providers and are an active member of the Federation of Piling Specialists ("FPS") and the British Drilling Association ("BDA").

We aim to identify risks through proactive hazard identification and reporting along with timely planning, careful risk assessment and method statements. We measure and monitor a balance of reactive and proactive KPIs. All health and safety incidents are recorded and reviewed at a senior level, and extensive safety alerts toolbox talks, training and employee briefings are held to refocus the business and continually address, reflect on lessons learnt and improve performance, understanding behaviours and trends to aid in preventing recurrences.

We are an accredited CITB training provider, delivering health and safety awareness, site supervisor safety training and site management safety training courses to our employees and our contractors as and when required.

We are proud members of the Armed Forces Employee Recognition Scheme and are committed to the Armed Forces Covenant.

As an employer, we recognise the importance of mental health awareness and providing easy access to support when it is needed. Our in-house training department deliver mental health awareness courses and have trained mental health first aid staff in the offices and on site. We have set an objective to achieve a trained mental health first aid staff to employee ratio, in accordance with Mental Health First Aid England guidelines.

We also operate an Employee Assistance Programme, through which employees and their immediate families can access confidential support services 24 hours a day, 7 days a week.

Health and safety KPIs

Category	FY2022	FY2023	FY2024
Headcount	601	648	639
Hazard identification reports	1,812	1,948	2,046
Environmental incidents	-	2	4
Minor injuries	37	27	30
7-day lost time injuries	4	5	4
7-day lost time injuries (RIDDOR reportable)	2	2	-
Specified injury (RIDDOR reportable)	2	1	-
Dangerous occurrence	-	-	1
Fatal	-	-	-
RIDDOR accident frequency rate ("AFR")/100,000 hours	0.28	0.19	-

¹ To improve reporting accuracy our Notification reporting system, introduced 01.12.2023, includes internal feedback reports. These reports are now included in the Hazard Alert total.

Our safety golden rules

ALWAYS

- 1 Make sure you are fit for work.
- 2 STOP if anything changes.
- 3 Ensure exclusion zones are in place around all plant machinery.
- 4 Have a daily briefing and diligently follow the method statement, lifting plan or permit.

NEVER

- 1 Use plant or equipment that is unfit for purpose.
- 2 Stand in a position of potential danger.
- 3 Walk by and ignore a hazard or unsafe act.
- 4 Undertake a task for which you are not trained or competent.



Case study

SUSTAINABILITY OPEN DAY

As a core aspect of our Sustainability Strategy, we prioritise engaging with our supply chain and participating in innovation projects. Our sustainability open day, held at our Training Centre in Kirkby-in-Ashfield, exemplified this commitment.

We welcomed over 30 leading suppliers to discuss and demonstrate the latest advancements and innovations at the event. With over 150 attendees, including industry experts and stakeholders, we emphasised our dedication to reducing greenhouse gas emissions throughout product lifecycles.

Discussions centred on sharing our sustainability journey and exploring ways to minimise waste and environmental impact, focusing on the entire lifecycle of products, plant, and equipment, and sustainability goals to reduce greenhouse gas emissions.

The event showcased presentations, live demonstrations, and discussions about new developments and innovations for a sustainable future.

In line with the global goal of achieving net zero emissions by 2050, we recognise the importance of collaborating with our supply partners to drive innovation and meet our sustainability commitments.

People

Attracting and retaining an expert workforce is crucial for us. Employees are given opportunities to work on key projects across various functions, divisions, and locations. We believe that talented and engaged employees committed to upholding our values enable us to deliver exceptional results. Knowledgeable and dedicated employees ensure our success in executing exciting projects, while fostering a great place to work.

In FY2024, our voluntary attrition averaged 14%, which is 4% lower than in FY2023, indicating improved employee satisfaction and retention. We remain focused on creating a positive workplace culture, offering competitive benefits, and recognising employee contributions.



Case study

INSPIRING FUTURE ENGINEERS THROUGH EDUCATIONAL OUTREACH

In our ongoing commitment to community engagement and fostering a passion for engineering, we conducted an engaging session at Orchard Primary and Nursery School, situated near our Head Office.

Using our JCB Tracked Excavator, our colleagues Jono Wright, Senior Engineering Manager, and Andy Pickering, Plant Manager, led an interactive session aimed at providing a captivating and educational experience for children aged 7 to 10 years old.

They discussed the machine's controls and functions, emphasising their role in vital infrastructure projects for a sustainable future.

The session sparked curiosity amongst the children, who had the opportunity to explore the excavator firsthand.

Jono Wright said: "Van Elle takes pride in contributing to the local community, fostering educational experiences that extend beyond the classroom.

"I enjoyed explaining how this machine works to support our work. The kids were great and so inquisitive. Who knows, amongst these bright minds, there may be some engineers of the future".

Our dedicated training team and purpose-built training centre ensure that all our workforce hold compliant industry certifications and have the ability to develop to our high standards. Our approach ensures that we maintain our high standard of training and provide internal mobility for progression. We have delivered a similar volume of internal training days from FY2023 through FY2024 with a total of 2,757 days, 6% less than FY2023 and 35% higher than FY2022.

SUSTAINABILITY CONTINUED

People KPIs

Category	FY2022	FY2023	FY2024
Average number of employees	601	648	639
Voluntary attrition rate	18%	18%	14%
Total training days delivered	2,862	4,014	3,940
Training days delivered for Van Elle employees	2,040	2,941	1,183
Training days delivered to third-party customers	822	1,073	1,183
Number of apprentices and trainees	36	21	42

Building a skilled, diverse and inclusive workforce

As we continue to grow, our people remain at the heart of everything we do and achieve. Talent is a key focus, and having the right people, with the right skills, at the right time, is a priority.

In FY2023, we launched our Leadership Development Programme to ensure we have the right capabilities for the future and a strong, diverse succession pipeline across leadership positions.

During FY2024, we designed and planned our site supervisor training programme, set to launch in early FY2025. We remain committed to recognising and nurturing our talent to ensure sustainable and effective talent and succession management. In FY2024, we reaffirmed our commitment to creating lifelong careers with our membership of the 5% Club, an employee-led organisation committed to “earn and learn” opportunities. As of April 2024, 6.6% of our workforce comprised apprentices, graduates, and sponsored students in “earn and learn” positions, reflecting our ongoing commitment to increasing these opportunities.

We are dedicated to fostering a supportive, diverse, and inclusive culture where all colleagues feel they belong. Our Equality, Diversity, and Inclusion (“EDI”) working group continues to translate our vision and strategic action plan into tangible results, overseeing delivery and reporting on progress. We are pleased to see significant progress and remain committed to embedding training and developing skills. Our efforts ensure that leading teams operate free from harassment and discrimination, adhering to our Code of Conduct, people policies, and various training modules.



Case study

EMPOWERING DIVERSITY IN GEOTECHNICAL ENGINEERING

Lucy Jackson, a recent graduate in physical geography and geology at Plymouth University, embarked on her professional journey as a Geotechnical Engineer at Van Elle.

Since joining Van Elle, Lucy’s responsibilities have encompassed a diverse array of tasks, both in the field and in the office. From overseeing site investigations to processing and analysing the data.

Beyond her technical contributions, Lucy is also an advocate for diversity and inclusion within STEM fields. She actively engages in initiatives that aim to inspire and empower women and girls to pursue careers in geotechnical engineering, striving to drive meaningful progress towards a more inclusive future for the industry.

LUCY JACKSON
GRADUATE GEOTECHNICAL ENGINEER

Supporting local communities

We understand the importance and benefits of engaging with the local communities where we operate. This engagement highlights our commitment to these areas while fostering social value and positive impact. Using our extensive expertise and experience, we continually strive to create a lasting, positive legacy in our communities. Through our Continuing Professional Development (CPD) programme, we actively support our employees and external organisations in enhancing their understanding of modern and innovative ground engineering solutions. Additionally, we collaborate with universities, colleges, and schools to raise awareness, generate interest, and inspire enthusiasm for careers in the construction, manufacturing, and engineering industries.

Every year, we support a selected “charity of the year.” This year, we chose Dementia UK, an organisation providing specialist dementia support for families through their Admiral Nurse service. Alongside salary sacrifices, we encouraged our employees to participate in individual and company-wide fundraising campaigns, resulting in over £9,000 raised for the charity. In addition to cash donations, we actively encourage employees to volunteer by participating in activities like litter picking, food bank donations, gardening and community events, all aimed at supporting the local community.

Case study

A YEAR OF MEANINGFUL ENGAGEMENT TO SUPPORT OUR LOCAL COMMUNITY

Throughout the year, our engagement with Ashfield Council showcased our commitment to local support and positive societal impact.

We supported a community clean-up at Sutton Park Railway Station in partnership with the council and Network Rail. Our volunteers, alongside community members, gathered 26 bags of litter, enhancing the cleanliness of the area.

Continuing our efforts, we joined forces with local council staff and businesses for the “Big Spring Clean-up” Event on Global Recycling Day. Together, we collected 30 bags of rubbish, highlighting the importance of recycling within our community.

Recognising the increased need for emergency food support during holidays, we initiated a Summer Appeal for Kirkby Storehouse Food Bank, providing essential items to local families in need.

Furthermore, we facilitated the Ashfield Business Networking Event in collaboration with Ashfield District Council and Discover Ashfield, offering a platform for local businesses to connect, share insights on sustainability, and work towards a net zero future.

Our active involvement in these diverse initiatives reflects our commitment to fostering unity, wellbeing, and sustainability within our local community.



Case study

SOCIAL VALUE COLLABORATION FOR FOOTBALL FLOODLIGHT INSTALLATION

We joined forces with SPL Powerlines and Adey Steel Group for a Collaborative social value day to assist Holbrook St Michaels football club in installing floodlight foundations.

We provided concrete and a volumetric concrete mixer, courtesy of our supplier Spot on Concrete. Thanks to our combined efforts, the club now enjoys a new lighting system, enhancing training and matchday experiences.

This collaborative effort underscores our commitment to supporting local initiatives and creating a positive impact on society.

CLIMATE-RELATED FINANCIAL DISCLOSURES

We are committed to compliance with the new climate-related financial disclosure requirements, providing our stakeholders with transparent information on climate-related risks and opportunities that are relevant to our business.

Our strategy focuses on improving our operations as well as the positive impact we can have on our clients, supply chain, and the communities we work in to minimise our carbon footprint and promote more sustainable living.

The Group has made some disclosures that are only partially consistent with the disclosure requirements as the Group continues to develop its sustainability strategy and roadmap to net zero. The Group will continue to draw upon technical guidance to further strengthen its disclosures in future years as our journey progresses.

The following table summarises our disclosures

Governance	Disclosures
(a) Describe the board's oversight of climate-related risks and opportunities.	<p>At Van Elle, the Board retains overall responsibility for strategic focus and oversight of the Environmental, Social and Governance ("ESG") strategy. Climate-related risks and opportunities are reviewed by the Board in annual strategy sessions. The CEO has overall responsibility for the delivery of the ESG strategy and delegates matters relating to ESG and climate-related risks and opportunities to the Sustainability Working Group ("SWG").</p> <p>The SWG was set up to deliver on our sustainability commitments. Drawn from all departments in the Group to represent a wide ranging and enthusiastic demographic, and chaired by a member of the Executive Leadership team, the SWG is designed to deliver our sustainability values and maintain our position at the forefront of sustainability issues.</p> <p>The SWG meet quarterly to discuss ongoing sustainability topics, including current projects and future prospects, current risks and opportunities, and upcoming legislative and reporting requirements. The capture and recording of GHG emissions is discussed, alongside current trending values and ideas and solutions on how to reduce them and capture them more accurately going forward. Scope 1 and 2 emissions are currently tracked via emission calculators with Scope 3 emissions monitored via consistent input from the wider industry and our supply chain. Future reduction solutions are being sought in collaboration with our supply and industry partners via initiatives such as our highly successful Sustainability Open Days.</p> <p>The outcomes of the SWG are minuted and risks and opportunities are incorporated into the Group's risk and opportunities register, increasingly inclusive of ESG matters. The Board reviews the Group's risk register annually.</p>
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>Routine risk assessments are carried out in all areas of company operations including; project construction activities, manufacturing of construction products, facility and property management and investment, sustainable procurement of goods and services, and plant and fleet operations and investment.</p> <p>Sustainable procurement has been a key focus for the Group. Our supply chain has been streamlined to include only partners successful in the completion of a rigorous audit of their business, with sustainability credentials being key to inclusion.</p> <p>This year, both our Group Quality Manager and Assistant Quality Manager have achieved their IEMA qualifications in Environmental Management, reinforcing our commitment to continuous professional development and empowering our workforce to increase their understanding of environmental and sustainability issues.</p> <p>We have signed up to the Federation of Piling Specialists ("FPS") sustainability charter established in 2023. The charter is a summary of the key actions the governing body has committed to on behalf of its members. A representative attends the quarterly FPS sustainability working group and reports back to the business via the SWG and Executive sponsor. FPS member audits are now based on this charter, and the results are collated and anonymously reported back to its members on an annual basis. Partnership in this initiative enables the Group to take direction on the speed of Scope 1, 2 and 3 emissions and other sustainability matters in our industry. A key driver of the sustainability charter is that for all projects over £1m we are required to provide Scope 1, 2 and 3 emission data to the FPS. This has prepared us well for the capture and reporting of Scope 3 emissions once this becomes mandatory.</p> <p>We continue to be active gold-level members of the Supply Chain Sustainability School, an extensive library of knowledge sharing across the industry, covering a wide range of topics all aimed at enabling a sustainable built environment. This comprehensive CPD package is accessible to all, empowering employees across the business to take ownership of sustainability matters.</p> <p>Weekly divisional meetings include a sustainability item on the agenda to allow for engagement with the workforce to promote climate-related opportunities and to raise business cases for review at the SWG. Our quarterly Town Hall meetings provide a forum for updating all staff and raising awareness of our sustainability strategy. Internal CPD is provided to employees via our Lunch and Learn format. New initiatives, strategies and products are introduced across the business. An internal poster campaign displayed around our offices and sites allows employees to view our specific commitments and where we are on our sustainability journey via clear graphical representation.</p>

Strategy	Disclosures
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Our Sustainability Strategy is updated annually, the basis of which relates back to the Sustainability Development Goals ("SDGs") developed in 2015 by the UN members. The business has identified the following risks and opportunities, as included in our sustainability strategy, but is in the process of formalising the time frame of each item:</p> <p>Risks</p> <ul style="list-style-type: none"> ■ Lack of investor appetite for business without a clear ESG strategy. ■ Increased focus on ESG by our customers could result in loss of market share if ESG is not prioritised. ■ Acquisition of assets delivering carbon output reduction are likely to be more expensive. ■ Delivering carbon reduction requires significant internal resources and higher spend. ■ Business interruption due to increased chance of extreme climate events. ■ Stagnation of product offerings and lack of innovation could result in lost market share. ■ Investment in plant needed to meet NRMM regulations. <p>Opportunities</p> <ul style="list-style-type: none"> ■ Increased spend by our customers on infrastructure resilience to combat the effects of extreme climate events. ■ Leading on ESG is likely to be attractive to investors and customers. ■ Increased focus on efficiency and waste reduction in the business leading to cost savings. ■ Investment in more efficiency and more advanced plant will make us more attractive to customers and provide higher returns. ■ Our actions around climate-related matters enable us to uncover new solutions and innovations to enable us to be ahead of our competitors. <p>Our Sustainability Strategy is designed and developed to proactively anticipate the impact of sustainability including climate-related risk on our business. Management's plans to mitigate the above risks are set out in our CO₂ Reduction Road Map on page 41.</p>
(b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.	<p>Identifying and reviewing climate-related risks and opportunities has encouraged our business to find ways to manage, mitigate and reduce the risks, whilst capitalising on the opportunities. As a listed Company we have found institutional investors are seeking a stronger focus on ESG performance and climate change actions. As a result, each department within the business is championing and actively pursuing low carbon solutions for our customers, supported by the SWG. The design and delivery of foundation solutions is increasingly focused on modern methods of construction with increased interest in lower carbon footprint solutions such as Vibro stone column and Rigid Inclusion foundation solutions as well as low-carbon concrete alternatives such as GGBS cement replacement and graphene additives.</p> <p>Winning new work and sustaining/growing the business relies on providing customers with best-in-class performance and innovation for low-carbon solutions and against climate-related risks. Our business notes an increased demand for these products. A large part of our strategy focuses on educating clients in these areas and presenting these as alternatives to more traditional solutions.</p> <p>Current Early Contractor Involvement ("ECI") on major infrastructure projects is driving efficiencies in the design and delivery of more sustainable solutions to help futureproof these major works and help meet the increasing demands of government-backed clients. Developing these client relationships through ECI helps us to reduce risks and increase our opportunities around sustainability and greenhouse gas emissions.</p> <p>As shown by feedback to the SWG and from our Sustainability Open Day, our employees are increasingly expecting the Company to be the leader in its field in terms of sustainability, and are actively seeking opportunities to become involved in related working groups and initiatives where they can make personal contribution. The introduction of electric vehicles to all grades of our company car scheme and the installation of charging points at numerous locations across the business has been particularly welcomed.</p> <p>Both short and long-term financial planning for the business include the potential impacts of investing in carbon reduction initiatives. Investment in plant and facilities is increasingly focused on sustainable initiatives, low emission solutions and reduced environmental impact.</p> <p>Business improvement ideas, all of which are driven by sustainability in one way or another, are encouraged from all areas of the business, and are channelled into a shortlist of the most impactful initiatives by our Business Improvement Manager. These are allocated to project leads and reviewed monthly.</p>

SUSTAINABILITY CONTINUED

Strategy	Disclosures
<p>(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario.</p>	<p>Whilst we haven't yet carried out quantitative climate-related financial analysis based on a 2°C or lower scenario, we have started to engage with external advisers to support us with this aspect of compliance with TCFD. We expect to be compliant with a quantitative scenario analysis within the next 2 years.</p> <p>We have, however, identified a number of risks and opportunities stemming from a variety of climate-related scenarios including a 2°C or lower scenario.</p> <p>These include both acute and chronic risks and opportunities:</p> <p>Acute risk events include: hot and cold weather events, flooding, drought and storms, disruption to the power and communication networks, water shortages and quality issues, failure of infrastructure such as track buckling, structural integrity and subsidence. In addition to these climate-based disruptions, we are also planning around other potential disruptions, such as industrial action and future pandemics.</p> <p>Opportunities exist around these acute risks, in particular failure of infrastructure; as track, road and power distribution renewals are already a large part of our business the increased risk of damage to these assets will inevitably lead to an increased level of spend by our customers.</p> <p>Chronic risks stemming from climate-related scenarios include: shortage of resources, shortage of skilled workforce, increased cost of materials, fuel, water and other services, the expectation and cost of meeting/complying with more stringent regulations, the increased cost of providing suitable PPE, training and safety equipment to the workforce, and business adaptations to fundamental changes to our transportation process.</p> <p>These chronic risks can be mitigated in various ways. Firstly, ensuring staff retention, alongside the education and development of staff, reduces the risks posed by a shortage of skilled workers, and helps our teams to drive and embrace innovation. A short lead in time for the majority of our contracts enables us to factor peaks and troughs within the supply chain into our pricing, passing the most severe price fluctuations onto our customers. Where we are engaging in longer-term projects, contractual arrangements are made in order to protect the business from price fluctuations, whilst providing the latest innovative and flexible solutions to clients. An increased focus on our relationships with our supply partners also provides resilience during periods of reduced availability of materials or services, and sharp fluctuations in cost.</p>

Risk management	Disclosures
<p>(a) Describe the organisation's processes for identifying and assessing climate-related risks.</p>	<p>The management of risk within the business is by way of top-down control from the Board via the Audit and Risk Committee, and bottom-up control via the operational delivery and business as usual teams. Risks identified as high-level are monitored by the Audit and Risk Committee. This reviews the effectiveness of the Group's risk management and control systems and procedures. Consultation between the Audit and Risk Committee and the operational delivery and business-as-usual teams provides consistency across all business divisions. Quality Manager, supported by an Assistant Quality Manager responsible for managing environmental risks and opportunities and reporting to the SWG via the HSQE Manager.</p> <p>The specific climate-related risk identification process is led by the SWG, which includes subject matter experts from across the organisation. The SWG ensures a consistent approach to climate-related risks from all areas and levels of the business. External industry practice from bodies such as the FPS and key customers is fed into the Group via the SWG. Findings inform budget setting, capital investment and supply partner direction.</p>
<p>(b) Describe the organisation's processes for managing climate-related risks.</p>	<p>Our risk management processes form a robust and effective way to identify, prioritise and manage risks across the business.</p> <p>The Company operates a divisional structure for the execution of projects, supported by central support services covering areas. Each divisional or functional manager manages sustainability risks within their routine operations, using a similar process to safety or quality risks. Risks are documented in our integrated management system – using approved method statements, risk registers and ITP's, and subject to progress reviews. Quality Manager and the SWG and by the deployment of competent staff and supervision.</p>
<p>(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>Rather than a separate process, environmental risk management is included within our risk management strategy and subject to review by the operational teams, supported by the SWG and the Environmental Manager. This way, risks identified by our sustainability strategy and the SWG, as well as specific project-related environmental risks are built into our identification, assessment and management process.</p> <p>A formal review of the integrated management system is held annually to ensure compliance with our ISO accreditations. Audit points have been updated to include climate-related risks in the Company's processes and policies.</p>



▼▼
OUR OBJECTIVE IS TO BE AT THE FOREFRONT OF DEVELOPMENTS, SPEARHEADING THE MOVE TO A LOW CARBON CONSTRUCTION INDUSTRY.”

SUSTAINABILITY CONTINUED

Metrics

(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Reduction in our Scope 1 and 2 emissions is targeted against a 2020 baseline, which we have used to forecast a roadmap to 2030, and aligns to reach net zero by 2050. Refer to page 34 for the Group's roadmap.

Metrics

(b) Disclose Scope 1, scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks.

Greenhouse gas reporting

The Group reports its GHG emissions in accordance with UK regulations and the GHG Protocol Corporate Accounting and Reporting Standard methodology. Our reporting boundary is all material Scope 1 and Scope 2 emission sources within the boundaries of our consolidated financial statements.

Revenue in the year to 30 April 2024, was 6% down on the previous financial year. This reduced level of activity has meant a decrease in the total tonnes of CO₂e emissions compared with the previous year. The Group's intensity measure, the absolute tonnes equivalent CO₂e per million pounds of revenue, has decreased from 70 to 63 in FY2024 as the business continues to make progress on delivery of its sustainability strategy. In particular, in FY2024, the Group concluded its renewal of the HGV fleet, replacing the existing fleet with more modern and efficient vehicles resulting in reduced diesel consumption. There has also been a significant increase in the level of HVO in the rig fleet, thereby reducing our CO₂e emissions. The use of HVO fuel is becoming a requirement for many of the frameworks that the Group is part of.

	Tonnes of CO ₂ e 2024	Tonnes of CO ₂ e 2023
GHG emissions from:		
Scope 1 – combustion of gas and fuel for transport and rig operation	8,567	10,139
Scope 2 – purchase of electricity	242	232
Total CO ₂ e emissions	8,809	10,371
Intensity measurement:		
Absolute tonnes equivalent CO ₂ e per £m of revenue	63	70
Energy usage from:		
Scope 1	34,053	41,927
Scope 2	1,168	1,198
Total MWh	35,221	43,125

We do not currently record all Scope 3 emissions; however, we are actively engaging with our supply partners to understand the GHG emissions from the materials and services with which are supplied to us, and in line with the requirements of the FPS sustainability charter, who we are supplying Scope 3 emissions data for all projects worth more than £1m. We are committed to working with them to understand future innovations and whole life cycle solutions that can be adopted and offer to our customers. Our strategy is focused on the development of low-carbon solutions, and the education of customers to help them understand and embrace these technologies.

Metrics

(a) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We signed up to the Science Based Target initiative ("SBTi") at the end of 2022. We are currently in the process of developing our targets and metrics in line with this initiative, these are due to be validated for our net zero journey in December 2024.

We continue to monitor and record our Scope 1 and 2 emissions in line with recommendations (as above) and are actively pursuing solutions, including in collaboration with our supply partners, to minimise our Scope 3 emissions. We will record these in line with legislation as part of our commitment to SBTi and net zero by 2050.

In addition, we have mapped out our net zero journey. This is shared across the business via the intranet and notice boards in our offices. We have aligned our vision with the United Nations Sustainable Development Goals, and these metrics inform our strategy towards this goal.



SECTION 172/ENGAGING WITH OUR STAKEHOLDERS

HOW WE ENGAGE WITH OUR STAKEHOLDERS

In performing their duty under S172(1) of the Companies Act 2006, the Board ensures that the impact on our stakeholders is carefully considered by management when formulating all proposals requiring Board approval.

Our approach to stakeholder engagement

Stakeholder	Key concerns	Engagement
Shareholders	<ul style="list-style-type: none"> Group performance Strategic objectives Corporate governance Environmental, social and governance performance Share price 	<ul style="list-style-type: none"> A comprehensive investor relations programme ensures regular meetings are held between major shareholders and the Executive Directors Investor roadshows are held at the time of interim and final results Presentation of the interim and final results, as well as other significant events are held via Investor Meet Company for potential institutional and retail investors Regular trading updates including updates for significant events and made throughout the year The Annual General Meeting provides an opportunity for shareholders to meet with the Board and ask questions
Employees	<ul style="list-style-type: none"> Health and safety Engagement and development Diversity Leadership 	<ul style="list-style-type: none"> The Board receives and reviews monthly health and safety performance reports Annual performance appraisals, which include a personal development review, are undertaken for all staff during the year The Group operates a leadership development programme with a structured programme of development for the cohort of employees with potential to be future business leaders The Group leadership team conduct periodic Group-wide briefings to share key information with employees A monthly Company newsletter "Grounded" is issued to keep employees well informed An annual employee engagement survey is used to collate employee views and drive change Regular senior manager site visits are conducted to understand the experience of on-site operational staff All whistleblowing reports and grievances are investigated, and appropriate changes implemented to help prevent reoccurrence
Customers	<ul style="list-style-type: none"> Customer engagement Quality and service level Innovative contract delivery 	<ul style="list-style-type: none"> Regular meetings are held between senior management and key customers to develop long-term relationships Managers undertake site visits regularly to manage quality and service levels on ongoing contracts Customer experience scores are reported internally and used as part of lessons learned sessions to drive continual improvement Teams work collaboratively with customers to develop design solutions that enable customers' aspirations to be fulfilled
Suppliers	<ul style="list-style-type: none"> Strong supplier relationships Continuity of supply Financial strength and stability 	<ul style="list-style-type: none"> Regular review meetings are held between senior management and key suppliers to discuss relevant topics, such as pricing, supply continuity and service levels Focus is placed on developing key strategic supplier partnerships The Group's funding structure and balance sheet strength is kept under constant review to ensure suppliers are paid in accordance with agreed terms and to ensure sufficient working capital management throughout the supply chain
Community	<ul style="list-style-type: none"> Health and safety Contribution to the community Sustainability 	<ul style="list-style-type: none"> A significant apprenticeship scheme is embedded within the organisation as the Group aims to have 5% of our total staff employed as Graduates, Apprentices or Trainees The Group aims to recruit locally, retain a skilled local workforce and build relationships with local community organisations The Group supports a different local charity each year based on employee nominations Employees engage in various community events including litter picking, delivering STEM sessions in schools and donating goods to local community groups

Stakeholder	Key concerns	Engagement
Government and regulatory/ industry bodies	<ul style="list-style-type: none"> Compliance with laws and regulations Upholding appropriate corporate governance 	<ul style="list-style-type: none"> The Group adopts the Quoted Companies Alliance Corporate Governance Code (the "QCA code") and operates policies to ensure compliance with the code Clear and effective policies are in place to help prevent wrongdoing, including whistleblowing, bribery and corruption, anti-fraud and tax evasion, financial crime and modern slavery, with training provided where appropriate Regular meetings are held with tax advisers to discuss tax compliance, HMRC correspondence and other relevant issues pertinent to the Group's finances and tax position The Group is a member of several relevant sector associations including the Federation of Piling Specialists, which provide forums to understand changes in relevant legislation and standards

DIRECTORS' S172 STATEMENT

The Board of Directors consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a-f) of the Act) in the decisions they have taken during the year ended 30 April 2023.

In making this statement, the Directors, having regard for longer-term considerations of shareholders and the environment, have taken into account the following:

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

Shareholder engagement events

Date	Event	Date	Event
April 2023	Trading update for FY2023	December 2023	Trading update for FY2024 H1
July 2023	FY2023 annual report and final results announcement with investor roadshow and Investor Meet Company presentation	January 2024	FY2024 interim results investor roadshow and Investor Meet Company presentation
September 2023	Annual General Meeting and trading update	May 2024	Trading update for FY2024
October 2023	Announcement of Rock & Alluvium acquisition	July 2024	FY2024 annual report and final results announcement with investor roadshow and Investor Meet Company presentation

SECTION 172/ENGAGING WITH OUR STAKEHOLDERS CONTINUED

KEY DECISIONS

Board and Committee activities are organised throughout the year to address the matters reserved for the Board. An overview of the Board's principal decisions during the year, including how the Board has considered the factors set out in section 172 of the Companies Act 2006 (the "Act"), is set out below.

Setting the annual Group budget and subsequent forecasts

Actions taken

- Reviewed and approved Group budgets for FY2025 and high-level profit and cash forecasts for the following 12 months

Key stakeholder groups considered

- In reviewing the budget and subsequent forecasts, the Board considered the impact on all stakeholders
- Setting the budget identified key areas of focus for the Group providing development opportunities for employees
- In setting the budget the Board also gave consideration to customers and identified opportunities to develop customer relationships and improve service delivery and efficiency
- In setting the budget, consideration was given to suppliers around payments ensuring that there was clarity around when payments would be made to allow suppliers to effectively manage working capital

Acquisition of Rock & Alluvium Limited

Actions taken

- On 30 November 2023, the Group acquired 100% of Rock & Alluvium Limited, a piling business based in the South East, formerly a subsidiary of Galliford Try

Key stakeholder groups considered

- The Board considered the level of value creation for shareholders as a result of the acquisition, in particular due to geographical expansion, the ability to cross sell Van Elle solutions and through an improved pipeline of work via the trading agreement with Galliford Try
- In agreeing the consideration payable, the Board ensured a fair price was paid in order to deliver the best returns for shareholders
- The Board considered the impact on the workforce as a whole, and in particular that of Rock & Alluvium and the General Piling division, which Rock & Alluvium has become part of
- Consideration was given to improving customer experience by offering a more diversified product offering to Rock & Alluvium's existing customers

Updating the strategic plan and priorities

Actions taken

- Reviewed and approved updates to the strategic plan including key milestones and financial targets

Key stakeholder groups considered

- In updating the strategic plan, consideration was given to market developments and the alignment of strategic priorities and financial resources to growth areas to maximise opportunities and deliver enhanced shareholder value
- Updating the strategic plan identified key areas of focus for the Group providing development opportunities for employees
- Consideration was given to the achievement of sustainability targets, in particular the reduction of carbon with strategic plans incorporating moves to alternative raw materials and electric rigs
- In updating the strategic plan, the Board also considered customers and identified opportunities to develop customer relationships and improve service delivery and efficiency

Review of strategic growth opportunities via merger or acquisition

Actions taken

- The Board has considered several opportunities for transformational growth and bolt-on acquisitions throughout the year

Key stakeholder groups considered

- In reviewing opportunities for growth, the Board has considered the need to deliver enhanced shareholder value with a focus on those opportunities that are low risk, complementary to the existing business and value enhancing
- The impact of growth opportunities on employees, including enhanced development opportunities, has been considered. Where appropriate, management input has been sought on review of opportunities
- Consideration has been given to improving customer experience by offering a more diversified product offering

Expansion into the Canadian Rail ground engineering market

Actions taken

- Review of the ongoing performance and future opportunities of newly established Canadian subsidiary, Van Elle Canada Inc

Key stakeholder groups considered

- The value of start-up costs and the scale of opportunities within Canada has been considered widely by the Board to ensure the opportunity provides enhanced shareholder value
- Consideration has been given to potential development opportunities for employees arising from set up of a new operation in an overseas location

RISK MANAGEMENT AND PRINCIPAL RISKS

MITIGATING RISK TO DELIVER INCREASING SHAREHOLDER VALUE

Risk management framework

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management systems are in place. The Board reviews our principal risks throughout the year as part of its normal agenda, adopting an integrated approach to risk management by regularly discussing our principal risks.

In addition, once a year, the Board formally assesses our principal risks, taking the strength of our control systems and our appetite for risk into account.

How we identify risk

Our risk management process has been built to identify, evaluate, analyse and mitigate significant risks to the achievement of our strategy. Our risk identification processes seek to identify risks from both a top-down strategic perspective and a bottom-up local operating company perspective.

The principal risks and uncertainties identified by management, and how they are being managed, are set out opposite. These risks are not intended to be an exhaustive analysis of all risks that may arise in the ordinary course of business or otherwise.

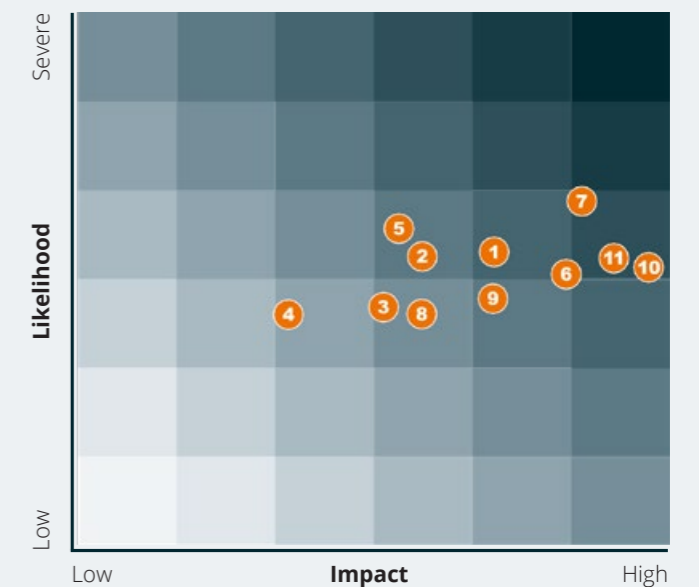
Reviewing our risk register

The risk registers of each division, together with the Group risk register, are updated and reported to the Audit and Risk Committee to ensure that adequate information in relation to risk management matters is available to the Board and to allow Board members the opportunity to challenge and review the risks identified and to consider in detail the various impacts of the risks and the mitigations in place.

Our integrated risk management approach



Risk heatmap



- 1 A rapid downturn in our markets
- 2 Failure to procure new contracts
- 3 Loss of market share
- 4 Non-compliance with our Code of Business Conduct
- 5 Product and/or solution failure
- 6 Ineffective management of our contracts
- 7 Failure to comply with health and safety and environmental legislation
- 8 Not having the right skills to deliver
- 9 Insufficient resources to deliver contracts
- 10 Cyber attack
- 11 Inability to finance our business

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

PRINCIPAL RISKS

MARKET RISKS

1 A rapid downturn in our markets

Inability to maintain a sustainable level of financial performance throughout the construction industry market cycle, which grows more than many other industries during periods of economic expansion and falls harder than many other industries when the economy contracts.

Failure of a key client resulting in market volatility.

Potential impact

Failure to continue in operation or to meet our liabilities.

Mitigation

- Diversification of our markets, both in terms of geography, including Rail expansion into Canada and market segment.
- Focus on longer-term partnerships and building on existing client relationships.
- Debt facility of up to £11m provides headroom for us to withstand a downturn in markets.
- Regular review of market conditions and forward indicators to assess whether any action is required to flex the cost base.

CHANGE LINK TO STRATEGY

STRATEGIC RISKS

2 Failure to procure new contracts

Failure to continue to win and retain contracts on satisfactory terms and conditions in our existing and new target markets if competition increases, customer requirements change or demand reduces due to general adverse economic conditions.

Potential impact

Failure to achieve targets for revenue, profit and return on capital employed.

Mitigation

- Continually analysing our existing and target markets to ensure we understand the opportunities that they offer.
- Focused customer engagement earlier in the design process to ensure our solutions are embedded into the design.
- Review of potential bolt-on acquisitions to expand the product offering and differentiate ourselves further from competitors.
- Structured bid review process throughout the Group with well-defined selectivity criteria, designed to ensure we take on contracts only where we understand and can manage the risks involved.
- Agreement of framework arrangements where possible providing increased certainty over future revenues.

CHANGE LINK TO STRATEGY

3 Loss of market share

Inability to achieve sustainable growth, whether through acquisitions, new products, new geographies or industry-specific solutions.

Potential impact

Failure to achieve targets for revenue, profits and return on capital employed.

Mitigation

- Continually seeking to differentiate our offering through service quality, value for money and innovation.
- A business development team focusing on our customers' requirements and understanding our competitors.
- Reviewing acquisition opportunities where they may be favoured over organic growth.
- Implementing annual efficiency and improvement programmes to help us remain competitive.
- Focused on refining strategic client relationships in all sectors.

CHANGE LINK TO STRATEGY

STRATEGIC RISKS CONTINUED

4 Non-compliance with our Code of Business Conduct

Not maintaining high standards of ethics and compliance in conducting our business or failing to meet local or regulatory requirements.

Potential impact

Loss of the trust of our customers, suppliers and other stakeholders with consequent adverse effects on our ability to deliver against our strategy and business objectives.

Substantial damage to our brand and/or large financial penalties.

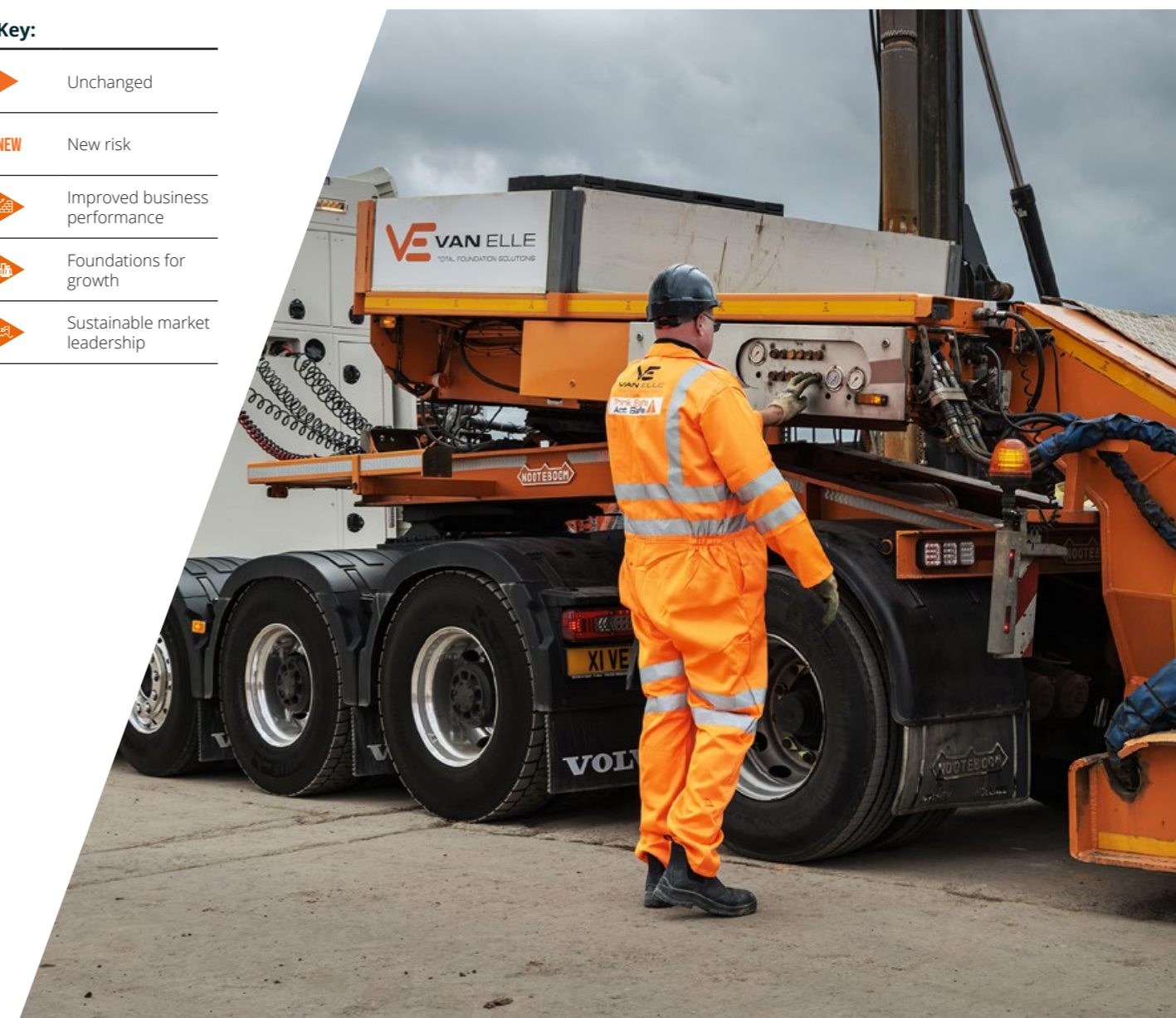
Mitigation

- Having clear policies and procedures in respect of ethics, integrity, regulatory requirements and contract management.
- Maintaining training programmes to ensure our people fully understand these policies and requirements.
- Operating and encouraging the use of anti-bribery and corruption and whistleblowing policies.
- Clear communication of our values.

CHANGE LINK TO STRATEGY

Key:

- Unchanged
- NEW** New risk
- Improved business performance
- Foundations for growth
- Sustainable market leadership



RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

OPERATIONAL RISKS

5 Product and/or solution failure

Failure of our product and/or solution to achieve the required standard.

Potential impact

Financial loss (including warranty claims) and consequent damage to our brand reputation.

Mitigation

- Continuing to enhance our technological and operational capabilities through investment in our product teams, project managers and engineering capabilities.
- We maintain comprehensive insurance cover including adequate PI cover and clear terms of business with customers and suppliers.
- We manufacture our products in an ISO 1101 quality environment, and all have CE approval.

CHANGE LINK TO STRATEGY

6 Ineffective management of our contracts

Failure to manage our contracts to ensure that they are delivered on time and to budget.

Potential impact

Failure to achieve the margins, profits and cash flows we expect from contracts.

Mitigation

- Ensuring we understand all our risks through the bid appraisal process, application of clear contractual terms and robust policies and processes to manage and monitor contract performance.
- Ensuring we have high-quality people delivering projects.
- Our Perfect Delivery Concept establishes the criteria to achieve effective first-class solutions and service for our clients.
- Clear delegation of authority with established contract approval levels.

CHANGE LINK TO STRATEGY

7 Failure to comply with health and safety and environmental legislation

A fatality or serious injury to an employee or member of the public through a failure to maintain high standards of safety and quality.

Potential impact

Loss of employee, customer, supplier and partner confidence, and damage to our brand reputation in an area that we regard as a top priority.

Mitigation

- A Board-led commitment to achieve zero accidents.
- Visible management commitment with safety tours, safety audits and safety action groups.
- Implementing management systems that conform to Occupational Health and Safety Assessment Systems (ISO 9001, ISO 14001 and ISO 45001).
- Extensive mandatory employee training programmes.
- A strengthened HSQE team in recent years

CHANGE LINK TO STRATEGY

8 Not having the right skills to deliver

Inability to attract, retain and develop excellent people to create a high-quality, vibrant, diverse and flexible workforce.

Potential impact

Failure to maintain satisfactory performance in respect of our current contracts and failure to deliver our strategy and business targets for growth.

Mitigation

- Continuing to develop and implement leadership, personal development and employee engagement programmes that encourage and support all our people to achieve their full potential.
- Pre-employment checks ensure we have the right people in the right roles.
- Competitive remuneration packages, including a Group-wide bonus scheme, and additional employee incentives ensure we can attract and retain talent.

CHANGE LINK TO STRATEGY

9 Cyber attack

A cyber/hacking attack could temporarily impact on the ability of the IT systems to operate.

Potential impact

A cyber/hacking attack could impact the ability to procure materials and consumables to fulfil contract performance. A data breach could have significant financial consequences for the Group.

Mitigation

- Robust IT systems and processes maintained to mitigate the threat of a cyber attack.
- Cyber insurance in place from 1 May 2023.
- Various actions undertaken to improve defences against a cyber attack including: cyber accreditations, removal of external storage devices, improved email filters, improved firewalls, cybersecurity and phishing training roll-out and multi-factor authentication introduced.

CHANGE **NEW** LINK TO STRATEGY

FINANCIAL RISKS

10 Inability to finance our business

Loss of access to the financing facilities necessary to fund the business.

Potential impact

Failure to continue in business or to meet our liabilities.

Mitigation

- Debt facility of up to £11m provides headroom for us to withstand a downturn in markets. Extension of debt facility to 2026 agreed in FY2024.

CHANGE LINK TO STRATEGY



Key:

- Unchanged
- NEW** New risk
- Improved business performance
- Foundations for growth
- Sustainable market leadership

CHIEF FINANCIAL OFFICER'S STATEMENT



HIGHLIGHTS

- Revenue 6% below the prior year, 12% excluding the impact of Rock & Alluvium, with the comparative period benefiting from stronger end markets
- Gross margin improvement of 3.1% due to better contract execution and favourable mix impact
- Underlying operating profit of £5.5m and underlying operating margin of 3.9%, consistent with FY2023
- Underlying return on capital employed of 10.5%
- Net funds position of £5.5m at 30 April 2024
- Strong balance sheet maintained with an undrawn bank facility of up to £11.0m and low debt
- Capital investment of £5.5m in the year and £2.9m of plant and equipment added as part of the Rock & Alluvium acquisition

GRAEME CAMPBELL
CHIEF FINANCIAL OFFICER

FINANCIAL REVIEW

Revenue

Revenue in the year to 30 April 2024 was below the previous financial year, down 6.2% in total and down 11.7% on a like-for-like basis with 5 months contribution from the acquisition of Rock & Alluvium Limited ("Rock & Alluvium") in the second half of the financial year. The reduction in revenues was driven primarily by softer market conditions, with the housing and infrastructure sectors being impacted by lower levels of demand and project delays throughout the financial year. Industry-wide softening and investment delays had a greater impact on H1 with revenue decline slowing in H2. In Q4, revenues were particularly strong and ahead of Q4 in the previous financial year.

	2024 £'000	2023 £'000	Change %	2024 %	2023 %
H1	68,210	80,836	(15.6)	48.9	54.3
H2	71,269	67,898	5.0	51.1	45.7
Revenue	139,479	148,734	(6.2)	100.0	100.0

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

	2024 £'000	2023 £'000	Change %	2024 %	2023 %
Residential	57,298	56,860	0.6	41.0	38.2
Infrastructure	55,222	62,592	(11.8)	39.6	42.1
Regional construction	26,202	28,943	(9.5)	18.8	19.5
Other	858	339	153.1	0.6	0.2
Revenue	139,479	148,734	(6.2)	100.0	100.0

Residential

A large proportion of the revenues from the acquisition of Rock & Alluvium are reported in the residential sector and on a like-for-like basis, residential revenues are down 13.3% since last year. Following a period of record levels of enquiries and contract activity reported in FY2022 and FY2023, buoyed by changes in building regulations, levels of new build housing began to slow down, impacted by increasing interest rates and general market uncertainty. This caused a reduction in volumes, as anticipated, from Q2 of FY2024, which has continued throughout the remainder of the year.

Infrastructure

Substantial revenues in the prior year were driven by 2 large energy from waste projects delivered by the General Piling division that have not reoccurred in the current year. Activity levels in the rail sector were strong in H1 as CP6 entered its final year before the impact of the transition to CP7 impacted H2. The change in control period towards the end of the financial year resulted in lower revenues being delivered, as expected. The Group is a framework partner on the TransPennine Route Upgrade ("TRU") programme for which site work commenced in H2 of FY2024. Government spending in the highways sector has been lower than anticipated, with several major projects being delayed. The Group's appointment to the Smart Motorways Programme Alliance ("SMPA") framework in FY2023 has also delivered lower volumes than expected following the cancellation of any new all-lane running Smart Motorway projects although works on the retrofit emergency refuge areas did commence in H2 of FY2024. The Group has made good progress on substantial growth opportunities in the energy and water sectors, the latter increasingly with Galliford Try under the trading agreement established upon the acquisition of Rock & Alluvium.

Regional construction

With the backdrop of a more challenging and price sensitive regional construction market in the year, impacted by build inflation costs, activity levels were below the previous period. The Group's activities in London and the South East have been strengthened by the acquisition of Rock & Alluvium in H2.

The mix of revenue by operating segment is shown below:

	2024 £'000	2023 £'000	Change %	2024 %	2023 %
General Piling Specialist	56,686	54,838	3.4	40.6	36.9
Piling and Rail	43,871	46,593	(5.8)	31.5	31.3
Ground Engineering Services	38,371	47,067	(18.5)	27.5	31.6
Head Office	605	236	156.4	0.4	0.2
Revenue	139,479	148,734	(6.2)	100.0	100.0

Revenues for Rock & Alluvium were £8.1m for the 5-month period to 30 April 2024 and are reported within the General Piling operating segment. On a like-for-like basis, General Piling revenues have declined by 12.4% with prior year revenues including 2 significant industrial energy projects which, combined, delivered £18m of revenue in FY2023. The second of these projects was concluded early in FY2024. The reduction in infrastructure volumes and the high levels of competition within the regional construction market resulted in lower overall volumes in the financial year.

Specialist Piling experienced softer market conditions towards the end of the previous financial year, which continued into the first half of FY2024, primarily due to delays to major infrastructure work on highways and a short-term decrease in demand for ground stabilisation activity typically delivered in the housing sector. Work-winning and activity levels improved in H2, as expected. The Rail division delivered strong revenues in H1 as CP6 entered its final year, however, during H2, volumes declined in line with expectations as planning for CP7 commenced. In Canada, rail work commenced in Q2, but delayed project start dates resulted in lower activity levels than expected. Activity levels have improved since January 2024. The major Toronto Metro expansion project has been delayed until late 2025 but a more diverse customer base has been established in the meantime.

The reduction in the Ground Engineering Services operating segment revenue reflects the subdued housing sector following a strong first quarter. Strata Geotechnics reported further growth during the year as progress was maintained in infrastructure work, particularly in the highways sector and on HS2 ground investigation projects.

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

Gross profit

Gross margin improved by 3.1% in FY2024 to 30.1% (FY2023: 27.0%). The increased gross margin is primarily due to better contract execution across divisions, as well as a positive mix impact. Improved mix is due to the subdued residential sector resulting in lower Housing revenues within the Group's Ground Engineering Services segment. The highly competitive nature of this sector results in margins at the lower end of the Group's margin range. In addition, the 2 significant infrastructure projects delivered by the General Piling division in the previous financial year were delivered at the lower end of the Group's margin range.

Some inflationary pressures have continued to affect the cost base, particularly through wage inflation. Cost saving measures and efficiency projects are being implemented where possible.

Operating profit

Total operating profit and total underlying operating profit have declined in FY2024 as lower activity levels and the absorption of start-up costs for the Group's Canadian rail subsidiary have partially been offset by improved margin and overhead reduction.

On an underlying basis the Group reports an operating margin of 3.9%, consistent with FY2023.

	2024 £'000	2023 £'000
Operating profit	5,805	5,858
Operating margin	4.2%	3.9%
Underlying operating profit	5,472	5,781
Underlying operating margin	3.9%	3.9%

Alternative performance measures

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 1 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.

CHIEF FINANCIAL OFFICER'S STATEMENT CONTINUED

The Group's non-underlying items in FY2024 include £228,000 of fees associated with the acquisition of Rock & Alluvium Limited on 1 December 2023, a health and safety penalty of £250,000 in relation to the death of a third-party haulier following the failure of a Van Elle piling rig in April 2021, management restructure costs of £83,000 being the initial costs incurred for a restructure programme, which commenced at the end of FY2024 and which will continue into FY2025 and a credit of £149,000 for interest received on a protracted legal settlement that was concluded in the post balance sheet period.

In FY2023, the Group's non-underlying items included £427,000 relating to the reduction in the deferred consideration due in respect of the acquisition of ScrewFast and a charge of £350,000 relating to 2 warranty claims where the estimated costs of remediation had increased in the financial year.

Net finance costs

Net finance costs were £176,000 in the current year (2023: £487,000). Finance costs relate to interest on outstanding hire purchase agreements and interest on property and vehicle liabilities classified under IFRS 16. In FY2024, net finance costs include £101,000 of interest received on cash balances held and £149,000 of interest received on a protracted legal settlement that was concluded in the post balance sheet period. Interest received in the previous financial year was nil.

Taxation

The effective tax rate in the year is 40.4% (2023: 12.9%). The increased effective tax rate in the current financial year is as a result of the change in corporation tax rate from 19% to 25% in April 2023, the cessation of the super capital allowances scheme in March 2023 and start-up losses in the Group's newly established Canadian Rail subsidiary for which no deferred tax asset has been recognised. The Group benefitted from super capital allowances in the previous financial year resulting in an effective tax rate lower than the corporation tax rate applicable at the time.

Dividends

An interim dividend of 0.4p (2023: 0.4p) was paid on 15 March 2024. The Board is recommending a final dividend of 0.8p (2023: 0.8p) taking the total dividend payable for the year to 1.2p (2023: 1.2p).

Subject to approval at the Annual General Meeting on Thursday 26 September, the recommended final dividend will be paid on 18 October 2024 to shareholders on the share register as at 4 October 2024. The associated ex-dividend date will be 3 October 2024.

Earnings per share

Underlying basic earnings per share was 3.1p (2023: 4.4p), based on an underlying profit before tax of £5,171,000 (2023: underlying profit £5,294,000). Reported basic earnings per share was 2.7p (2023: 4.4p).

Underlying diluted earnings per share was 3.0p (2023: 4.4p) following vesting of a grant of options made under the Group's LTIP scheme in 2020 during the period. Reported diluted earnings per share was 2.6p (2023: 4.4p).

Balance sheet

	2024 £'000	2023 £'000
Fixed assets (including intangible assets)	48,452	45,630
Net working capital	14,028	9,973
Net funds/(debt)	(1,645)	367
Deferred consideration	(2,120)	(790)
Taxation and provisions	(7,360)	(5,149)
Net assets	51,355	50,031

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

Net assets increased by £1.3m to £51.4m (2023: £50.0m). Underlying ROCE, however, decreased in the period to 10.7% at 30 April 2024 (2023: 12.2%). ROCE was adversely impacted in the year by the absorption of start-up costs for the Group's Canadian operation and the timing of the acquisition of Rock & Alluvium, which contributes only 5 months of revenues and profits in the current year.

The Group invested £5.5m in capital over the course of the year. Investment included the purchase of a rig to support the relatively new rigid inclusions capability, a capability that has experienced growing demand in recent years. The mid-life overhaul and upgrade of the existing Rail fleet was completed during the year having commenced in FY2022 with approximately one-third of the fleet being upgraded each year. The remainder of the Group's aging transport fleet was also replaced during the year with more efficient vehicles. Approximately half of the fleet were replaced in the previous financial year. The acquisition of Rock & Alluvium Limited added £2.9m of fixed assets, net of outstanding lease liabilities to the Group's balance sheet.

Working capital (defined as inventories, trade and other receivables and trade and other payables) increased to £14.0m (2023: £10.0m), of which £0.6m was introduced on the acquisition of Rock & Alluvium. Whilst revenues have declined overall in FY2024 compared with FY2023, activity levels were strong in the last quarter of the year, with revenues £4.0m higher in Q4 of FY2024 compared with Q4 of FY2023. It is this increased activity in the final quarter of the financial year, as well as greater research and development income in FY2024, which is unpaid at the year-end date that has resulted in a larger working capital investment as at 30 April 2024.

The Group paid the final remaining consideration of £0.7m for the acquisition of ScrewFast Foundations Limited during the year. The total consideration due for the acquisition of Rock & Alluvium Limited on 1 December 2023 is £3.9m, of which £1.8m was paid on the date of acquisition and the remaining £2.1m is due on 1 December 2024. This deferred consideration is a guaranteed sum.

Provisions in respect of outstanding warranty claims have increased by £420,000 during the year with 1 new claim being brought in the period and an increase in the estimated cost of settlement of 1 existing warranty claim.

The Group's deferred tax liability has increased in FY2024 due to utilisation of carried forward losses resulting in the unwind of the associated deferred tax assets in the financial year.

Net funds

	2024 £'000	2023 £'000
Lease liabilities	(7,646)	(8,518)
Total borrowings	(7,646)	(8,518)
Cash and cash equivalents	6,002	8,885
Net (debt)/funds	(1,645)	367
Net funds excluding IFRS 16 property and vehicle lease liabilities	5,480	7,526

Net funds have reduced during the year to a net debt position of £1.6m as at 30 April 2024 (2023: net funds of £0.4m) with total cash and cash equivalents decreasing to £6.0m as at 30 April 2023 (2023: £8.9m).

The Group's lease liabilities include £7.1m of IFRS 16 property and vehicle lease liabilities (2023: £7.2m). The repayment of these liabilities during the year was largely offset by the addition of two property leases on the acquisition of Rock & Alluvium. Vehicle lease liabilities for the Group's van fleet total £2.4m at 30 April 2024. Vans are leased on a long-term hire basis over a period of 4 years with early termination possible.

Remaining lease liabilities of £0.5m relate to 3 outstanding hire purchase agreements, 2 of which were assumed on the acquisition of Rock & Alluvium. These 3 hire purchases agreements are scheduled to expire in 2024 and 2025.

The Group has an £11m asset back lending facility, secured against the Group's receivables and certain tangible assets. The facility was not drawn during the year. There are no financial covenants associated with the facility, which is due to expire in September 2026.

Cash flow

	2024 £'000	2023 £'000
Operating cash flows before working capital	12,418	11,846
Working capital movements (including provisions)	(3,710)	(1,885)
Cash generated from operations	8,708	9,961
Income tax received	-	323
Net cash generated from operating activities	8,708	10,284
Investing activities	(6,583)	(5,602)
Financing activities	(5,008)	(2,784)
Net (decrease)/increase in cash	(2,883)	1,898

As mentioned above, the working capital investment during the year is due to increased trading levels in Q4 and increased research and development income, which is unpaid at the year-end. Working capital cash flows exclude the impact of working capital introduced on the acquisition of Rock & Alluvium.

Operating cash flows of £8.7m have primarily been used to repay outstanding debt, acquisition consideration payments and dividends. Dividend payments were £1.3m in the year.

During the period, the Group repaid 2 variable rate hire purchase agreements early resulting in a cash outflow of £1.0m, paid the final deferred consideration of £0.7m for the acquisition of ScrewFast Foundations Limited, and paid £1.8m of initial consideration for the acquisition of Rock & Alluvium. The Group also established an employee benefit trust during the year for the purposes of purchasing shares for issue on exercise of share options. A contribution of £0.5m was made to the employee benefit trust during the year.

GRAEME CAMPBELL
CHIEF FINANCIAL OFFICER

23 JULY 2024

BOARD OF DIRECTORS

FRANK NELSON

Non-Executive Chair

A N R



Mr Nelson has over 30 years' experience in the Infrastructure, Housebuilding and Energy sectors. He is a qualified accountant and has recently held positions as Senior Independent Director of HICL, Eurocell and McCarthy and Stone. He was also Chair of a PE backed contractor/ developer.

MARK CUTLER

Chief Executive Officer



Mr Cutler was appointed to the Board in August 2018. A graduate of Imperial College London, Mr Cutler is a chartered civil engineer with over 30 years' experience in the infrastructure, construction and utility sectors, having held various senior leadership roles with major UK contractors. Mr Cutler joined Tarmac Construction (later Carillion) as a graduate in 1990, working on several major civil engineering projects, leaving in 2005 to join Morgan Sindall as the Managing Director of its Infrastructure division. In 2010, he became Chief Executive of privately owned water sector specialist Barhale. In 2014, he joined Balfour Beatty, initially to lead its portfolio of UK regional civil engineering and construction businesses and latterly, before joining Van Elle, was Managing Director of the Balfour Beatty VINCI joint venture for High Speed 2.

GRAEME CAMPBELL

Chief Financial Officer



Mr Campbell was appointed Chief Financial Officer in February 2020. Mr Campbell qualified as a Chartered Accountant in 2000 and was previously the Group Financial Controller of Severfield plc, the UK's market-leading structural steel company and one of the largest structural steel businesses in Europe. Mr Campbell has spent his career in senior finance functions across a range of industrial businesses, including latterly as Group Chief Financial Officer and Company Secretary for ASX-listed international engineering services business Engenco.

DAVID HURCOMB

Independent Non-Executive Director

A N R



Mr Hurcomb has enjoyed a successful career across the UK's construction sector, holding executive positions with companies including NC Bailey Group Ltd, Carillion plc, Balfour Beatty plc and Mansell plc.

CHARLES ST JOHN

Non-Executive Director

A N R



Mr St John is a Chartered Accountant and has held many board-level positions spanning over 30 years. This experience covers a range of industries, including within the UK building products and services sectors. Until 2012, Mr St John was a Partner at the private equity firm Cognetas and its predecessor firms, with significant involvement in the growth and development of its investee companies. Mr St John is currently Non-Executive Director of Clareant Lending Holdco Limited, Capstone Foster Care Limited and Caroola Group Ltd.



KEY

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair

CORPORATE GOVERNANCE STATEMENT

“ALL MEMBERS OF THE BOARD BELIEVE STRONGLY IN THE VALUE AND IMPORTANCE OF GOOD CORPORATE GOVERNANCE AND IN OUR ACCOUNTABILITY TO ALL OF VAN ELLE'S STAKEHOLDERS.”



The Company adopts the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”) on the basis that, the Board considers this to be the corporate governance code most suited to the size, risks, complexity and operations of the business.

The Board is ultimately responsible for the Company's strategic aims and long-term success; it seeks to achieve this by ensuring that the right financial resources and talent are in place to deliver the Company's strategy. Our culture is fundamental to the successful delivery of our strategic objectives. The Board assesses and monitors the culture by specific reference to employees and their engagement during Board meetings, as well as periodic discussions on the Group's vision and values.

Board composition and operation

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors, of which at least 2 should be independent.

The Board currently comprises 2 Executive and 3 Non-Executive Directors, 1 of whom is the Chair. The Non-Executive Directors are considered independent of the Company and, other than their fees and shareholdings as set out on pages 74 and 75, have no other financial or contractual interest in the Company.

There is a clear division of responsibilities between the Chair and the Chief Executive Officer. The role of the Chair is to manage the Board in the best interests of its stakeholders, to ensure that shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness.

The role of the Chief Executive Officer is to manage the Group's operations on a day-to-day basis, to ensure that Board decisions are implemented effectively and to develop and propose the Group's strategy to the Board. The Group's business model and strategy are described in detail in the strategic report.

The strategy is closely monitored by the Board through reporting and discussion at Board meetings, including periodic reviews as part of the wider Board meeting agenda. Specific strategy updates are also held periodically with the senior management team. Progress on strategic actions are reviewed in the context of market developments and financial targets are kept under close review to ensure capital resources are directed to growth areas.

The Board is satisfied that it has a balanced composition, with relevant sector and public market skills and expertise, details of which can be seen in the biographies on pages 58 and 59. Directors maintain their expertise through attending relevant training and networking events, and through ongoing experiences in other organisations.

The Board controls the Group by delegating day-to-day responsibility to the executive and operational management teams. Certain matters are specifically reserved for decision only by the Board of Directors. These matters were reviewed and amended as considered appropriate during the previous year and fall under the general headings of: strategy and management; structure and capital; financial reporting; internal controls; contracts; shareholder communication; Board membership; executive remuneration; delegation of authority; corporate governance matters; and Group policies.

The Board held formal Board meetings 11 times during the year. Board meetings are conducted to a set agenda with a pack of comprehensive briefing papers circulated to all Directors prior to each scheduled meeting. The Board also met on an ad hoc basis several times during the year to discuss various matters. The discussions of these more informal meetings are minuted in line with Board meetings. Directors are able, if necessary, to take independent professional advice in the furtherance of their duties at the Company's expense.

Board Committees

The Board has delegated specific responsibilities to the Audit and Risk, Remuneration and Nomination Committees. All Board Committees have their own terms of reference, which are published on the Company's website.

Audit and Risk Committee

The Audit and Risk Committee comprises all Non-Executive Directors and is chaired by Charles St John. The Committee's primary responsibilities include monitoring internal controls, reviewing the key risks of the organisation, ensuring that the financial performance of the Group is properly measured and reported, and overseeing the relationship with the Group's auditor.

The Audit and Risk Committee met on 4 occasions during the year. Further details on the work and responsibilities of the Audit and Risk Committee are shown on pages 64 to 66.

Nomination Committee

The Nomination Committee comprises all Non-Executive Directors and is chaired by Frank Nelson. The Committee's primary responsibilities include assessing the size, structure and composition of the Board, succession planning for Directors and other senior executives, and identifying and nominating candidates to fill Board vacancies, together with leading the process for such appointments.

One Committee meeting was held during the year. The Committee comprises all members of the main Board and duties of the Committee in respect of evaluation of the composition of the Board and succession planning for Directors and other senior executives have been fulfilled by discussion at Board meetings. Further details on the work and responsibilities of the Nomination Committee are shown on page 67.

Remuneration Committee

The Remuneration Committee comprises all Non-Executive Directors and is chaired by David Hurcomb. The Committee is primarily responsible for determining the contractual terms, remuneration and other benefits of the Executive Directors and the Chair of the Board.

The Committee met on 3 occasions during the year. The Remuneration Committee report is set out on pages 68 and 69.

Directors

Each of the Directors is subject to election by the shareholders at the first Annual General Meeting after their appointment. Thereafter, all Directors are subject to retirement by rotation in accordance with the Articles of Association. The service contracts of Executive Directors require 6 months' notice.

The Non-Executive Directors have received appointment letters setting out their terms of appointment. All Non-Executive Directors are appointed for an initial period of 3 years, continuing thereafter subject to not less than 3 months' notice.

The appointment of new Non-Executive Directors to the Board is considered by all Board members.

Risk management and internal control

The risk management framework is presented on pages 49 to 53 and sets out how the Board identifies, assesses and takes mitigating action to manage risk.

The Audit and Risk Committee reviews and monitors the Group's key risks and internal controls. However, the Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide it with reasonable assurance regarding the reliability of financial information that is used within the business, and for external publication and the safeguarding of assets. There are inherent limitations in any system of internal control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

CORPORATE GOVERNANCE STATEMENT CONTINUED



The Group's organisational structure has clear lines of responsibility with operational and financial responsibility for operating segments delegated to the Chief Operating Officer and operational Directors.

The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers within the Group, is reviewed regularly to ensure that it continues to meet the Board's requirements.

Going concern basis

In determining whether the Group and Company annual consolidated financial statements can be prepared on an going concern basis, the Board considered all factors likely to affect its future performance and financial position, including cash flows, liquidity position, borrowing facilities and the risks and uncertainties relating to its business activities.

A detailed forecast has been prepared for the period to 31 December 2025, which demonstrates healthy cash flow and liquidity headroom across the period to 31 December 2025. Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

Based on this review, the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements. The full statement in respect of going concern is included in note 2 to the consolidated financial statements.

Forward-looking statements

The annual report and accounts include certain statements that are forward-looking statements. These statements appear in several places throughout the strategic report and include statements regarding the Group's intentions, beliefs or current expectations and those of its officers, Directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

Shareholder relationships

The CEO and CFO are the key contacts for shareholders on any matters relating to the Group, its governance and investor relations. There is a programme of scheduled meetings with institutional investors, certain private shareholders and analysts, following full and half-year results announcements. Presentations are also hosted through the digital platform Investor Meet Company, which allows all shareholders or other interested parties to attend. These meetings provide the CEO and CFO the opportunity to update shareholders on the Group's performance and future strategy.

Additionally, the Chair and Non-Executive Directors make themselves available to meet with shareholders as necessary.

The Annual General Meeting ("AGM") allows the Board to communicate with all investors, institutional or private, and provides shareholders the opportunity to ask questions and raise issues, as well as formally vote on resolutions circulated to shareholders in the Notice of AGM prior to the AGM. Copies of the Notice of AGM are also published on the Company website.

Details of the Group's corporate governance policies can be found at: www.van-elle.co.uk/corporate-governance/.

Approval

The Board approved the corporate governance report on 23 July 2024.

By order of the Board

GRAEME CAMPBELL
COMPANY SECRETARY

23 JULY 2024

Board effectiveness review undertaken

During the year, we completed a comprehensive internal review of the Board's structure and performance. Key actions arising from the review to ensure continuous improvement of the Board's effectiveness are as follows:

- Continued focus on improving diversity
- Refresh of the Group's succession planning for Board and senior leadership
- Review Board member induction programme and ongoing training needs
- Detailed review of periodic information provided to the Board
- Review current business continuity planning for critical events
- Perform an annual review of Board performance annually

Board composition



- 1 Chair
- 2 Non-Executive
- 2 Executive

Meeting attendance

DIRECTOR		
Frank Nelson (Chair)	1	●●●●●●●●●●
David Hurcomb	2	●●●●●●●●●●
Charles St John	2	●●●●●●●●●●
Mark Cutler	2	●●●●●●●●●●
Graeme Campbell	2	●●●●●●●●●●

- Attended meetings
- Not due to attend

Every Director was in attendance at all Board meetings during the year.

AUDIT AND RISK COMMITTEE REPORT



CHARLES ST JOHN
CHAIR OF THE AUDIT AND RISK COMMITTEE

Activities during the year

The following matters were considered at the Committee meetings held during the year:

Financial statements and reports:

- Reviewed the interim results announcement, preliminary final results announcement and the annual report and accounts
- Reviewed reports from the external auditor
- Reviewed management representation letters, going concern reviews and significant areas of accounting estimates and judgements
- Considered the output of a third-party review on revenue recognition ahead of interim results announcement
- Reported to the Board on the appropriateness of accounting policies and practices

Risk management:

- Reviewed the risk register, which identifies the Group's key risk areas, the probability of these risks occurring and the impact they would have on the Group.
- Ensured that updates to the Group's main governance policies were submitted and approved by the Board

External audit and non-audit work:

- Agreed the terms of engagement and fees to be paid to the external auditor
- Reviewed and agreed the scope and methodology of the audit work to be undertaken by the external auditor
- Reviewed the relationship with the external auditor including its independence, objectivity and effectiveness
- Reviewed non-audit fees paid to the external auditor

Compliance:

- Met with the external auditor without executive management being present

Dear Shareholder,

I am pleased to present the report on the activities of the Audit and Risk Committee for the year. The report provides details of the key matters considered by the Committee, and an explanation of how the Committee has obtained assurance on the integrity of the annual report.

Role and responsibilities

The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of financial reporting, audit, risk management and internal controls.

This comprises:

- Assessing and advising the Board on the internal financial, operational and compliance controls
- Monitoring and reviewing the Group's accounting policies and significant accounting judgements
- Reviewing the annual and interim financial statements and any public financial announcements and advising the Board on whether the annual report and accounts are fair, balanced and understandable
- Monitoring and reviewing the adequacy and effectiveness of the risk management systems and processes
- Overseeing the Group's procedures for its employees to raise concerns through its whistleblowing policy

In relation to the external audit, the Committee is responsible for:

- Approving the appointment of the external auditor, including the terms of engagement and fees
- Considering the scope of work to be undertaken by the external auditor and reviewing the results of that work
- Reviewing and monitoring the independence of the external auditor and approving its provision of non-audit services; and monitoring and reviewing the effectiveness of the external auditor

Meeting attendance

DIRECTOR	
Charles St John (Chair)	● ● ● ●
Frank Nelson	● ● ● ●
David Hurcomb	● ● ● ●
Mark Cutler*	● ● ● ●
Graeme Campbell*	● ● ● ●

● Attended meetings ● Not due to attend

* Attended by invitation.

Membership and attendance

The Quoted Companies Alliance Corporate Governance Code recommends that all members of an audit committee be non-executive directors, independent in character and judgement and free from any relationship or circumstances that may, could or would, be likely to, or appear to, affect their judgement, and that 1 such member has recent and relevant financial experience.

Accordingly, the Committee comprises all Non-Executive Directors, with the Chair, as a Chartered Accountant, having recent and relevant financial and accounting experience. Committee meetings are also attended by the Chief Executive Officer and Chief Financial Officer by invitation.

The external auditor is invited to attend certain meetings to report to the Committee, primarily on the planning and outcome of the audit. The Company Secretary acts as Secretary to the Committee.

Other members of management may be invited to attend meetings depending on the matters under discussion. The Committee Chair meets periodically with the external auditor with no members of management present. The Committee held 4 meetings during the reporting period.

External audit

The Committee approves the appointment and remuneration of the Group's external auditor and satisfies itself that it maintains its independence regardless of any non-audit work performed by it. The external auditor is permitted to provide non-audit services that are not, and are not perceived to be, in conflict with auditor independence, providing it has the skill, competence and integrity to carry out the work and it is the most appropriate adviser to undertake such work in the best interests of the Group. All assignments are monitored by the Committee. Details of services provided by, and fees payable to, the auditor are shown in note 9 of the consolidated financial statements. Rotation of the audit partner took place in the year ended 30 April 2022.

Whilst the Committee has not adopted a formal policy in respect of rotation of the external auditor, one of its principal duties is to make recommendations to the Board in relation to the appointment of the external auditor. Various factors are considered by the Committee in this respect including the quality of the reports provided to the Committee, the level of service provided and the level of understanding of the Group's business.

The Committee also remains satisfied that the services provided by BDO LLP are appropriate and comparable to other audit firms' pricing. However, given that BDO has been the Company's external auditor for 13 years, the provision of external audit services will be kept under close review over the coming reporting periods.

Internal audit

The Group does not have a formal internal audit function. A schedule of controls reviews, targeted based on risk, is maintained. Throughout the year, the finance function performs targeted reviews and visits to operations as well as high-level reviews of key finance processes and controls in accordance with the schedule of controls reviews.

This approach is considered appropriate and proportionate given the size of the business and the extensive work performed by the external auditor; however, the need to establish a separate independent internal audit function is kept under review.

Internal controls and risk management

The Board is responsible for the effectiveness of the Group's internal control systems, which have been designed and implemented to meet the requirements of the Group and the risks to which it is exposed.

The Group has a robust risk management process that follows a sequence of risk identification, assessment of probability and impact, and assigns an owner to manage mitigation activities and controls. The Group risk register and the methodology applied were the subject of review by senior management and updated to reflect new and developing areas that might impact business strategy. The Committee reviews the Group risk register each year to assess the actions being taken by senior management to monitor and mitigate the risks. The Group's principal risks and uncertainties are described on pages 49 to 53.

The following key elements comprise the internal control environment, which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve its business objectives and ensure accurate and timely reporting of financial data for the Company and the Group:

- An appropriate organisational structure with clear lines of responsibility
- An experienced and qualified finance function, which regularly assesses the risks facing the Group
- A comprehensive annual strategic and business planning process
- Systems of control procedures and delegated authorities, which operate within defined guidelines, and approval limits for capital and operating expenditure and other key business transactions and decisions
- A robust financial control, budgeting and rolling forecast system, which includes regular monitoring, variance analysis and key performance indicator reviews

AUDIT AND RISK COMMITTEE REPORT CONTINUED

- Procedures by which the consolidated financial statements are prepared, which are monitored and maintained using internal control frameworks addressing key financial reporting risks arising from changes in the business or accounting standards
- Established policies and procedures setting out expected standards of integrity and ethical standards, which reinforce the need for all employees to adhere to all legal and regulatory requirements

Significant accounting matters

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements.

The Committee reviews accounting papers prepared by management, which provide details on the main financial reporting judgements. The Committee also reviews reports by the external auditor on the full-year results, which highlight any issues arising from the work undertaken. Areas of audit and accounting risk reviewed by the Committee included:

- Revenue recognition – the Group’s policy on revenue recognition, detailed in note 3 to the consolidated financial statements, is in accordance with IFRS 15. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management’s conclusions
- The carrying value of trade receivables and contract assets – the Group holds material trade receivable balances and contract asset balances, and the calculations of provisions for impairment are estimates of future events and, therefore, uncertain. The Group has continued to purchase trade credit insurance in the year, which provides additional protection against the risk of bad debts. The Committee has reviewed the current year provisions (including the application of IFRS 9) against trade receivables and contract asset balances and is satisfied with management’s conclusions that the provisioning levels are appropriate
- Provisions for legal and other claims – the Group holds material provisions in respect of legal and other claims. The Group carries insurance and any reimbursements, where material and virtually certain, are treated as separate assets. The calculations of the provisions contain management estimates and judgement on the likely outcome of the claims. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management’s conclusions

- The carrying value of intangible items – the carrying value of goodwill has been tested for impairment. This testing includes sensitivities of future forecast performance, discount rates used and other key assumptions. The Committee has reviewed the estimates and judgements applied by management and is satisfied with management’s conclusion that no impairment is required
- Acquisition of Rock & Alluvium – the goodwill and other intangibles on the acquisition of Rock & Alluvium is based on the fair value of the assets and liabilities at the date of acquisition. The Committee has reviewed the estimates and judgements applied by management in the calculation of goodwill and is satisfied with management’s conclusions

Going concern

In determining whether the Group and Company annual consolidated financial statements can be prepared on a going concern basis, the Board considered all factors likely to affect its future performance and financial position, including cash flows, liquidity position, borrowing facilities and the risks and uncertainties relating to its business activities.

A detailed forecast has been prepared for the period to 31 December 2025, which demonstrates healthy cash flow and liquidity headroom across the period to 31 December 2025. Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

Based on this review, the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements. The full statement in respect of going concern is included in note 2 to the consolidated financial statements.

CHARLES ST JOHN
CHAIR OF THE AUDIT AND RISK COMMITTEE

23 JULY 2024

NOMINATION COMMITTEE REPORT



FRANK NELSON
CHAIR OF THE NOMINATION COMMITTEE

2024 Key activities:

- Reviewed the Committee’s terms of reference
- Evaluated the balance of skills, experience, independence, diversity and knowledge on the Board
- Undertook a Board evaluation process during the financial year including establishing a plan of action based on the outcomes
- Succession planning for the Executive Directors and the senior management team
- Reviewed requirements for the re-election of Directors at the Annual General Meeting
- Reviewed the Committee’s report in the annual report and accounts and recommended approval to the Board

On behalf of the Nomination Committee, I am pleased to present our report for the financial year ended 30 April 2024.

Role and responsibilities

The key responsibilities of the Committee are:

- Assessing whether the size, structure and composition of the Board (including its skills, knowledge, experience, independence and diversity, including gender diversity) continue to meet the Group’s business and strategic needs
- Examining succession planning for Directors and other senior executives, and for the key roles of Chair of the Board and Chief Executive Officer
- Identifying and nominating, for approval by the Board, candidates to fill Board vacancies as and when they arise, together with leading the process for such appointments

Membership and attendance

The Code recommends that the members of a nomination committee should be independent non-executive directors. The Company complies with this Code recommendation. By invitation, the meetings of the Committee may be attended by the Chief Executive Officer and the Chief Financial Officer. The Chair of the Board normally chairs the Committee, except where it is dealing with their own reappointment or replacement. In this instance, the Committee is chaired by another Non-Executive Director nominated as sub-committee Chair. The Company Secretary acts as the Secretary to the Committee.

The Board composition has remained unchanged since July 2020, which has provided a good level of stability for the Company. One Committee meeting was held during the year. The duties of the Committee, in respect of evaluation of the composition of the Board and succession planning for Directors and other senior executives, have been fulfilled by discussion at Board meetings.

The Committee comprises all members of the main Board.

Election of Directors

On the recommendation of the Committee, and in line with the Company’s Articles of Association, Directors stand for re-election at the Annual General Meeting. The Committee considers that the performance of each of the Directors standing for election at the Annual General Meeting continues to be effective and each demonstrates commitment to their role.

Board evaluation

A Board evaluation survey has been undertaken during the year. Further details on this are shown on page 63.

Corporate governance

The Committee’s terms of reference are available on the Group’s website (www.van-elle.co.uk). The terms of reference were reviewed during the year, with no changes to report.

FRANK NELSON
CHAIR OF THE NOMINATION COMMITTEE

23 JULY 2024

Meeting attendance

DIRECTOR	
Frank Nelson (Chair)	●
David Hurcomb	●
Charles St John	●
Mark Cutler*	●
Graeme Campbell*	●

● Attended meetings * Attended by invitation.
● Not due to attend

REMUNERATION COMMITTEE REPORT



DAVID HURCOMB
CHAIR OF THE REMUNERATION COMMITTEE

Activities during the year
Matters considered and decisions reached by the Committee during the year included:

- Reviewed and approved Executive Director and senior management team salaries, including inflationary pay increases processed in January 2024
- Reviewed and approved payments to Executive Directors and senior management under the FY2023 Annual Bonus Plan
- Reviewed and approved the parameters of the FY2024 Annual Bonus Plan, including performance measures and targets for the Executive Directors and senior management team
- Reviewed and approved the outcome of the performance conditions for the LTIP grant in September 2020 which vested during the year
- Considered and approved LTIP awards to the Executive Directors

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the current financial year.

Role and responsibilities

The Committee's role is to recommend to the Board a strategy and framework for the remuneration of Executive Directors and the senior management team. The framework should be designed to attract and retain leaders who are appropriately incentivised to deliver the Company's strategic business priorities, aligned with the interests of shareholders and thus promote the long-term success of the Company.

The Committee's main responsibilities are:

- Establishing and maintaining formal and transparent procedures for developing the policy on executive remuneration, fixing the remuneration packages of individual Directors, and monitoring and reporting on them
- Determining the remuneration of the Executive Directors
- Monitoring and making recommendations in respect of remuneration for senior management who report directly to the Chief Executive Officer
- Approving the targets and level of awards for any long-term incentive arrangements
- Approving the outcome of long-term incentive awards
- Determining the level of fees for the Chair of the Board
- Selecting and appointing external advisers to the Committee

Membership and attendance

The Committee comprises all independent Non-Executive Directors. By invitation, the meetings of the Committee may be attended by the Chief Executive Officer and Chief Financial Officer. The Chair of the Committee acts as Chair for all matters except where it is dealing with their own

remuneration. The Company Secretary acts as the Secretary to the Committee.

The Committee plans to meet formally at least twice a year and at such other times as necessary. The Committee met 3 times during the year.

Annual bonus scheme outcomes

The Group delivered a significantly improved financial performance in FY2023, with revenue increasing by 19% to £148.7m and operating profit increasing by £1.5m compared to FY2022. This performance reflected an upgrade on market consensus during the year. The Committee approved the payment of annual bonuses in line with the scheme rules. Executive Director bonuses were paid in October 2023.

In FY2024, performance declined as a result of challenging market conditions resulting in a decline in revenue of 6.2% to £139.5m and a decline in underlying operating profit of £0.3m to £5.5m. The results present a resilient performance in a very challenging year and are in line with market consensus. The Committee approved the payment of annual bonuses in line with the scheme rules, with all bonuses due to be paid in August 2024.

Meeting attendance

DIRECTOR	
David Hurcomb (Chair)	● ● ●
Frank Nelson	● ● ●
Charles St John	● ● ●
Mark Cutler*	● ● ●
Graeme Campbell*	● ● ●

● Attended meetings * Attended by invitation.
● Not due to attend

2024 salary review

The Group has been impacted by high wage inflation in recent years with wage increases of approximately 9% applied in FY2023 in response to high levels of inflation, the cost-of-living challenges in the UK and increased demand for labour from HS2. As inflation has reduced in the current year and the demand for HS2 labour has reduced, average salary increases have decreased with approximately 3% awarded during the year.

All Executive and Non-Executive Directors were awarded salary increases in line with all other employees at 3% on 1 January 2024.

Long-term incentives

The Group operates an LTIP, CSOP and SAYE scheme.

During the year the LTIP grant made in September 2020 vested. The scheme had a 3-year vesting period and targets based 50% on total shareholder return and 50% on return on capital employed in FY2023. Performance outcomes resulted 1,282,490 options vesting representing 52.3% of options under award. Options are subject to a 2-year holding period. During the year 121,942 options were exercised by award holders. The outcome of performance conditions was verified by third parties.

An issue of LTIP awards was made on 4 September 2023 to Executive Directors. This grant of awards has targets based 50% on total shareholder return and 50% on return on capital employed in FY2026 with a 3-year vesting period.

No award of options was made under the Group's CSOP scheme during the year and no vested options under previous grant of CSOP awards were exercised during the year.

The current SAYE scheme commenced on 1 April 2023 and has a 3-year vesting period. No further grant of options was made under this scheme during the year.

The Group established the Van Elle Holding Plc Employee Benefit Trust during the year, an off-shore trust established for the purpose of purchasing shares to issue to employees on exercise of vested share options. A total contribution of £482,000 was made to the trust during the year and as at 30 April 2024 the trust had purchased 1,150,000 shares at a total purchase cost of £418,000.

Remuneration report

As an AIM-listed entity, the Company is not required to fully apply the Listing Rules of the Financial Conduct Authority or the BIS Directors' Remuneration Reporting Regulations and hence is not required to present a Board report on remuneration in accordance with those rules. Nevertheless, the Board considers it appropriate for the Company to provide shareholders with information in respect of executive remuneration that follows the spirit of the Regulations and will include some details of the Directors' remuneration policy and the annual report on remuneration, which together form the Directors' remuneration report.

DAVID HURCOMB
CHAIR OF THE REMUNERATION COMMITTEE

23 JULY 2024



DIRECTORS' REMUNERATION POLICY

Introduction

The Committee considers the remuneration policy annually to ensure that it remains aligned with the business' needs and is appropriately positioned relative to the market. We use target performance to estimate the total potential reward and benchmark it against reward packages paid within the sector.

Principles adopted

The principles adopted, taken from the Association of British Insurers ("ABI"), are as follows:

- Remuneration structures should be appropriate to the specific business, efficient and cost effective in delivery
- Complexity is discouraged in favour of simple and understandable remuneration structures
- Remuneration structures should seek to align executive and shareholder interests including through a meaningful level of personal shareholding
- Remuneration structures should promote long-term focus through features such as deferral and measuring performance over the long term
- Structures should include performance adjustments (malus) and/or clawback provisions
- Pay should be aligned to long-term sustainable success and the desired corporate culture throughout the organisation
- The Remuneration Committee ensures that rewards properly reflect business performance

Balancing short and long-term remuneration

Based on our view of current market practice and the principles of our remuneration policy, we have established the remuneration policy set out in this report. Fixed annual elements, including salary, pension and benefits, are to recognise the status of our executives and to ensure current and future market competitiveness.

The short and long-term incentives are to motivate and reward them for making Van Elle Holdings plc successful on a sustainable basis. The shareholding linkage cements the relationship between the Executive Directors' personal returns and those of Company investors. Long-term incentives, in the form of conditional share awards, are granted annually and Executive Directors are expected to retain vested shares (after they have paid income tax and National Insurance contributions in respect of the awards) until they have met their shareholding requirement.

The Committee reserves discretion to flex the weighting of annual bonus KPIs from year to year to ensure that the Executive Directors are incentivised to drive performance through the Company's core strategic objectives.

Performance measures and targets

The performance measures used in the annual conditional share awards include total shareholder return and return on capital employed targets. The annual bonus scheme performance measures are profit before tax, interim and year-end cash and cash equivalents and performance against personal objectives.

The Committee has selected these performance conditions because they are central to the Company's overall strategy and are key metrics used by the Executive Directors to oversee the operation of the business. The performance targets are determined annually by the Committee following consultation with the Audit and Risk Committee and are typically set at a level that is above the level of the Company's forecasts.

Differences in remuneration policy for all employees

All employees of the Company are entitled to base salary, benefits and a pension. An employee bonus scheme is reviewed annually. The maximum opportunity available is based on the seniority and responsibility of the role.

The Committee has regard to pay structures across the wider Group when setting the remuneration policy for Executive Directors. The Committee considers the general basic salary increase for the broader workforce when determining the annual salary review for the Executive Directors.

Overall, the remuneration policy for the Executive Directors is more heavily weighted towards performance-related pay than for other employees. The level of performance-related pay varies within the Group by grade of employee and is calculated by reference to the specific responsibilities of each role as appropriate.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee invites the Chief Executive Officer to present on the proposals for salary increases for the employee population generally and on any other changes to remuneration policy within the Company. The Committee limits any salary increase for the Executive Directors to the inflationary increase available to employees unless there has been a change in role or alignment to market levels.

The Chief Executive Officer consults with the Committee on the KPIs for Executive Directors' bonuses and the extent to which these should be cascaded to other employees. The Committee approves the overall annual bonus cost to the Company each year. The Committee has oversight over the grant of all LTIP, CSOP and SAYE awards across the Company.

Future policy table

The individual elements of the future remuneration policy are summarised below:

HOW THE ELEMENT SUPPORTS OUR STRATEGIC OBJECTIVES	OPERATION OF THE ELEMENT	MAXIMUM POTENTIAL VALUE AND PAYMENT AT THRESHOLD	PERFORMANCE METRICS USED, WEIGHTING AND TIME PERIOD APPLICABLE
Base salary			
To recognise status and responsibility to deliver strategy.	Base salary is paid in 12 equal monthly instalments during the year. Salaries are reviewed annually, and any changes are effective from 1 January in the financial year.	Increases only for inflation and in line with other employees unless there is a change in role or responsibility, or alignment required to market levels.	None.
Benefits			
To provide benefits consistent with the role.	The Company pays the cost of providing the benefits monthly, or as required, for one-off events such as receiving financial advice.	Cost of independent financial advice, car allowance and medical insurance and other benefits from time to time.	None.
Annual bonus			
To ensure a market competitive package and link total cash reward to achievement of Company business objectives.	Annual bonuses are paid following sign off of the financial statements for the year-end to which they relate. A clawback facility will apply under which part, or all of, the cash and deferred bonus can be recovered if there is a restatement of the financial accounts or the individual is terminated for misconduct.	Maximum bonus potential: 100% of salary for the CEO and 80% for the CFO. Maximum bonus potential for Senior Management is between 30% and 50%. There is no minimum payment at threshold performance.	Reported profit before tax and interim and year end cash and cash equivalents Performance is measured over the financial year. The Committee has discretion to vary the weighting of these metrics over the life of this remuneration policy.
Pension			
To provide funding for retirement.	Defined contribution scheme. Monthly contributions.	3-10% of salary.	None.
Long-term Incentive Plan ("LTIP")			
To augment shareholder alignment by providing Executive Directors with longer-term interests in shares.	Annual grants of conditional share awards based on the achievement of return on capital employed and total shareholder return targets. A clawback facility is in operation under which parts, or the whole of, the LTIP award can be recovered if there is a restatement of the financial statements or the individual is dismissed for cause.	To augment shareholder alignment by providing Executive Directors with longer-term interests in shares. Maximum grant permitted is 100% of salary. Grant size is determined by reference to achievement of set targets (50% based on TSR and 50% based on ROCE). Vesting is dependent on service and performance conditions. 25% vests at threshold performance.	Service and performance conditions must be met over a 3-year period. Example – 2023 LTIP plan: TSR 25% vesting if TSR ranked at median within comparator group. 100% vesting if TSR ranked in upper quartile. ROCE: 25% vesting if ROCE in FY2026 exceeds 15%. 50% vesting if ROCE in FY2026 exceeds 17.5%. 100% vesting if ROCE in FY2026 exceeds 20%. The Committee has discretion to vary the weighting of performance metrics over the life of this remuneration policy.

DIRECTORS' REMUNERATION POLICY CONTINUED

Approach to recruitment remuneration

The Committee will aim to set a new Executive Directors' remuneration package in line with the remuneration policy approved by shareholders.

In arriving at a total package and in considering value for each element of the package, the Committee will consider the skills and experience of a candidate and the market value for a candidate of that experience, as well as the importance of securing the preferred candidate.

Where it is necessary to "buy out" an individual's awards from a previous employer, the Committee will seek to match the expected value of the awards by granting awards that vest over a time frame like those given up, with a commensurate reduction in quantum where the new awards will be subject to performance conditions that are not as stretching as those on the awards given up.

Policy on Directors leaving the Group

The Committee must satisfy any contractual obligations agreed with the Executive Director. This is dependent on the contractual obligations not being in contradiction with the remuneration policy set out in this report.

If an Executive Director's employment is terminated, in the absence of a breach of service agreement by the Director, the Company may, although it is not obliged to, terminate the Director's employment immediately by payment of an amount equal to base salary and the specified benefits (including pension scheme contributions) in lieu of the whole or the remaining part of the notice period. Payments in lieu of notice may be paid in monthly instalments over the length of the notice period. The Executive Directors are obliged to seek alternative income during the notice period and to notify the Company of any income so received. The Company would then reduce the monthly instalments to reflect such alternative income.

Discretionary bonus payments will not form part of any payments made in lieu of notice. An annual bonus may be payable, at the Committee's discretion, with respect to the period of the financial year served, although it would be paid in cash and normally pro rata for time and paid at the normal payment date.

Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on relevant plan rules.

The default treatment under the LTIP is that any outstanding awards lapse when the individual leaves the Group. However, in certain prescribed circumstances, such as death, ill health, injury or disability, transfer of the employing entity outside of the Group or in other circumstances at the discretion of the Committee (except where the Director is summarily dismissed), "good leaver" status may be applied.

For good leavers, awards will normally vest to the extent that the Committee determines, taking into account the satisfaction of the relevant performance conditions and, unless the Committee determines otherwise, the period that has elapsed between the grant and the date of leaving. Awards will normally vest at the original vesting date, unless the Committee decides that awards should vest at the time of leaving.

Service agreements and letters of appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving not less than 6 months' prior written notice.

The Chair and each of the Non-Executive Directors of the Company do not have service contracts. Each of these Directors has a letter of appointment that has an initial 3-year term, which is renewable and is terminable by the Company or the individual on 3 months' written notice.

Non-Executive Directors are not eligible to participate in cash or share incentive arrangements and their service does not qualify them for a pension or other benefits. No element of their fee is performance related.

Director date of service contract/letter of appointment

Executive Directors

Mark Cutler – 13 August 2018

Graeme Campbell – 23 September 2019

Non-Executive Directors

David Hurcomb – 1 November 2017

Charles St John – 24 February 2020

Frank Nelson – 20 May 2020

Non-Executives Directors' fees policy

How the element supports our strategic objectives	Operation of the element	Consideration of shareholder views
To attract Non-Executive Directors who have a broad range of experience and skills to oversee the implementation of our strategy.	<p>Non-Executive Directors' fees are set by the Board. The Chair's fees are set by the Committee.</p> <p>Annual fees are paid in 12 equal monthly instalments during the year.</p> <p>Fees are regularly reviewed against those for Non-Executive Directors in companies of similar scale and complexity.</p> <p>Non-Executive Directors are not eligible to receive benefits and do not participate in incentive or pension plans.</p> <p>Current fee levels are shown in the annual report.</p> <p>Non-Executive Directors are not eligible to participate in any performance-related arrangements.</p>	We take an active interest in shareholder views on our executive remuneration policy. The Committee is also committed to maintaining an ongoing dialogue with major shareholders and shareholder representative bodies whenever material changes are under consideration.



ANNUAL REPORT ON REMUNERATION

Single total figure of remuneration

The table below sets out the total remuneration for the Directors in the year ended 30 April 2024, with comparative figures for the year ended 30 April 2023.

	Salary/fees £'000	Benefits £'000	LTIP £'000	Pension £'000	Bonus £'000	2024 Total £'000	2023 Total £'000
Executive Directors							
Mark Cutler	320	48	130	–	85	583	519
Graeme Campbell	182	13	75	9	38	317	271
Non-Executive Directors							
Charles St John	50	–	–	–	–	50	48
David Hurcomb	50	–	–	–	–	50	48
Frank Nelson	104	–	–	–	–	104	101
Aggregate emoluments	706	61	205	9	123	1,104	987

Benefits comprise the provision of car allowance, payment in lieu of pension and private medical insurance, valued at the taxable value.

The LTIP relates to the value of long-term awards whose performance period ends in the year under review.

Bonus payments reflect outcomes for 2024 (detailed below) as approved by the Remuneration Committee. Bonus payments are made after the publication of the FY2024 annual report.

Annual bonus plan

Bonuses are earned by reference to the financial year and paid in August following the end of the financial year. The 2024 annual bonus was based 80% on the achievement of stretching profitability and cash targets and 20% on individual objectives aligned to the delivery of key strategic and operational priorities. The targets and estimated bonus outcomes for 2024 for each Executive Director are set out below.

	2024 measurement ranges and outcome				Bonus as % of salary			
	Threshold	Target	Maximum	Performance outcome	Mark Cutler		Graeme Campbell	
Measures	0%	30%	100%		Maximum	Outcome	Maximum	Outcome
Underlying profit before tax	4,750	5,300	6,500	£5.2m	80%	15%	64%	12%
Year-end cash and cash equivalents	5,600	5,600	5,600	£6.0m				
Total Group measures					80%	15%	64%	12%
Individual objectives					20%	12%	16%	10%
Total bonus					100%	27%	80%	22%
Base salary*						317,200		180,180
Bonus based on performance outcomes						84,710		38,494

* Base salary is the base salary as at 30 April 2023.

Aggregate Directors' emoluments

	2024 £'000	2023 £'000
Salaries	706	682
Taxable benefits	61	59
Pension allowances	9	9
LTIP	205	–
Bonus	123	237
Subtotal	1,104	987
Employer's NI	258	144
Total	1,362	1,131

Payments for loss of office

There were no payments for loss of office in the year.

Payments to past Directors

There were no payments to past Directors in the year.

Share awards granted during the year

During the year, the Executive Directors were granted a conditional share award on 4 September 2023, details of which are shown below:

Director	Scheme	Basis of award	Face value £'000	% vesting at threshold	Number of shares	Vesting date
Mark Cutler	LTIP	100% of salary	330	25	733,084	04/09/2026
Graeme Campbell	LTIP	100% of salary	187	25	416,415	04/09/2026

The face value of the awards is calculated using the share price at the date of grant of £0.450 per share. The performance conditions in respect of the awards granted in the year ended 30 April 2024 are shown below:

Performance measure	Weighting	Target 25% vesting	Maximum 100% vesting
Total shareholder return ranking ¹	50%	Median, ranked 7th or higher	Upper quartile, ranked 4th or higher
Return on capital employed in FY2026	50%	15%	20%

¹ Measured against a comparator group of 12 companies (i.e. 13 including Van Elle Holdings plc).

No conditional share awards were granted during the previous financial year.

Statement of Directors' shareholdings and share interests

We believe that Executive Directors should have shareholdings in the Company to ensure that they are as closely aligned as possible with shareholder interests. Those Directors serving at the end of the year and their immediate families had interests in the share capital of the Company at 30 April 2024 as follows:

	Ordinary shares held at 30 April 2024	Options held at 30 April 2024
Executive Directors		
Mark Cutler	952,767	2,168,082
Graeme Campbell	50,000	2,168,082
Non-Executive Directors		
Charles St John	100,000	–
David Hurcomb	65,000	–
Frank Nelson	140,000	–

Statement of implementation of remuneration policy – year to 30 April 2024

The fees for the financial year for Non-Executive Directors David Hurcomb, Charles St John and Frank Nelson are £50,000, £50,000 and £104,000, respectively.

Approval

The Directors' remuneration policy and the annual report on remuneration, together comprising the Directors' remuneration report, were approved by the Board of Directors on 23 July 2024 and signed on its behalf by the Remuneration Committee Chair.

DAVID HURCOMB

CHAIR OF THE REMUNERATION COMMITTEE

23 JULY 2024

DIRECTORS' REPORT

Introduction

The Directors present their annual report and the Group audited financial statements for the year ended 30 April 2024. The strategic report on pages 01 to 57, the corporate governance report on pages 60 to 63 and certain notes to the financial statements are also incorporated into this report by reference.

Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is given in the strategic report on pages 01 to 57.

Results and dividend

The Group's result for the year is shown in the consolidated statement of comprehensive income on page 86.

An interim dividend of 0.4p per share was paid to shareholders on 15 March 2024. The Board is recommending a final dividend of 0.8p for the year ended 30 April 2024. If approved at the Annual General Meeting on 26 September 2024, the final dividend is payable on 18 October 2024 to shareholders registered on 4 October 2024. The shares will be marked ex-dividend on 3 October 2024.

Financial risk management

Information relating to the principal risks and uncertainties of the Group has been included within the strategic report. Further information relating to the financial risks of the Group has been included within note 25 of the consolidated financial statements.

Directors

The Directors of the Company who held office during the year are:

- M. Cutler
- D. Hurcomb
- G. Campbell
- C. St John
- F. Nelson

The biographies of the Directors are detailed on pages 58 and 59. Their interests in the ordinary shares of the Company are shown in the Directors' remuneration report on pages 70 to 73. In addition to the interests in ordinary shares, the Group operates a performance share plan ("LTIP") for senior executives, under which certain Directors have been granted conditional share awards. Details of the share options granted are detailed in the Directors' remuneration report on pages 70 to 73.

Directors may be appointed by ordinary resolution of the Company or by the Board. In addition to any powers of removal conferred by the Companies Act 2006, the Company may, by special resolution, remove any Director before the expiration of their period of office.

Directors' indemnities

The Articles of Association of the Company permit it to indemnify the Directors of the Company against liabilities arising from the execution of their duties or powers to the extent permitted by law.

The Company has directors' and officers' indemnity insurance in place in respect of each of the Directors. The Company has entered into a qualifying third-party indemnity (the terms of which are in accordance with the Companies Act 2006) with each of the Directors. Neither the indemnity, nor insurance, provide cover if a Director or officer is proved to have acted fraudulently.

Employees

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be considered when making decisions that are likely to affect their interest. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance.

The Group recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Further details regarding employees are detailed in the sustainable responsible business section on pages 37 and 38.

Share capital

The Company has only 1 class of equity share, namely 2p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons.

During the year, 74,283 ordinary shares were issued on exercise of employee share options. As at 30 April 2024, the issued share capital of the Company was 106,740,983 ordinary shares of 2p each. Details of the share capital as at 30 April 2024 are shown in note 29 of the consolidated financial statements.

The market price of the Company's shares at the end of the financial year was £0.330 and the range of market prices during the year was between £0.330 and £0.445.

Prior period restatement

As detailed in note 37 of the consolidated financial statements, the 2023 consolidated statement of financial position and consolidated statement of cash flow has been restated. In the consolidated statement of financial position loans and borrowings of £1,158,000 are restated having previously been classified as lease liabilities and owned property, plant and equipment of £1,552,000 is restated having previously been classified as right-of-use assets. In the consolidated statement of cash flows, £1,544,000 of proceeds from borrowings has been reclassified from proceeds from hire purchase assets and £386,000 of repayment of borrowings has been reclassified from principal paid on lease liabilities.

There is no impact of the above on the opening balance sheet as at 1 May 2022. There is no impact on the Group income statement in the year ended 30 April 2023 and there is no impact on the Group's net assets as at 30 April 2023.

Research and development

The Group has in-house design and development facilities and continually develops and implements innovative geotechnical equipment, services, and bespoke products to improve accuracy, quality, and sustainable credentials of projects across numerous industries. The Group pioneers new techniques and develops leading-edge technical and cost-effective solutions, whilst successfully mitigating the inherent uncertainties encountered in the complex ground conditions found across the UK. The costs associated with these research and development activities forms the basis of the Group's annual research and development expenditure credit claim.

Substantial shareholdings

As at the date of this report, the Company had been notified of the following interests representing 3% or more of the voting rights in the issued share capital of the Company.

Name of holder	Total holding of shares	% of total voting rights
Otus Capital Management	19,533,465	18.30
Ruffer LLP	19,341,332	18.12
Premier Miton Investors	7,514,513	7.04
NR Holdings	6,009,476	5.63
Harwood Capital	5,998,802	5.62
Close Brothers Assets Management	5,593,189	5.24
Janus Henderson Investors	4,226,904	3.96

Corporate governance

The Group's statement on corporate governance is incorporated by reference and forms part of this Directors' report.

Going concern

The statement regarding going concern is set out in note 2 to the consolidated financial statements on page 90.

Disclosure of information to the auditor

Each Director confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information, and to establish that the Group's auditor is aware of that information.

Independent auditor

BDO LLP has expressed its willingness to continue in office, and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

GRAEME CAMPBELL
COMPANY SECRETARY

23 JULY 2024

Registered office: Summit Close,
Kirkby-in-Ashfield, Nottinghamshire
NG17 8GJ

Company number: 04720018

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and Company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the UK, governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Board of Directors and signed on its behalf by:

GRAEME CAMPBELL
COMPANY SECRETARY

23 JULY 2024

INDEPENDENT AUDITOR'S REPORT

To the members of Van Elle Holdings plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Van Elle Holdings Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 April 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the Parent Company statement of financial position, the Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law UK adopted international accounting standards, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

- In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. 31 July 2025. This included challenging the key estimates and judgements. In doing so, we specifically considered the principal trading and cash flow assumptions, and challenged the Directors on revenue forecasts, margins, and the levels of capital expenditure required to support the forecast levels of activity and corroborated these to post year end trading results, order book and the pipeline of potential future orders. We also challenged judgements taken on legal cash cashflows and earnout payment calculations.
- We assessed the sensitivities undertaken against the level of available cash and contracted funding facilities.
- We considered the results of the reverse stress test undertaken by the Directors and assessed the reasonableness of the Directors' assessment that the scenario that could result in the Group facing a cash shortfall was remote in light of the historic trading results.
- We also reviewed the disclosures in notes to the financial statements to ensure that they are in accordance with relevant requirements and provided meaningful and transparent information for the users of the financial statements.

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

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

Overview

Coverage	100% (2023: 100%) of Group profit before tax		
	100% (2023: 100%) of Group revenue		
	100% (2023: 100%) of Group total assets		
Key audit matters		2024	2023
	Recognition of revenue and attributable profits (or losses) on contracts.	✓	✓
Materiality	Group financial statements as a whole		
	£240,000 based on 5% profit before tax (2023: £265,000 based on 5% of profit before tax)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its central operations from the head office in Kirkby-in-Ashfield to support its subsidiaries day to day operations with regional offices at various locations throughout the UK and one in Canada. As at 30 April 2024, the Group consisted of the Parent Company, two trading subsidiaries in the UK, one trading subsidiary in Canada and three dormant subsidiaries.

The two UK trading subsidiaries, Van Elle Limited and Rock & Alluvium Limited, are considered to be significant components of the Group. The Group engagement team carried out a full scope audit on these significant components. Our audit work on the trading components were executed at a level of materiality applicable to the individual entities, which was lower than Group materiality.

The Group engagement team have also undertaken a full scope audit on the Parent Company.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of Van Elle Holdings plc

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Recognition of revenue and attributable profit (or losses) on contracts:</p> <p>The Group's accounting policy is described in note 3.</p> <p>Refer note 6 to the financial statements.</p>	<p>Revenue is recognised on the stage of completion of individual contracts. Attributable profit (or loss) is calculated after deducting the costs incurred to date. If the contract is expected to be loss making based on forecast costs and contract revenues, forecast losses are recognised immediately as an expense.</p> <p>The extent of revenue and profit (or loss) to recognise on a particular partially completed contract represents an area of significant judgement within the financial statements, which involves an assessment of both current and future contract performance.</p> <p>The potential outcomes for contracts can have an individual or collectively material impact on the financial statements, whether through error or management bias and as such this was considered a significant audit risk.</p>	<p>We tested the operating effectiveness of controls in the year surrounding the contract tender process, verification of sample of works performed by third party confirmation and senior management consideration of adjustments to the financial statements regarding variable consideration and works performed not yet certified.</p> <p>We obtained a breakdown of contracts making up revenue in the year which we reconciled to the revenue reported per financial statements.</p> <p>We selected a sample of contracts from the breakdown and obtained a copy of the contract documentation and undertook the following work to substantiate the recognition of revenue from a review of the performance obligations as follows:</p> <ul style="list-style-type: none"> ■ We assessed the position adopted by management at the year-end as compared to quantity surveyor applications or other external evidence such as customers' certification of work done. ■ We held meetings with contract managers and enquired on current progress on open contracts and final account negotiations on completed contracts substantiating explanations to supporting correspondence. <p>For all the contracts which met our risk criteria and presented a potential risk to revenue recognition, we reviewed individual contract assets and trade receivables pertaining to those revenue samples which we considered presented the greatest risk of exposure to recoverability either by size or by age.</p> <p>For each material trade receivable or contract asset that had not been tested as part of our contract selection described above, we reviewed post year end correspondence and substantiated to customer certificates and invoices.</p> <p>Where contract assets had not been supported by external certifications we reviewed all other correspondence including support from applications for payment and final account settlements and challenged management's judgement in respect of the recoverability of the amounts recoverable on contracts with reference to our own assessments.</p> <p>Key observations:</p> <p>We consider the judgements taken by management in relation to revenue recognition on contracts to be acceptable.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2024	2023	2024	2023
Materiality	£240,000	£265,000	£150,000	£140,000
Basis for determining materiality	5% of profit before tax	5% of profit before tax	2% of total assets	2% of total assets
Rationale for the benchmark applied	Earnings is a key measure of performance of the group and influence of shareholder assessment.	Earnings is a key measure of performance of the group and influence of shareholder assessment.	Total assets is considered an appropriate benchmark as the main purpose of the Parent Company is to hold the investments in subsidiaries.	
Performance materiality	£156,000	£172,000	£98,000	£91,000
Basis for determining performance materiality	65% of materiality which is considered appropriate to mitigate potential aggregation risk across the various financial statement areas.			
Rationale for the percentage applied for performance materiality	In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements alongside management's approach to adjusting for misstatements with a material impact on the financial statements.			

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of Van Elle Holdings plc

Component materiality

Materiality applied to the two significant trading components of the Group was calculated based on 95% of Group materiality (2023 – 95% of Group Materiality) refer table below. In the audit of these components, we further applied performance materiality levels of 65% (2023 – 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

	Van Elle Limited		Rock & Alluvium	
	2024	2023	2024	2023
Materiality	£228,000	£250,000	£132,000	£388,000
Basis for determining materiality	5% of profit before tax	5% of profit before tax	1% of total revenue	2.5% of total revenue
Rationale for the benchmark applied	Earnings is a key measure of performance of the group and influence of shareholder assessment.	Earnings is a key measure of performance of the group and influence of shareholder assessment.	Revenue has been used as the benchmark as the entity is loss making and this is the first-year audit of BDO Birmingham, so audit team have used the lower threshold.	Revenue has been used as the benchmark by the predecessor auditor.
Performance materiality	£148,000	£163,000	£86,000	£252,000
Basis for determining performance materiality	65% of materiality which is considered appropriate to mitigate potential aggregation risk across the various financial statement areas.			
Rationale for the percentage applied for performance materiality	In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements alongside management's approach to adjusting for misstatements with a material impact on the financial statements.			
Reporting threshold	£6,840	£7,500	£4,000	£8,000
Basis for determining performance materiality	We agreed with the Audit Committee that we would report to them all individual audit differences more than above threshold. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.			

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of Van Elle Holdings plc

Non-compliance with laws and regulations

Based on:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group based on our understanding of the Group and sector experience and discussions with management. The most significant laws and regulations for the Group were considered to be the Companies Act 2006, corporate taxes and VAT, employment tax legislation and the Health and Safety at Work Act.
- We enquired of those charged with governance, directors and management and obtained and reviewed supporting documentation, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We evaluated the directors and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates including taking fraudulent judgements on revenue contracts open at year end.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation at Work Act.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year which met a defined risk criteria, by agreeing them to supporting documentation to check they were correctly recorded and supported by appropriate evidence;
- Challenging and assessing the appropriateness of the significant estimate and judgment made by management for evidence bias, having regard to the supporting evidence and historical outcomes; and
- Testing any significant transactions that appeared to be the outside the normal course of business for evidence of bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GREG WATTS (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR
BIRMINGHAM, UK

23 JULY 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2024

	Note	2024			2023		
		Underlying £'000	Non- Underlying Items £'000	Statutory £'000	Underlying £'000	Non- Underlying Items £'000	Statutory £'000
Revenue	5	139,479	-	139,479	148,734	-	148,734
Cost of sales		(97,545)	-	(97,545)	(108,646)	-	(108,646)
Gross profit		41,934	-	41,934	40,088	-	40,088
Administrative expenses		(38,984)	-	(38,984)	(35,166)	-	(35,166)
Credit loss impairment credit/(charge)	19	157	-	157	(45)	-	(45)
Acquisition costs	8	-	(228)	(228)	-	-	-
Legal costs	8	-	(250)	(250)	-	-	-
Restructuring costs	8	-	(83)	(83)	-	-	-
Deferred consideration	8	-	-	-	-	427	427
Warranty costs	8	-	-	-	-	(350)	(350)
Other operating income	7	2,365	894	3,259	904	-	904
Operating profit	9	5,472	333	5,805	5,781	77	5,858
Finance expense	11	(429)	-	(429)	(487)	-	(487)
Finance income	11	102	149	251	-	-	-
Profit before tax		5,145	482	5,627	5,294	77	5,371
Income tax expense	12	(1,433)	20	(1,413)	(605)	(88)	(693)
Profit after tax		3,712	502	4,214	4,689	(11)	4,678
Earnings per share (pence)							
Basic	14	3.5		3.9	4.4		4.4
Diluted	14	3.4		3.9	4.4		4.4

	2024 £'000	2023 £'000
Other comprehensive income		
Items that may or may not be reclassified subsequently to profit or loss:		
Exchange differences on translation of operations	(39)	-
Total other comprehensive loss for the year, net of tax	(39)	-
Total comprehensive income for the year attributable to shareholders of the parent	4,175	4,678

All amounts relate to continuing operations. The notes on pages 90 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2024

	Note	2024 £'000	2023 Restated £'000
Non-current assets			
Property, plant and equipment	15	44,020	41,917
Investment property	16	-	-
Intangible assets	17	4,432	3,713
Deferred Tax	28	389	-
		48,841	45,630
Current assets			
Inventories	18	5,753	4,971
Trade and other receivables	19	38,268	35,544
Cash and cash equivalents		6,002	8,885
		50,023	49,400
Total assets		98,864	95,030
Current liabilities			
Trade and other payables	20	22,569	23,245
Loans and borrowing	21	-	772
Lease liabilities	22	2,040	1,567
Deferred consideration	23	2,120	790
Provisions	26	8,064	8,143
		34,793	34,517
Non-current liabilities			
Loans and borrowing	21	-	386
Lease liabilities	22	5,606	5,793
Deferred tax	28	5,731	4,303
		11,338	10,482
Total liabilities		46,130	44,999
Net assets		52,734	50,031
Equity			
Share capital	29	2,135	2,133
Share premium	29	8,633	8,633
Other reserve		5,807	5,807
Retained earnings		36,159	33,458
Total equity		52,734	50,031

Refer to note 37 for details of the prior period restatement.

The financial statements were approved and authorised for issue by the Board of Directors on 23 July 2024 and were signed on its behalf by:

GRAEME CAMPBELL
CHIEF FINANCIAL OFFICER

The notes on pages 90 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2024

	Note	2024 £'000	2023 Restated £'000
Cash flows from operating activities			
Operating profit	9	5,805	5,858
Depreciation of property, plant and equipment	15	7,506	5,984
Amortisation of intangible assets	17	149	134
Depreciation of investment property	16	-	9
Profit on disposal of property, plant and equipment		(404)	(310)
Share-based payment expense	30	230	171
Operating cash flows before movement in working capital		13,286	11,846
Increase in inventories		(743)	(1,200)
Increase in trade and other receivables		(1,317)	(1,434)
Decrease in trade and other payables		(2,439)	344
Decrease in provisions		(79)	405
Cash generated from operations		8,708	9,961
Income tax received		-	323
Net cash generated from operating activities		8,708	10,284
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(5,500)	(6,167)
Proceeds from disposal of property, plant and equipment		1,877	615
Acquisition of subsidiary, net of cash acquired	23	(2,540)	(50)
Purchase of own shares into EBT		(420)	-
Net cash absorbed in investing activities		(6,583)	(5,602)
Cash flows from financing activities			
Proceeds from issue of shares	29	2	-
Proceeds from new borrowings		-	4,544
Repayment of borrowings		(1,158)	(3,386)
Principal paid on lease liabilities	22	(2,394)	(2,008)
Interest paid on lease liabilities		(335)	(388)
Interest payable on borrowings		(93)	(53)
Interest receivable		250	-
Dividends paid	13	(1,280)	(1,493)
Net cash absorbed in financing activities		(5,008)	(2,784)
Net increase/(decrease) in cash and cash equivalents		(2,883)	1,898
Cash and cash equivalents at beginning of year		8,885	6,987
Cash and cash equivalents at end of year		6,002	8,885

Refer to note 37 for details of the prior period restatement.

The notes on pages 90 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2024

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2022	2,133	8,633	5,807	30,038	46,611
Total comprehensive income	-	-	-	4,678	4,678
Dividends paid	-	-	-	(1,493)	(1,493)
Share-based payments	-	-	-	171	171
Deferred tax credit on share-based payments	-	-	-	64	64
Total changes in equity	-	-	-	3,420	3,420
At 30 April 2023	2,133	8,633	5,807	33,458	50,031
Total comprehensive income	-	-	-	4,175	4,175
Issue of share capital	2	-	-	-	2
Purchase of own shares into EBT	-	-	-	(420)	(420)
Dividends paid	-	-	-	(1,280)	(1,280)
Share-based payments	-	-	-	226	226
Total changes in equity	2	-	-	2,701	2,703
At 30 April 2024	2,135	8,633	5,807	36,159	52,734

The notes on pages 90 to 119 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2024

1. GENERAL INFORMATION

The consolidated financial statements present the results of Van Elle Holdings plc (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2024. A list of subsidiaries and their countries of incorporation is presented in note 6 of the parent company financial statements on page 124.

Van Elle Holdings plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006 and limited by shares. The principal activity of the Group is a geotechnical contractor offering a wide range of ground engineering techniques and services including site investigation; driven, bored, drilled and augered piling; and ground stabilisation services. The Group also develops, manufactures and installs precast concrete products for use in specialist foundation applications. Further information on the nature of the Group's operations and principal activities is set out in the strategic report on pages 01 to 57.

The address of the Company's registered office is Van Elle Holdings plc, Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ. The Company has its primary listing on AIM, part of the London Stock Exchange.

The Group's financial statements were authorised for issue by the Board of Directors on 23 July 2024.

2. BASIS OF PREPARATION

Basis of accounting

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") 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.

The preparation of financial statements in compliance with adopted IAS requires the use of certain critical accounting estimates, which are outlined in the critical accounting estimates and judgements section disclosed in note 4.

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

Going concern

In determining whether the Group and Company annual consolidated financial statements can be prepared on a going concern basis, the Board considered all factors likely to affect its future performance and financial position, including cash flows, liquidity position, borrowing facilities and the risks and uncertainties relating to its business activities.

The following factors were considered as relevant:

- profitable trading performance in the preceding 2 years and a positive outlook in the Group's markets over the medium to long term;
- net funds position of the Group;
- order book, framework agreements and the pipeline of potential future orders;
- available borrowing facilities; and
- the extent of liabilities from ongoing claims and associated insurance cover.

Net funds, excluding IFRS 16 Property and Vehicle Lease Liabilities is £5.5m at 30 April 2024 (30 April 2023: £7.5m). The Group's remaining debt finance is £0.5m as at 30 April 2024 and relates to 3 hire purchase agreements, 2 of which are from the acquisition of Rock & Alluvium during the year. The latest date of expiry of these remaining hire purchase agreements is October 2025. In July 2023, the Group repaid 2 variable rate hire purchase agreements early, reducing outstanding debt finance by £1.0m.

In September 2023, the Group's £11m asset-backed lending facility, which is secured against the Group's receivables and certain tangible assets was extended for a further 2 years and now expires in September 2026. There are no financial covenants associated with the funding facility. There are operational covenants associated with the facilities, including debtor concentration, dilution and debt turn. Breach of operational covenants impacts the level of availability under the facility rather than representing an instance of default. The Directors are confident that the Company will continue to operate within the operational covenants. The facilities were not drawn during the financial year and remain undrawn to date.

A detailed forecast has been prepared for the period to 31 December 2025. The forecast reflects an assessment of expected performance in each of the Group's markets, including a continuation of the challenging market conditions seen in 2023, into the short term. The forecast also considers the expected impacts from further cost inflation. The forecast shows a healthy cash flow and liquidity headroom across the period to December 2025.

Reverse stress testing has been carried out and the Board is satisfied that the scenarios in which the level of trading is such that the Group experiences a cash outflow of such a level that further debt facilities would be required are remote.

2. BASIS OF PREPARATION CONTINUED

Based on the above, the Directors conclude that the Group and Company are able to operate within the level of their current financial resources for a period of at least 12 months from the date of approving the financial statements and, therefore, the financial statements have been prepared on a going concern basis.

Adoption of new and revised standards

New standards, interpretations and amendments effective from 1 May 2023

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:

- IFRS 17 Insurance contracts including amendments to IFRS 17 (issued on 25 June 2020)
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

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:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendment to IFRS 16 Leases – Lease liability in a Sale and Leaseback
- Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendment to IAS 21 - Lack of Exchangeability

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all 3 of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are, therefore, eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Any change in ownership in non-controlling interests is accounted for as an equity transaction.

Revenue

Revenue represents the total amounts receivable by the Group for goods supplied and services provided, excluding value-added tax and trade discounts. The Group's turnover arises in the UK.

In line with IFRS 15 Revenue from Contracts with Customers, the Group recognises revenue based on the application of a principles-based "5-step" model. Only when the 5 steps are satisfied is revenue recognised. As all contracts have an expected duration of 1 year or less, the Group does not disclose the transaction price, or anticipated timing of performance obligations remaining at the year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

General and Specialist Piling

The performance obligations and transaction price are defined within signed contracts between the customer and the Group. Each performance obligation represents a series of distinct items of goods that are substantially the same and that have the same pattern of transfer to the customer. This is classified as a series as each distinct item of goods in the series meets the definition of a performance obligation satisfied over time and the same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation as to transfer each item of goods to the customer. Mobilisation (moving the piling rig equipment to the customer site) does not represent a separate performance obligation.

Mobilisation revenue is included within the transaction price of the related performance obligation and recognised over time. The revenue for each performance obligation is recognised over time because each pile enhances an asset that the customer controls. Revenue is recognised as progress towards complete satisfaction of that performance obligation over time occurs, using the output method. Progress is determined by completed pile logs.

For performance obligations where the customer does not simultaneously receive and consume the benefits (e.g. designs, interpretative reports and testing), the work performed by the Group does not create or enhance an asset that the customer controls. Revenue for these performance obligations is recognised at a point in time (e.g. on delivery of report).

Where the performance obligations within a contract are not substantially the same and do not have the same pattern of transfer to the customer, revenue is recognised as progress is made towards complete satisfaction of the performance obligations over time using the input method. Progress is determined based on costs incurred to date.

Ground Engineering Services

The performance obligations and transaction price are defined within signed contracts between the customer and the Group. Each individual service is not considered a separate performance obligation. For performance obligations where the customer does not simultaneously receive and consume the benefits (e.g. interpretative reports and testing), the work performed by the Group does not create or enhance an asset that the customer controls. Revenue for these performance obligations is recognised at a point in time (e.g. on delivery of report). Costs relating to these performance obligations are capitalised and fully amortised at the point in time when the performance obligation is fully satisfied. Contracts may also contain a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (e.g. bore hole drilling). This is classified as a series. As an asset is enhanced that the customer controls, each distinct item of goods in the series meets the definition of a performance obligation satisfied over time. The same method would be used to measure the entity's progress towards complete satisfaction of the performance obligation as to transfer each item of goods to the customer. The revenue for each performance obligation is recognised over time because each item of goods enhances an asset that the customer controls. Revenue is recognised as progress is made towards complete satisfaction of that performance obligation over time using the output method. Progress is determined by completed logs.

Ground Engineering Products

Each performance obligation represents a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. Mobilisation (moving the piling rig equipment to the customer site) does not represent a separate performance obligation. Mobilisation revenue is included within the transaction price of the related performance obligation and recognised over time. The revenue for each performance obligation is recognised over time because each pile enhances an asset that the customer controls. Revenue is recognised as progress is made towards complete satisfaction of that performance obligation over time, using the output method. Progress is determined by completed pile logs.

Variable consideration

The following types of income are variable consideration and are only recognised when management determines it to be highly probable that a significant reversal in revenue will not occur in a future period:

Liquidated damages ("LADs")

These are included in the contract for both parties. The customer can reduce the amount paid to the Group if it is deemed the Group has caused unnecessary delays or additional work. The Group is also able to claim LADs where it can be proved that the customer has caused unnecessary delays or disruption. The method for claiming this revenue is to include it within the application to the customer, or for the customer to include or exclude it in the application certificate returned to the Group. At the point of making an application for LADs, the additional revenue or the reduction in revenue is only recognised when it is highly probable that a significant reversal in cumulative revenue recognised will not occur.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Standing time

Within the contracts a penalty charge can be made where work is delayed, and the Group assets must stand idle. These charges can be disputed by the customer where blame may not be clear. The revenue for these charges is not recognised until it is highly probable that a significant reversal in cumulative revenue recognised will not occur.

Adjustments to invoiced variable consideration

Where revenue relating to variable consideration is invoiced to the customer, revenue is adjusted to remove revenue that is not highly probable. This is subsequently recognised only once it becomes highly probable.

Trade receivables

Trade receivables include applications to the extent that there is an unconditional right to payment and the amount has been certified by the customer.

Contract assets

The recoverable amount of applications that have not been certified, and other amounts that have not been applied for but represent the recoverable value of work carried out at the balance sheet date, are recognised as contract assets within trade and other receivables on the balance sheet.

Contract liabilities

Any payments received in advance of completing the work are recognised within contract liabilities.

Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the "Chief Operating Decision Maker"), monitors in making decisions about operating matters. Such components are identified based on information that is provided internally in the form of monthly management account reporting, budgets and forecasts to formulate allocation of resources to segments and to assess performance. Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is generated from within the UK, the Group's country of domicile, and in Canada, home of Van Elle Canada Inc. Segment results show the contribution directly attributable to each segment in arriving at the Group's operating profit. Segment assets and liabilities comprise those assets and liabilities directly attributable to each segment. Group eliminations represent such consolidation adjustments that are necessary to determine the Group's assets and liabilities.

Research and Development Expenditure Credits

The Group makes Research and Development Expenditure Credit claims annually. The credit is recognised in the period in which the research and development expenditure is incurred and is disclosed as other operating income within the profit and loss statement. The value of the credit relating to the current financial year is based on estimated qualifying expenditure. Any adjustment to this estimate is made in the period in which the claim is made.

Non-underlying items

Such items are those that, in the Directors' judgement, occur infrequently and do not reflect the underlying performance of the business and, therefore, need to be disclosed separately. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing non-underlying items separately provides an additional understanding of the performance of the Group.

Taxation

The income tax expense represents the sum of current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly related to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. All other repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment and is calculated, using the straight-line method, to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	- 2-20% per annum straight line
Plant and machinery	- 8-20% per annum straight line
Office equipment	- 10-25% per annum straight line
Motor vehicles	- 10-25% per annum straight line

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds of disposal with the carrying value and are recognised in the statement of comprehensive income.

Subsequent expenditure on repairs and refurbishments that does not enhance the value or extend the lives of the related assets is recognised as an expense in the income statement as incurred.

Investment property

Investment properties are held for long-term rental yields and are not occupied by the Group. They are carried at depreciated historical cost.

Freehold land is not depreciated. Depreciation is provided on all other items of investment property and is calculated using the straight-line method, to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	- 2-20% per annum straight line
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Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill is capitalised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately in the statement of comprehensive income and are not subsequently reversed.

Goodwill is allocated to each of the Group's cash-generating units for the purposes of the impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which they arose, identified by operating segment.

Computer software

Costs incurred to acquire computer software and directly attributable costs of bringing the software into use are capitalised within intangible assets and amortised, on a straight-line basis, over the useful life of the software. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life for computer software is 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Development costs

Costs associated with the development of new products and techniques are capitalised as intangible assets once technical and commercial feasibility of the asset for sale or use has been established and all the following conditions are met:

- There is the intention to complete the asset
- There is adequate technical, financial and other resources to complete the asset
- An asset is created that can be used or sold
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs, for which there are separately identifiable cash inflows – its cash-generating units ("CGUs").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are initially recognised at cost, and comprise raw materials and consumables held in storage or on project sites and work in progress. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value comprises the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand. Cash at bank includes reconciling receipts where receipts have been processed before the balance sheet date.

Financial assets and liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are measured at amortised cost or FVTPL.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at FVTPL:

- The financial asset is held with the objective of collecting or remitting contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- The financial asset is held with the objectives of collecting contractual cash flows and selling the financial asset
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and interest bearing borrowings. Based on the way these financial instruments are managed, and their contractual cash flow characteristics, all the Group's financial instruments are measured at amortised cost using the effective interest method.

The amortised cost of financial assets is reduced by impairment losses, described as follows. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of 3 months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Retirement benefit cost

The Group operates a defined contribution pension scheme for the benefit of employees. The Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. Contributions to defined contribution pension schemes are charged to the consolidated statement of income and other comprehensive income in the year to which they relate.

Leased assets

The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee (with the exception of short-term and low-value leases as defined in IFRS 16, which are recognised as an operating expense on a straight-line basis over the term). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The right-of-use asset recognised initially is the amount of the lease liability, adjusted for any lease payments and lease incentives made before the commencement date, in accordance with IFRS 16.24.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions represent management's best estimates of expenditure required to settle a present obligation at the balance sheet date, after considering the risks and uncertainties that surround the underlying event.

Contingent liabilities

Contingent liabilities are possible obligations of the Group of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the consolidated balance sheet. They are, however, disclosed unless they are considered to be remote. If a contingent liability becomes probable, and the amount can be reliably measured, it is no longer treated as contingent and recognised as a liability on the balance sheet.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit
- Investments in subsidiaries and jointly controlled entities where the Group can control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets arising from tax losses is restricted to those instances where it is probable that taxable profit will be available in the foreseeable future, against which the difference can be utilised.

Deferred tax assets and liabilities are only offset where they relate to income taxes levied by the same taxation authority.

Where deferred tax assets and liabilities are expected to reverse within a period of 12 months following the balance sheet date they are classified as current assets or liabilities, otherwise they are classified as non-current.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue.

Share-based payments

The Group operates 3 equity-settled share-based payment plans, details of which can be found in note 30 to the consolidated financial statements.

The fair value of share-based awards with non-market performance conditions is determined at the date of the grant using a Black-Scholes option pricing model. The fair value of share-based awards with market-related performance conditions is determined at the date of grant using a Monte Carlo simulation. Share-based awards are recognised as expenses based on the Company's estimate of the shares that will eventually vest, on a straight-line basis over the vesting period, with a corresponding increase in the share option reserve.

At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on service and non-market performance conditions. The amount expensed is adjusted over the vesting period for changes in the estimate of the number of shares that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. Options with market-related performance conditions will vest based on total shareholder return against a selected group of quoted market comparators. Following the initial valuation, no adjustments are made in respect of market-based conditions at the reporting date.

Contingent consideration

Contingent consideration is classified as a liability and is measured at fair value on the acquisition date. At each future reporting date, contingent consideration will be remeasured to fair value with changes included in the income statement in the post-combination period.

Business combinations

The acquisition method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 Business Combinations, the assets and liabilities of the acquired entity are measured at fair value. When the initial accounting for a business combination is determined provisionally, any adjustments to provisional values allocated are made within 12 months of the acquisition date and are affected from the date of acquisition.

Employee benefit trust

Van Elle Holdings plc employee benefit trust is an offshore trust established for the purposes of acquiring shares for issue to employees on exercise of share options. The Group is deemed to have control over the trust and, therefore, it has been treated as a subsidiary and has been consolidated within the financial statements. The purchase of shares by the employee benefit trust has been accounted for as a purchase of shares into treasury.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in future accounting periods are discussed below.

Contracts

The point at which variable consideration becomes highly probable and, therefore, is recognised in the financial statements requires management judgement. The policy in respect of recognition of variable consideration is detailed in note 3.

The key estimates in the recognition of contract revenue include the estimate of the recoverable value of work carried out at the balance sheet date shown under contract assets and the outcome of claims raised against the Group by customers or third parties. The estimate is formed based on confirmation of work done at the year-end by customers and by its nature changes in the estimate would have a £ for £ consequential impact on the level of revenue and profit recognised. As at 30 April 2024, the Group has recognised estimated recoveries of £4,937,000 (2023: £4,913,000) from customers for the work carried out to the year-end date. These recoveries are recognised to the extent considered highly probable; however, there is a range of factors affecting potential outcomes as these contracts are completed. The level of management estimation uncertainty is reduced by the certification of work received from customers, approved applications for payment and in-house expert opinion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Insurance cover for legal and other claims against the Group

When reviewing legal or warranty claims against the Group, the Directors assess if the claim will be covered by insurance by reference to the nature of the insurance policy and through direct engagement with the insurance brokers and underwriters, and the Directors make a judgement if insurance cover in respect of the claim is virtually certain in relation to the claim. In reality, this is when the insurance company has confirmed that the claim against the Group is covered by the policies in place.

In common with other companies in the sector, the Group is involved in matters that give rise to claims from customers. The Board assesses each claim, based on the facts and circumstances relating to each claim and with reference to internal and external expert advice, and recognises a provision for costs of defending and concluding such claims. By their nature, changes in the estimate would have a £ for £ impact on the level of the provision recognised. Where there is significant uncertainty of the amount and timing of a possible obligation, a contingent liability is disclosed; however, is not recognised in the consolidated balance sheet.

Leased assets

In the application of the leasing standard, IFRS 16, right-of-use assets and lease liabilities have been recognised based on the discounted payments required under the lease, taking into account the lease term. The lease term is based on the non-cancellable period of the lease together with periods covered by an option to extend the lease where it is considered reasonably certain that options to extend will be exercised. Judgement is required in determining whether options to extend or terminate the lease will be exercised. The estimate of the effective interest rate is based on the Group's incremental borrowing rate on similar assets.

Goodwill

Impairment tests make assumptions about the amount and timing of future cash flows for each cash-generating unit including estimates of growth rates, discount rates and cash conversion rates.

Growth rates are estimated with reference to the Board-approved budget for the year ending 30 April 2025 and forecast cash flow projections for the years ending 30 April 2026 and 30 April 2027. Subsequent growth rates are estimated with reference to CPI inflation expectations.

The rate used to discount the projected cash flows is a pre-tax risk-adjusted discount rate estimated based on the weighted average cost of capital of a basket of comparable companies plus a risk premium to reflect the size of the Group in comparison to the basket of comparable companies.

Future cash conversion rates are estimated based on historical experience of cash conversion. The impact of these estimates is detailed further in note 17.

Research and development expenditure credit

The Group makes Research and Development Expenditure Credit claims annually. The Group's claim is often prepared following the financial year to which it relates. As such, management are required to estimate the value of qualifying expenditure in the financial year to determine the amount of income to recognise. Managements estimates are based on knowledge of the extent of research and development activity carried out during the year and historical rates of research and development expenditure claims.

Underlying operating profit, underlying profit before tax and underlying earnings per share

The Directors consider that the adjusted profit measure provides useful information to shareholders on the underlying trading performance. This is consistent with how business performance is measured internally by the Board. These underlying performance measures are not a recognised measure under IFRS and may not be directly comparable with adjusted measures used by other companies.

The classification of items excluded from underlying profit measures requires judgement including the consideration of the nature, circumstance, scale and impact of a transaction. Significant non-recurring transactions that are not part of the operating activities of the Group are classified as non-underlying items. Further detail is provided in note 8.

Business combinations

In application of IFRS 3 Business Combinations, the assets and liabilities of acquired entities are recognised at fair value. The fair value of the assets and liabilities of Rock & Alluvium Limited have been determined with reference to current market values where available. Adjusting these estimates would have a consequential £ for £ impact on the level of goodwill arising on the business combination.

5. SEGMENT INFORMATION

The Group evaluates segmental performance based on profit or loss from operations calculated in accordance with IFRS. 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. Insurances and head office central services costs are allocated to the segments based on levels of turnover. Details of the types of products and services for each segment are given in the operational review on pages 30 to 32.

Operating segments – 30 April 2024

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total £'000
Revenue	56,686	43,871	38,317	605	139,479
Other operating income	-	-	-	3,259	3,259
Underlying operating profit/(loss)	5,212	1,198	918	(1,856)	5,472
Operating profit/(loss)	5,212	1,198	918	(1,523)	5,805
Finance expense	-	-	-	(429)	(429)
Finance income	-	-	-	251	251
Profit/(loss) before tax	5,212	1,198	918	(1,701)	5,627
Assets					
Property, plant and equipment	12,444	13,388	7,049	11,139	44,020
Intangible assets	871	3,362	199	-	4,432
Inventories	2,304	864	2,539	46	5,753
Reportable segment assets	15,619	17,614	9,787	11,185	54,205
Deferred Tax	-	-	-	389	389
Trade and other receivables	-	-	-	38,268	38,268
Cash and cash equivalents	-	-	-	6,002	6,002
Total assets	15,619	17,614	9,787	55,844	98,984
Liabilities					
Trade and other payables	-	-	-	22,569	22,569
Lease liabilities	-	-	-	7,646	7,646
Provisions	-	-	-	8,064	8,064
Deferred consideration	-	-	-	2,120	2,120
Deferred tax	-	-	-	5,741	5,741
Total liabilities	-	-	-	46,130	46,130
Other information					
Capital expenditure (including IFRS 16 leased assets)	1,144	1,764	704	2,844	6,456
Depreciation and amortisation (including IFRS 16 leased assets)	2,063	2,828	1,640	1,123	7,654

Geographical segments – 30 April 2024

	UK £'000	Rest of world £'000	Total £'000
Revenue	139,077	402	139,479
Operating profit/(loss)	7,195	(1,390)	5,805
Non-current assets	46,991	1,461	48,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

5. SEGMENT INFORMATION CONTINUED

Operating segments – 30 April 2023

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total Restated £'000
Revenue	54,838	46,593	47,067	236	148,734
Other operating income	–	–	–	904	904
Underlying operating profit/(loss)	3,403	2,236	3,642	(3,500)	5,781
Operating profit/(loss)	3,403	2,236	3,642	(3,423)	5,858
Finance expense	–	–	–	(487)	(487)
Profit/(loss) before tax	3,403	2,236	3,642	(3,910)	5,371
Assets					
Property, plant and equipment	9,090	14,411	8,005	10,411	41,917
Intangible assets	11	3,483	219	–	3,713
Inventories	1,858	727	1,902	484	4,971
Reportable segment assets	10,959	18,621	10,126	10,895	50,601
Investment property	–	–	–	–	–
Deferred tax	–	–	–	–	–
Trade and other receivables	–	–	–	35,544	35,544
Cash and cash equivalents	–	–	–	8,885	8,885
Total assets	10,959	18,621	10,126	55,324	95,030
Liabilities					
Trade and other payables	–	–	–	23,245	23,245
Loans and borrowings	–	–	–	1,158	1,158
Lease liabilities	–	–	–	7,360	7,360
Provisions	–	–	–	8,143	8,143
Deferred consideration	–	–	–	790	790
Deferred tax	–	–	–	4,303	4,303
Total liabilities	–	–	–	44,999	44,999
Other information					
Capital expenditure (including IFRS 16 leased assets)	1,171	4,188	1,351	1,977	8,687
Depreciation (including IFRS 16 leased assets)	1,422	2,262	1,421	879	5,984

Geographical segments – 30 April 2023

	UK £'000	Rest of world £'000	Total £'000
Revenue	148,734	–	148,734
Operating profit/(loss)	5,858	–	5,858
Non-current assets	45,630	–	45,630

The Group had no customers with revenues greater than 10% in the current period (2023: 1). Total revenues from the customer in 2023 were £18.4m and these are reported within the General Piling operating segment.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue – 30 April 2024

	General Piling £'000	Specialist Piling £'000	Ground Engineering Services £'000	Head office £'000	Total £'000
End market					
Residential	22,937	4,921	29,339	–	57,197
Infrastructure	15,737	33,153	6,332	–	55,222
Regional construction	17,761	5,797	2,644	–	26,202
Other	251	–	2	605	858
Total	56,686	43,871	38,317	605	139,479

Head office revenue relates to revenue generated from the provision of training services and the release of overpayments received from customers that are greater than 6 years old.

Disaggregation of revenue – 30 April 2023

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

Contract assets

	2024 £'000	2023 £'000
At 1 May	4,913	2,163
Transfers from contract assets to trade receivables	(4,913)	(1,943)
Excess of revenue recognised over invoiced amount	4,937	4,913
Impairment of contract assets	–	(220)
At 30 April	4,937	4,913

Contract liabilities

	2024 £'000	2023 £'000
At 1 May	1,987	388
Interest on contract liabilities	–	–
Contract liabilities recognised as revenue in the period	(1,987)	(188)
Deposits received in advance of performance	384	1,787
At 30 April	384	1,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

7. OTHER OPERATING INCOME

	2024 £'000	2023 £'000
Research and development expenditure credit relating to prior years	1,646	479
Research and development expenditure credit relating to current year	1,613	425
	3,259	904

The research and development expenditure credit relating to prior years relates to the final value of the claim for the year ended 30 April 2023 and prior in excess of the estimate made by management in the previous financial year. The research and development expenditure credit relating to the current year is based on the management estimate of the claim relating to the year ended 30 April 2024.

8. NON-UNDERLYING ITEMS

	2024 £'000	2023 £'000
Research and development expenditure credit relating to prior years	(894)	
Business combination costs	228	-
Legal costs	250	-
Restructuring costs	83	-
Finance income	(149)	-
Deferred consideration credit	-	(427)
Warranty costs	-	350
Non-underlying debit/(credit)	(482)	(77)

Research and development expenditure credits relating to the 30 April 2022 financial year and part of the expenditure credit relating to the 30 April 2023 financial year have been classified as non-underlying in the current year as they represent significant increases in previous claim values which are considered one-off in nature. Business combination costs relate to acquisition fees for the purchase of Rock & Alluvium Limited on 30 November 2023. Legal costs represent a health and safety penalty following the death of a third-party haulier following the failure of a Van Elle piling rig in Scotland in April 2021. Towards the end of FY2024, a restructure of the leadership team and several functions commenced. Restructure costs represent the initial costs incurred in this project. The restructure will continue into FY2025. Finance income relates to interest income received as a result of early payment of settlement funds by an insurer.

In the prior year, non-underlying items include the release of contingent consideration in relation to the purchase of ScrewFast Foundation Solutions in April 2021 as performance conditions were not achieved (further detail is provided in note 23). Warranty costs relate to the increase in provision for 2 warranty claims, which due to their size and nature are considered non-underlying (further detail is provided in note 26).

9. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2024 £'000	2023 £'000
Depreciation of property, plant and equipment	7,506	5,984
Amortisation of intangible assets	149	134
Depreciation of investment property	-	9
Lease expense:		
– Plant and machinery on short-term hire	6,564	7,853
Profit on disposal of property, plant and equipment	(404)	(310)
Fees payable to the Company's auditor for the audit of the Company financial statements	20	20
Fees payable to the Company's auditor for other services:		
– Audit of financial statements of subsidiaries pursuant to legislation	160	122
– Taxation compliance	5	15
– Non-audit services	38	23

10. STAFF COSTS

Staff costs, including Directors, are outlined below. Further details of Directors' remuneration, including details of the highest paid Director, share options, long-term incentive plans and Directors' pension entitlements, are disclosed in the annual report on remuneration on pages 74 and 75.

	2024 £'000	2023 £'000
Employee benefit expenses (including Directors):		
Wages and salaries	36,268	35,887
Social security contributions and similar taxes	3,981	4,102
Defined contribution pension cost	1,650	1,062
Share-based payments (note 30)	253	171
	42,152	41,222
Directors and key management personnel:		
Wages and salaries	2,230	2,202
Defined contribution pension cost	98	70
Share-based payments (note 30)	107	59
	2,435	2,331

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company and operating unit divisional Directors.

Details of the highest paid Director are included in the annual report on remuneration on page 74. The average number of employees, including Directors, during the year was as follows:

	2024 Number	2023 Number
Administrative	260	259
Operative	379	389
	639	648

11. FINANCE INCOME AND EXPENSE

	2024 £'000	2023 £'000
Finance income		
Interest received on bank deposits	251	-
	251	
Finance expense		
Finance leases	336	388
Unwinding of discount on deferred consideration	-	47
Interest on borrowings	93	52
	429	487

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

12. INCOME TAX EXPENSE

	2024 £'000	2023 £'000
Current tax expense		
Current tax on profit/(loss) for the year	763	-
Adjustment for under provision in the prior period	38	-
Total current tax expense	801	-
Deferred tax expense		
Origination and reversal of temporary differences	484	1,176
Adjustment for under/(over) provision in the prior period	128	(483)
Total deferred tax expense	612	693
Income tax expense	1,413	693

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

	2024 £'000	2023 £'000
Profit before income taxes	5,627	5,371
Tax using the standard corporation tax rate of 25% (2023: 19.5%)	1,407	1,047
Adjustments for under/(over) provision in previous periods	167	(483)
Expenses not deductible for tax purposes	69	130
Income not taxable	(313)	(83)
Non-qualifying depreciation	83	-
Tax rate changes	-	259
Capital allowances super deductions	-	(177)
Total income tax expense	1,413	693

During the year ended 30 April 2024, corporation tax has been calculated at 25% of estimated assessable profit for the year (2023: 19.5%).

Deferred tax balances as at 30 April 2024 are measured at the current corporation tax rate of 25%.

13. DIVIDENDS

	2024 £'000	2023 £'000
Final dividend – year ended 30 April 2023		
0.8p (2022: 1.0p) per ordinary share paid during the year	853	1,067
Interim dividend – year ended 30 April 2024		
0.4p (2023: 0.4p) per ordinary share paid during the year	427	426
	1,280	1,493

A final dividend for the year ended 30 April 2024 of 0.8p per share amounting to £853,922 is proposed. This represents a total dividend of 1.2p per share for the full year. The final dividend will be paid on 18 October 2024 to the shareholders on the register at the close of business on 4 October 2024. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

14. EARNINGS PER SHARE

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

	2024 '000	2023 '000
Basic weighted average number of shares	106,703	106,667
Dilutive potential ordinary shares from share options	1,209	473
Diluted weighted average number of shares	107,912	107,140

	2024 £'000	2023 £'000
Profit for the year	4,214	4,678
Non-underlying credit	(482)	(77)
Tax effect of non-underlying items	(20)	88
Underlying profit for the year	3,712	4,689

	2024 Pence	2023 Pence
Earnings per share		
Basic	3.9	4.4
Diluted	3.9	4.4
Basic – underlying	3.5	4.4
Diluted – underlying	3.4	4.4

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders and on 106,703,045 ordinary shares (2023: 106,666,650), being the weighted average number of ordinary shares in issue.

The dilutive shares of 1,209,000 (2023: 473,000) represent share options exercisable under the Group's LTIP scheme that vested during the financial year and are yet to be exercised, as disclosed within note 30. Share options exercisable under the Group's CSOP scheme were classified as dilutive in the prior year, however, they are underwater as at 30 April 2024 and, therefore, have not been included in dilutive shares in the current year.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 May 2022	9,089	51,590	8,782	467	69,928
Additions	66	4,528	4,093	-	8,687
Reclassification of investment property (note 16)	1,315	-	-	-	1,315
Disposals	-	(454)	(2,372)	-	(2,826)
At 30 April 2023	10,470	55,664	10,503	467	77,104
Additions	487	3,119	2,827	23	6,456
Business combination (note 35)	801	3,572	188	-	4,561
Disposals	(64)	(1,420)	(3,032)	-	(4,516)
At 30 April 2024	11,694	60,935	10,486	490	83,605
Accumulated depreciation					
At 1 May 2022	2,118	23,735	5,062	294	31,209
Charge for the year	445	4,193	1,317	29	5,984
Reclassification of investment property (note 16)	513	-	-	-	513
Disposals	-	(394)	(2,126)	-	(2,520)
At 30 April 2023	3,076	27,534	4,253	323	35,187
Charge for the year	471	4,782	2,234	19	7,506
Disposals	(105)	(1,125)	(1,877)	-	(3,107)
At 30 April 2024	3,442	31,192	4,610	342	39,586
Net book value					
At 30 April 2023	7,394	28,129	6,250	144	41,917
At 30 April 2024	8,252	29,743	5,876	148	44,020

No property, plant or equipment assets is pledged as security for liabilities as at 30 April 2024 (2023: £1,158,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

The amounts shown in the previous table include the following right-of-use assets:

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 May 2022	3,659	7,945	3,433	15,037
Additions	-	-	2,513	2,513
Disposals	-	-	(45)	(45)
Transferred from owned asset (restated)	-	1,731	-	1,731
Transferred to owned assets (restated)	-	(1,731)	-	(1,731)
Transferred to owned assets	-	(7,173)	(779)	(7,952)
At 1 May 2023 restated	3,659	772	5,122	9,553
Additions	251	-	704	955
Business Combination	796	645	188	1,629
Disposals	(64)	-	(666)	(730)
Transferred to owned assets	-	(82)	(272)	(354)
At 30 April 2024	4,642	1,335	5,076	11,053
Accumulated depreciation				
At 1 May 2022	359	2,649	970	3,978
Charge for the year	119	582	886	1,587
Disposals	-	-	(16)	(16)
Transferred from owned asset (restated)	-	157	-	157
Transferred to owned asset (restated)	-	(157)	-	(157)
Transferred to owned assets	-	(3,005)	(385)	(3,390)
At 1 May 2023 restated	478	226	1,455	2,159
Charge for the year	134	381	1,665	2,180
Disposals	(105)	-	(509)	(614)
Transferred to owned assets	-	(279)	(161)	(440)
At 30 April 2024	507	328	2,450	3,285
Net book value				
At 30 April 2023 (restated)	3,181	546	3,665	7,392
At 30 April 2024	4,135	1,007	2,626	7,768

Refer to note 37 for details of the prior period restatement.

16. INVESTMENT PROPERTY

	Land and buildings £'000
Cost	
At 1 May 2022	1,315
Reclassification to property, plant and equipment (note 15)	(1,315)
At 30 April 2023 and 30 April 2024	-
Accumulated depreciation	
At 1 May 2022	504
Charge for the year	9
Reclassification to property, plant and equipment (note 15)	(513)
At 30 April 2023 and 30 April 2024	-
Net book value	
At 30 April 2023	-
At 30 April 2024	-

The Group's investment property was reoccupied by the Group on 1 April 2023 and, therefore, was reclassified to property, plant and equipment during the prior financial year.

17. INTANGIBLE ASSETS

	Goodwill £'000	Software £'000	Development costs £'000	Total £'000
Cost				
At 1 May 2022	4,559	231	418	5,208
Additions	-	-	176	176
At 1 May 2023	4,559	231	594	5,384
Additions	868	-	-	868
At 30 April 2024	5,427	231	594	6,252
Accumulated amortisation				
At 1 May 2022	1,101	216	220	1,537
Charge for the year	-	2	132	134
At 1 May 2023	1,101	218	352	1,671
Charge for the year	-	-	149	149
At 30 April 2024	1,101	218	501	1,820
Net book value				
At 30 April 2023	3,458	13	242	3,713
At 30 April 2024	4,326	13	93	4,432

Goodwill

Goodwill relates to the purchase of subsidiary undertakings. Goodwill is not amortised but is tested for impairment in accordance with IAS 36 Impairment of Assets at least annually, or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to cash-generating units ("CGUs") as follows:

	2024 £'000	2023 £'000
Specialist Piling	3,270	3,270
Rock & Alluvium	868	-
Ground Engineering Services	188	188
ScrewFast	-	-
	4,326	3,458

During the year, the acquisition of Rock & Alluvium Limited has given rise to goodwill upon the business combination, further detailed in note 35. The goodwill has been allocated to its own CGU. The valuation is provisional as of 30 April 2024.

The carrying value of goodwill allocated to the Rock & Alluvium, Specialist Piling and Ground Engineering Services CGUs has been compared to its recoverable amount based on the value in use of the CGUs to which the goodwill has been allocated. Each division within the Group has been assessed as a separate CGU, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets.

The value-in-use calculations use pre-tax cash flow projections based on the Board-approved budget for the year ending 30 April 2025, which takes into account secured orders, the order pipeline, business plans and management actions and forecast future cash flows for the period to 30 April 2027. Subsequent cash flows are extrapolated using an estimated growth rate of 2% in line with long-term CPI inflation expectations.

The rate used to discount the projected cash flows is a pre-tax risk-adjusted discount rate of 14.4% (2023: 13.5%) based on the weighted average cost of capital of a basket of comparable companies plus a risk premium. The same discount rate has been used for each CGU as the principal risks associated with the Group, as highlighted on pages 49 to 53, would also impact each CGU in a similar manner.

The key assumptions to which the assessment of the recoverable amounts of CGUs is sensitive are the projected operating profit for the period to 30 April 2025, forecast growth in the period to 30 April 2027 and the discount rate applied. For each CGU, management has considered the level of headroom resulting from the impairment tests and performed further sensitivity analysis by changing the base case assumptions applicable to each CGU. The sensitivities tested related to changes in discount rate, changes in operating profit and a combination thereof.

The value-in-use calculations, together with the sensitivity analysis described above, do not indicate an impairment of goodwill is required.

The sensitivity analysis performed indicates that reasonable changes in discount rate or growth rates would not result in an impairment of goodwill; as such, the Board is satisfied that no impairment is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

18. INVENTORIES

	2024 £'000	2023 £'000
Raw materials and consumables	2,574	2,864
Work in progress	3,179	2,107
	5,753	4,971

There were no impairment losses relating to damaged or obsolete inventories in the current or previous periods. The cost of materials recognised as an expense within cost of sales is £54,081,000 (2023: £62,447,000).

The movement between the 2024 and 2023 year-end balances, differs to the movement recognised in the consolidated statement of cash flows by the amount recognised on business combination.

19. TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Trade receivables	19,518	17,614
Less: provision for impairment	(318)	(475)
Trade receivables – net	19,200	17,139
Receivables from related parties	–	–
Financial assets classified as amortised costs	19,200	17,139
Contract assets	4,937	4,913
Prepayments	652	1,769
Other receivables	13,479	11,723
	38,268	35,544

Other receivables of £13.4m (2023: £11.7m) relate to the receivables in respect of the research and development expenditure credit claim for the financial years ended 30 April 2023 and 2024, VAT recoverable and insurance recoveries. Of the research and development expenditure credit claim, £492,000 (2023: £531,000) is classified as corporation tax receivable.

The carrying value of trade and other receivables classified as amortised costs approximates fair value. All amounts shown under receivables fall due within 1 year.

The Group does not hold any collateral as security over trade receivables or contract assets.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The movement between the 2024 and 2023 year-end balances, differs to the movement recognised in the consolidated statement of cash flows by the amount recognised on business combination and non-cash tax adjustments.

The expected loss rates are based on the Group's historical credit losses experienced over the 3-year period prior to the period-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers and isolated items not deemed to be indicative of future credit losses.

As of 1 May 2022, the Group has trade credit insurance covering 90% of outstanding debtor balances in the instance of customer default. As at 30 April 2024, the lifetime expected loss provision for trade receivables is as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	0.0%	10,486	–
0–30 days past due	0.5%	5,544	28
More than 30 days past due	1.0%	1,522	15
More than 60 days past due	12.5%	724	90
More than 90 days past due	20.0%	924	185
		19,200	318

19. TRADE AND OTHER RECEIVABLES CONTINUED

As at 30 April 2023, the lifetime expected loss provision for trade receivables was as follows:

	Expected loss rate	Gross carrying amount £'000	Loss provision £'000
Current	0.0%	8,125	–
0–30 days past due	0.5%	4,810	24
More than 30 days past due	1.0%	1,157	11
More than 60 days past due	12.5%	976	61
More than 90 days past due	20.0%	2,546	379
		17,614	475

Movements in the impairment allowance for trade receivables are as follows:

	2024 £'000	2023 £'000
At 1 May	475	430
(Decrease)/increase during the year	(157)	190
Receivable written off during the year as uncollectable	–	(145)
At 30 April	318	475

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

20. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Trade payables	17,693	17,243
Other payables	71	229
Accruals	3,588	2,553
Financial liabilities measured at amortised cost	21,352	20,025
Contract liabilities	384	1,987
Tax and social security payments	833	1,233
	22,569	23,245

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The movement between the 2024 and 2023 year-end balances, differs to the movement recognised in the consolidated statement of cash flows by the amount recognised on business combination

21. LOANS AND BORROWINGS

	2024 £'000	2023 Restated £'000
Non-current		
Bank loans secured	–	328
Current		
Bank loans secured	–	830
Total loans and borrowings	–	830
Maturity of loans and borrowings		
Due within 1 year	–	830
Between 2 and 5 years	–	328
After more than 5 years	–	–
	–	1,158

The carrying value of loans and borrowings approximates fair value.

Refer to note 37 for details of the prior period restatement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

22. LEASE LIABILITIES

All leases are accounted for by recognising a right-of-use asset as detailed in note 14 and a lease liability except for leases of low-value assets and leases with a duration of 12 months or less.

The Group leases a number of rig assets under hire purchase agreements and hires vehicles on a long-term hire basis. Hire purchase agreements established by the Group are repaid over a period of 3 to 7 years. Long-term hire agreements are over a 4-year period and have been recognised in accordance with IFRS 16. The Group also leases 4 properties with fixed repayments. The remaining lease periods as at 30 April 2024 in respect of these property leases are 49, 10, 4 and 2 years.

The expense relating to short-term leases and leases of low-value assets is not material to the financial statements. The following table sets out the movement in lease liabilities during the financial year:

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
At 1 May 2023 restated	3,710	200	3,450	7,360
Additions	340	–	704	1,044
Business Combination	797	645	196	1,636
Interest expense	151	22	162	365
Principal and interest paid on lease liabilities	(306)	(347)	(2,076)	(2,729)
At 30 April 2024	4,692	520	2,434	7,646

Refer to note 37 for details of the prior period restatement.

The following table sets out the maturity of discounted lease liabilities:

	Carrying value £'000
Due less than 3 months	550
Due between 3 and 12 months	1,490
Current lease liabilities	2,040
Due between 1 and 2 years	977
Due between 2 and 5 years	848
Due after 5 years	3,781
Non-current lease liabilities	5,606

The maturity of undiscounted lease liabilities is disclosed in note 25.

23. DEFERRED CONSIDERATION

The deferred consideration relates to the acquisition of Rock and Alluvium Limited. Total consideration payable for the acquisition is £3,920,000 of which £1,800,000 was paid on 30 November 2023 and £2,120,000 is payable on 30 November 2024. The deferred consideration is a guaranteed payment and is not subject to performance criteria.

Deferred consideration of £790,000 in the prior year related to the guaranteed final payment of £740,000 and contingent consideration of £50,000 for the purchase of ScrewFast Foundation Limited. The guaranteed final payment of £740,000 was made in August 2023. No payment was made in respect of the contingent consideration as the associated performance criteria was not met.

The discounted amount payable due beyond 1 year as at 30 April 2024 is £nil (2023: £nil) and within 1 year is £2,120,000 (2023: £790,000). Amounts charged to finance expenses on unwinding of discounting during the year are £nil (2023: £47,000).

24. RECONCILIATION OF FINANCING LIABILITIES

The following table sets out the movement in finance liabilities during the financial year:

	Non-current loan £'000	Current loan £'000	Non-current lease liabilities £'000	Current lease liabilities £'000	Non-current deferred consideration £'000	Current deferred consideration £'000	Total £'000
At 1 May 2022	–	–	5,157	1,696	1,170	50	8,073
Cash flows	386	772	–	(2,396)	–	(50)	(1,288)
Non-cash flows:							
Additions to lease liabilities	–	–	967	1,548	–	–	2,515
Movement in deferred consideration payable	–	–	–	–	(427)	–	(427)
Liabilities classified as non-current at 30 April 2022 becoming current in the year ended 30 April 2023	–	–	(331)	331	(790)	790	–
Unwind of discount on deferred consideration	–	–	–	–	47	–	47
Interest accruing in the period	–	–	–	388	–	–	388
At 1 May 2023 restated	386	772	5,793	1,567	–	790	9,308
Cash flows	–	(1,158)	–	(2,729)	–	(740)	(4,627)
Non-cash flows:							
Additions to lease liabilities	–	–	721	321	–	–	1,042
Amounts recognised on business combinations	–	–	929	709	–	2,120	3,758
Movement in deferred consideration payable	–	–	–	–	–	(50)	(50)
Liabilities classified as non-current at 30 April 2023 becoming current in the year ended 30 April 2024	(386)	386	(1,837)	1,837	–	–	–
Interest accruing in the period	–	–	–	335	–	–	335
At 30 April 2024	–	–	5,606	2,040	–	2,120	9,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments comprise cash, lease liabilities and various items such as receivables and payables that arise from its operations.

The carrying amounts of all the Group's financial instruments are measured at amortised cost in the financial statements.

Financial instruments by category

	Amortised cost	
	2024 £'000	2023 £'000
Financial assets		
Cash and cash equivalents	6,002	8,885
Trade and other receivables	19,200	17,139
Contract assets	4,937	4,913
Total financial assets	30,139	30,937

	2024	2023
	£'000	Restated £'000
Current financial liabilities		
Trade and other payables	22,569	20,025
Deferred consideration	2,120	790
Lease liabilities	2,040	1,567
Loans and borrowings	-	772
Total current financial liabilities	26,729	23,154
Non-current financial liabilities		
Lease liabilities	5,606	5,793
Loans and borrowings	-	386
Total non-current financial liabilities	5,606	6,179
Total financial liabilities	32,335	29,333

Capital management

The Group's capital structure is kept under constant review, taking account of the need for, and availability and cost of, various sources of finance. The capital structure of the Group consists of net debt, as shown in note 32, and equity attributable to equity holders of the parent as shown in the consolidated statement of financial position. The Group maintains a balance between certainty of funding and a flexible, cost-effective financing structure with all main borrowings being from committed facilities. The Group's policy continues to ensure that its capital structure is appropriate to support this balance and the Group's operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial risk management

The Group's objectives when managing finance and capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements.

The main financial risks faced by the Group are liquidity risk, credit risk, market risk (which includes interest rate risk) and foreign currency exchange risk. The Board regularly reviews and agrees policies for managing each of these risks.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Credit risk

The Group's financial assets are trade and other receivables and bank and cash balances. These represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. It is Group policy to assess the credit risk of all existing and new customers on a contract-by-contract basis before entering contracts. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Total contract limits are established for each customer, which represent the maximum exposure permissible without requiring approval from the Board. As of 1 May 2022, the Group has trade credit insurance covering 90% of outstanding debtor balances in the instance of customer default.

The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any 1 institution by reference to their credit rating and by regular review of these ratings. The Board regularly reviews the credit rating of the banks where funds are deposited ensuring that only banks with a credit rating of B or better are utilised.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due and managing its working capital, debt and cash balances.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for the foreseeable future. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on any long-term borrowings. This is further discussed in the "market risk" section below.

The Board receives rolling 3-month cash flow projections on a weekly basis. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its asset-based lending facility.

The following table sets out the undiscounted contractual payments and maturities (including future interest charges) of financial liabilities:

	Carrying value £'000	Total £'000	Due less than 3 months £'000	Due between 3 and 12 months £'000	Due between 1 and 5 years £'000	Over 5 years £'000
At 30 April 2024						
Trade and other payables	22,569	22,569	22,569	-	-	-
Lease liabilities (note 22)	7,646	10,956	609	1,722	2,802	5,823
Deferred consideration	2,120	2,120	-	2,120	-	-
	32,335	35,645	23,178	3,842	2,802	5,823
At 30 April 2023 restated						
Trade and other payables	20,025	20,025	20,025	-	-	-
Loans and borrowings	1,158	1,221	277	616	328	-
Lease liabilities (note 22)	7,359	11,578	181	1,270	2,624	7,503
Deferred consideration	790	790	-	790	-	-
	29,332	33,614	20,483	2,676	2,952	7,503

Market risk – interest rate risk

It is currently Group policy that 100% of external Group borrowings (excluding short-term overdraft facilities) are fixed-rate borrowings. Divisions are not permitted to borrow short or long term from external sources.

Foreign currency exchange risk

The Group's foreign operations are currently small in comparison to the remainder of the Group. As such, the Group transacts in foreign currency on a spot rate basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

26. PROVISIONS

	Warranty provision £'000	Legal and other claims £'000	Total £'000
At 1 May 2023	845	7,298	8,143
Utilised	–	–	–
Additional provision	419	–	419
Released unused	–	(498)	(498)
At 30 April 2024	1,264	6,800	8,064

The warranty provision relates to customer claims and is based on potential costs to make good defects and associated legal and professional fees in contesting and settling the claims. The increase in the warranty provision of £419,000 relates to an increase in provision for 1 existing claim and 1 new claim arising in the year. The decrease in legal and other claims is based on the information available to management at the year-end.

Additionally, in common with comparable companies in the sector, the Group is involved in a small number of commercial disputes in the ordinary course of business, which may give rise to claims by customers. These types of claims can take several years to come to light and can also take several years to resolve and so it can take many months, or years, before management are able to reliably estimate the likely cost of resolution. The legal and other claims provision includes management's best estimate of the costs that are likely to be incurred in defending and concluding such ongoing claims against the Group. The Group carries insurance and any reimbursements, where material and considered virtually certain, are treated as separate assets and disclosed within other receivables (see note 19). In the statement of comprehensive income, the expense relating to a provision is presented net of the amount recognised for the insurance reimbursement. No separate disclosure is made of the detail of these claims or proceedings, or the costs recovered by insurance, as the negotiations are ongoing in respect of the claims and further disclosure could be seriously prejudicial to the Group.

27. CONTINGENT LIABILITIES

The Group is involved in 3 further warranty claims for which management are presently unable to reliably estimate the likely costs of defending, concluding or settling. The Group carries insurance in respect of the full cost of these claims for which any excess has been provided for within provisions above. Therefore, management consider there to be no further income statement or cash exposure in relation to these claims. At such time management consider it possible to reliably estimate the costs of defending, concluding or settling these claims, a provision will be made in the financial statements along with any virtually certain insurance receivables. No disclosure is made of the detail of these claims as the investigation and negotiations are ongoing and further disclosure could be seriously prejudicial to the Group.

28. DEFERRED TAX

Deferred tax liabilities

	Accelerated allowances £'000	Total £'000
At 1 May 2022	3,989	3,989
Charge to income statement	1,025	1,025
Charge to equity	–	–
At 30 April 2023	5,014	5,014
On business combination	561	561
Charge to income statement	421	421
Charge to equity	–	–
At 30 April 2024	5,996	5,996

28. DEFERRED TAX CONTINUED

Deferred tax assets

	Unutilised losses £'000	Short-term timing differences £'000	Share-based Payments £'000	Total £'000
At 1 May 2022	307	8	–	315
Charge to income statement	244	9	78	331
Charge to equity	–	–	65	65
At 30 April 2023	551	17	143	711
On business combination	157	(23)	–	134
Credit/(charge) to income statement	(251)	6	54	(191)
Credit to equity	–	–	–	–
At 30 April 2024	457	–	197	654

The Group offsets deferred tax assets and deferred tax liabilities as they relate to income taxes levied by the same taxation authority on the same taxable entity.

	UK authority	Canadian authority	Total
Deferred tax assets	265	389	654
Deferred tax liability	(5,996)	–	(5,996)
Total deferred tax	(5,731)	389	(5,342)

The deferred tax liability as at 30 April 2024 is £5,731,000 (2023: £4,303,000). The deferred tax asset as at 30 April 2024 is £389,000 (2023: £nil).

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%), being the rate at which deferred tax is expected to reverse in the future (see note 12).

The Group has recognised a deferred tax asset in relation to £1,828,000 (2023: £2,205,000) of tax losses carried forward on the basis that taxable profits will be available in the future, against which the losses can be utilised. Of the tax losses carried forwards £1,390,000 (2023: £nil) relates to the Canadian authority, and £438,000 (2023: £2,205,000) relates to the UK authority. There are no unused tax losses that have not been recognised (2023: £nil).

29. SHARE CAPITAL

	Number of shares '000	Ordinary shares £'000	Share premium £'000
Authorised			
At 1 May 2023	106,667	2,133	8,633
Issue of 74,283 ordinary shares of 2p each	74	2	–
At 30 April 2024	106,741	2,135	8,633

All shares are allotted, issued and fully paid. The nominal value of all ordinary shares is 2p.

New shares issued in the current year relate to shares issued on exercise of options under the Group's LTIP scheme.

Share options

The maximum total number of ordinary shares exercisable under the Group's LTIP scheme is 1,160,548 (2023: nil).

The maximum total number of ordinary shares exercisable under the Group's CSOP scheme amounts to nil (2023: 472,500). As at 30 April 2024, the vested options under the Group's CSOP scheme are under water and, therefore, are not exercisable.

The maximum total number of ordinary shares that may vest in the future, in respect of conditional performance share plan awards at 30 April 2024, amounted to 4,093,154 (2023: 6,555,878). These shares will only be issued subject to satisfying certain performance criteria (note 30).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

30. SHARE-BASED PAYMENTS

The Company operates 3 share-based incentive schemes for employees, known as the Van Elle Holdings plc Long-Term Incentive Plan ("LTIP"), the Van Elle Holdings plc Company Share Option Plan ("CSOP") and the Van Elle Holdings plc Save-As-You-Earn Plan ("SAYE"). All schemes are UK tax authority-approved schemes and the CSOP and SAYE schemes are tax-advantaged schemes.

The Group recognised total expenses of £253,000 (2023: £171,000) in respect of equity-settled share-based payment transactions in the year.

Long-Term Incentive Plan ("LTIP")

The Group operates an LTIP for senior executives. Share options were granted on 4 September 2023 to senior executives. The exercise price is 2p, being the nominal value of shares. The options will vest after 3 years assuming continuing employment with the Company. The extent to which the options will vest is dependent upon the Company's performance over the 3-year period set at the date of grant. The vesting of 50% of the awards will be determined by the Company's relative total shareholder return ("TSR") performance and the other 50% by the Company's absolute ROCE performance.

A previous grant of options on 30 September 2020 vested during the financial year on 30 September 2023. A total of 2,592,696 options were granted with vesting of 50% of the awards to be determined by the Company's TSR performance over the 3-year vesting period and the other 50% by ROCE performance in FY2023. A total of 1,282,490 options vested on 30 September 2023. Of the options vested prior to 30 April 2024, 74,284 have been exercised and 47,658 have been forfeited in lieu of payment of income tax and national insurance due on exercise of the options.

The grant of options in September 2021 remains within its vesting period and no grant of options was made in 2022.

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards at 30 April 2024, are shown below.

	2024 Number	2023 Number
At 1 May	3,736,669	5,479,791
Lapsed in the year	(1,172,038)	(1,265,430)
Granted in the year	1,149,499	-
Forfeited in the year	(138,503)	(477,692)
Exercised in the year	(74,284)	-
At 30 April	3,501,343	3,736,669

The weighted average exercise price for all options is £0.02. Of the total number of options outstanding at 30 April 2024, 1,160,548 had vested or were exercisable.

The weighted average fair value of each option granted during the year was £0.40 (2023: £nil). The weighted average remaining contractual life for share options outstanding at the balance sheet date was 93 months (2023: 93 months).

The following information is relevant in the determination of the fair value of options granted in the financial year under the LTIP.

	2024
Option pricing model used	Monte Carlo simulation/Black-Scholes
Weighted average share price at grant date	£0.45
Exercise price	£0.02
Expected life	3 years
Expected volatility	39.96%
Dividend yield	2.67%
Risk-free interest rate (zero-coupon bonds)	4.22%
Fair value of option (weighted average)	£0.40

The expected volatility is based on historical volatility over the period since listing. The risk-free rate is the yield of zero-coupon government bonds of a term consistent with the assumed option life.

30. SHARE-BASED PAYMENTS CONTINUED

Company Share Ownership Plan ("CSOP")

The Group operates a CSOP scheme for certain long-serving employees with over 10 years' service at the time of listing of the Company.

Details of the maximum total number of ordinary shares that may be exercised in future periods in respect of conditional share awards at 30 April 2024 are shown below.

	2024 Number	2023 Number
At 1 May	1,296,530	1,516,948
Forfeited in the year	(20,000)	(220,418)
At 30 April	1,276,530	1,296,530

The weighted average exercise price for all options is £0.79 (2023: £0.80). The weighted average remaining contractual life for share options outstanding at the balance sheet date for the combined grants was 43 months (2023: 54 months).

Of the total number of options outstanding at 30 April 2024, 1,276,530 had vested or were exercisable.

Save-As-You-Earn Plan ("SAYE")

The Group operates a SAYE scheme open to all employees.

No grant of options under this scheme has been made in the current year.

In the prior year, on 22 February 2023, 2,012,999 share options were granted to 103 participants. The option price was set at £0.40, which represented a 20% discount on the closing share price on 26 January 2023. The options have a term of 3 years starting on 1 April 2023, maturing on 1 April 2026. Participants have 6 months from 1 April 2026 to exercise options.

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards at 30 April 2024, are shown below.

	2024 Number	2023 Number
At 1 May	1,995,179	1,108,166
Lapsed in the year	-	(1,108,166)
Granted in the year	-	2,012,999
Forfeited in the year	(390,466)	(17,820)
At 30 April	1,604,713	1,995,179

The weighted average remaining contractual life for share options outstanding at the balance sheet date was 28 months (2023: 40 months). The weighted average fair value of each option granted during the year was £nil (2023: £0.19). Of the total number of options outstanding at 30 April 2024, nil had vested or were exercisable.

31. RESERVES

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount of capital contributed in excess of the nominal value of each ordinary share.
Other reserves	The amount of capital contributed in excess of the nominal value of each ordinary share in respect of the "cash box" share placing on 9 April 2020 net of transaction costs.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

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For the year ended 30 April 2024

32. ANALYSIS OF CASH AND CASH EQUIVALENTS AND RECONCILIATION TO NET DEBT

	2023 Restated £'000	Cash flows £'000	Non-cash flows £'000	2024 £'000
Cash at bank	8,847	(2,883)	–	5,964
Cash in hand	38	–	–	38
Cash and cash equivalents	8,885	(2,883)	–	6,002
Loans and borrowings	(1,158)	1,158	–	–
Lease liabilities	(7,359)	2,729	(3,016)	(7,646)
Net funds/(debt) including IFRS 16 Property and Vehicle Lease Liabilities	367	1,004	(3,016)	(1,644)

Cash flows in respect of lease liabilities include interest paid on leases of £335,000 (2023: £388,000) and principal paid of £3,553,000 (2023: £2,394,000).

Non-cash flows in respect of lease liabilities include the financing of £1,044,000 (2023: £2,903,000) of fixed assets on long-term hire, £1,639,000 of lease liabilities arising on business combinations and interest expense of £335,000 (2023: £388,000).

	2022 £'000	Cash flows £'000	Non-cash flows £'000	2023 Restated £'000
Cash at bank	6,948	1,899	–	8,847
Cash in hand	39	(1)	–	38
Cash and cash equivalents	6,987	1,898	–	8,885
Loans and borrowings	–	(1,158)	–	(1,158)
Lease liabilities	(6,853)	2,396	(2,903)	(7,360)
Net funds/(debt) including IFRS 16 Property and Vehicle Lease Liabilities	134	3,136	(2,903)	367

33. CAPITAL COMMITMENTS

	2024 £'000	2023 £'000
Contracted but not provided for	2,228	3,886

34. RELATED PARTY TRANSACTIONS

Details of Directors' remuneration and key management personnel remuneration are given in note 10.

During the year, transactions with Directors and key management personnel included the purchase of shares on an arm's length basis.

The CEO's spouse was employed by the Group, working on a part time basis within the HR function. Remuneration is on an arm's length basis with £11,000 paid in salary during the current year (2023: £14,000).

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors, nor has any guarantee been given or received during 2024 or 2023 regarding related party debtors.

35. BUSINESS COMBINATIONS

On 30 November 2023, the Group acquired the entire share capital of Rock & Alluvium Limited for total consideration of £3,920,000, of which £1,800,000 was paid on 30 November 2023 and £2,120,000 is payable on 30 November 2024.

Rock & Alluvium Limited is a leading UK-based piling specialist with a strong reputation primarily serving the residential and commercial sectors in London and the South East. The acquisition of Rock & Alluvium provides the Group with an established presence in the South East, a region with good mid-term growth prospects, which was previously under-served by Van Elle.

The fair value of the acquiree's assets and liabilities at the acquisition date of 30 November 2023 are shown in the table below:

Acquiree's net assets at the acquisition date	Fair value £'000
Property, plant and equipment	4,561
Stock	39
Trade and other receivables	2,231
Trade and other payables	(1,714)
Lease liabilities	(1,639)
Deferred tax liability	(427)
Net identifiable assets	3,052
Goodwill	868
Total consideration	3,920

Cash was not acquired as part of the acquisition.

The amounts recognised in the business combination are provisional values which may be subject to change when detailed purchase price allocations work is carried out to value any further intangibles. These amounts would be adjusted in the financial year ending 30 April 2025.

The post-acquisition period includes revenue of £8,090,000 and operating profit of £223,000.

Acquisition costs of £228,000 were incurred as part of the business combination. These costs have been classified as non-underlying costs in the year ended 30 April 2024 as detailed in note 8.

36. POST BALANCE SHEET EVENTS

On 24 May 2024, a longstanding legal claim with a customer regarding the consequences of failures in piling work was settled at £7.0m. The claim was covered by the Group's professional indemnity insurance and was settled within the insurance cap. The insurance excess was settled by the Group in a previous financial year. The claim liability and associated insurance receivable as at 30 April 2024 have been updated to reflect the agreed settlement value.

On 4 June 2024, the court hearing regarding the death of a third-party haulier following the failure of a Van Elle piling rig at the Annan site in Scotland in April 2021 resulted in a fine of £250,000. This fine was paid on 24 June 2024 and has been recognised as a liability as at 30 April 2024.

37. PRIOR PERIOD RESTATEMENT

Following review of the financial statements for the year ended 30 April 2023 by the Financial Reporting Council, it was identified that retrospective hire purchase financing taken out during the year ended 30 April 2023 was classified as a lease liability with an associated right of use asset. As the relevant assets were previously purchased and owned by the Group, control over the asset was not deemed to have passed to the financing company at the point of taking out the hire purchase financing. The nature of the financing was therefore that of a loan rather than a lease and the asset was an owned asset rather than a right of use asset.

A restatement of the 30 April 2023 balance sheet and cash flow statement has been made with the value of the liability as at 30 April 2023 of £1,158,000 being reclassified from lease liabilities to loans and borrowings and the net book value of the assets of £1,552,000 being reclassified from right of use plant and machinery to owned plant and machinery. Within the cash flow statement proceeds from hire purchase financing of £1,544,000 have been reclassified from proceeds from new hire purchasing finance to proceeds from new borrowings and repayments in the period of £386,000 have been reclassified from principal paid on lease liabilities to repayment of borrowings.

There is no impact of the above on the opening balance sheet as at 1 May 2022.

There is no impact on the Group's income statement in the year ended 30 April 2023 and there is no impact on the Group's net assets as at 30 April 2023.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 April 2024

	Note	2024 £'000	2023 restated £'000
Non-current assets			
Investments	6	7,265	7,013
Trade and other receivables	7	10,521	11,016
		17,786	18,029
Total assets		17,786	18,029
Current liabilities			
Trade and other payables	8	31	31
		31	31
Net assets		17,755	17,998
Equity			
Share capital	10	2,135	2,133
Share premium	10	8,633	8,633
Other reserve		5,807	5,807
Retained earnings		1,180	1,425
Total equity		17,755	17,998

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year amounted to £782,000 (2023: £2,134,000). The Company's profit after tax in the current and prior year related to the receipt of dividends from subsidiary company Van Elle Limited, less the corporation tax charge.

The financial statements were approved and authorised for issue by the Board of Directors on 23 July 2024 and were signed on its behalf by:

GRAEME CAMPBELL
CHIEF FINANCIAL OFFICER

The notes on pages 122 to 126 form part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2024

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2022	2,133	8,633	5,807	613	17,186
Total comprehensive income	-	-	-	2,134	2,134
Dividends paid	-	-	-	(1,493)	(1,493)
Share-based payment expense	-	-	-	171	171
Balance at 30 April 2023	2,133	8,633	5,807	1,425	17,998
Total comprehensive income	-	-	-	782	782
Dividends paid	-	-	-	(1,280)	(1,280)
Share-based payment expense	-	-	-	253	253
Balance at 30 April 2024	2,135	8,633	5,807	1,180	17,755

The notes on pages 122 to 126 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 30 April 2024

1. GENERAL INFORMATION

These financial statements were approved and authorised for issue by the Board of Directors on 23 July 2023.

Van Elle Holdings plc is a public limited company incorporated and domiciled in the UK under the Companies Act 2006. The address of the Company's registered office is Van Elle Holdings plc, Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ. The Company has its primary listing on AIM, part of the London Stock Exchange.

2. BASIS OF PREPARATION

The financial statements of Van Elle Holdings plc (the "Company") are presented as required by the Companies Act 2006. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Company financial statements have been prepared on the going concern basis and adopting the historical cost convention.

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

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company. The profit for the year is disclosed in the statement of changes in equity. The Company has no direct employees and all personnel costs are borne by the subsidiary company, Van Elle Limited.

The parent company does not maintain a separate bank account and all cash flows are transacted by subsidiary undertakings and, therefore, a statement of cash flows is not presented.

The parent company does not employ any staff.

The assessment of going concern and the adoption of new accounting standards are consistent with those set out in note 2 of the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies adopted by the Company are consistent with those set out in note 3 to the consolidated financial statements. The following additional policies are also relevant to the Company financial statements.

Investments

Investments in subsidiary undertakings are valued at cost, being the fair value of the consideration given and including directly attributable transaction costs. The carrying value is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Receivables from Group undertakings

The Company holds intercompany loans with subsidiary undertakings, which are repayable on demand. None of these loans are past due nor impaired. The carrying value of these loans approximates their fair value.

Dividends received

Revenue is recognised when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

Dividends paid

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. The estimates and assumptions relevant to the financial statements are embedded within the relevant notes in the consolidated financial statements.

Carrying value of investments

The key source of estimation uncertainty at the reporting date that has a risk of causing a material adjustment to the parent company financial statements is the recoverability of the investments set out in note 6.

The recoverability is estimated based on the expected performance and value of the investments factoring in the potential expected future net cash flow to be generated from the investment. The Company based its estimation on information available when these financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected when they occur.

5. DIVIDENDS

	2024 £'000	2023 £'000
Final dividend – year ended 30 April 2023		
0.8p (2023: 1.0p) per ordinary share paid during the year	853	1,067
Interim dividend – year ended 30 April 2024		
0.4p (2023: 0.4p) per ordinary share paid during the year	427	426
	1,280	1,493

A final dividend for the year ended 30 April 2024 of 0.8p per share amounting to £853,922 is proposed. This represents a total dividend of 1.2p per share for the full year. The final dividend will be paid on 18 October 2024 to the shareholders on the register at the close of business on 4 October 2024. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

6. INVESTMENTS

	2024 £'000	2023 £'000
Cost		
At 30 April	7,265	7,013

The undertakings in which the Company has an interest at the year-end are as follows:

	Class of share capital held	Proportion of share capital held	Nature of business
Subsidiary undertakings			
Van Elle Limited	Ordinary	100%	Open-site piling, ground stabilisation, restricted access micro piling, site investigation and subsidence repair in the construction/civil engineering sector
Subsidiary undertakings of Van Elle Limited			
A & G (Steavenson) Limited	Ordinary	100%	Dormant
Dram Investments Limited	Ordinary	100%	Dormant
Van Elle 15 Ltd	Ordinary	100%	Dormant
Van Elle Canada Inc	Ordinary	100%	Piling and ground stabilisation in the Rail construction/civil engineering sector in Canada
Rock & Alluvium Limited	Ordinary	100%	Specialist foundation services with specific regard to lead bearing piles for the construction and civil engineering industries
ScrewFast Foundations Limited	Ordinary	100%	Design, supply and installation of helical piles

The registered office of all subsidiary undertakings is Southwell Lane Industrial Estate, Summit Close, Kirkby-in-Ashfield, Nottinghamshire NG17 8GJ.

7. TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Receivables from Group undertakings	10,521	11,016
Financial assets classified as loans and receivables	10,521	11,016

The receivables from Group undertakings represent an interest-free loan to the subsidiary, which is repayable on demand. Whilst the loan is legally repayable on demand, management do not expect the balance to be settled within the next 12 months and therefore this has been disclosed as a non-current receivable. In assessing the expected credit loss, the general approach has been applied. The subsidiary has resources to repay the loan on demand at the year-end and as such, the probability of default is considered to be very low and any expected credit loss is immaterial. There has been no change in credit risk since initial recognition.

8. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Other payables	31	31
Financial liabilities measured at amortised cost	31	31

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise receivables and payables, which arise from its operations. The carrying amounts of all the Company's financial instruments are measured at amortised cost in the financial statements.

Financial instruments by category

	Amortised cost	
	2024 £'000	2023 £'000
Financial assets		
Trade and other receivables	10,521	11,016
Total financial assets	10,521	11,016

	Amortised cost	
	2024 £'000	2023 £'000
Current financial liabilities		
Trade and other payables	31	31
Total financial liabilities	31	31

Financial risk management

The Company's objectives when managing finance and capital are detailed in note 25 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended 30 April 2024

10. SHARE CAPITAL

	Number of shares '000	Ordinary shares £'000	Share premium £'000
Authorised			
At 1 May 2023	106,667	2,133	8,633
Issue of 74,283 ordinary shares of 2p each	74	2	-
At 30 April 2024	106,741	2,135	8,633

All shares are allotted, issued and fully paid. The nominal value of all ordinary shares is 2p.

New shares issued in the current year relate to shares issued on exercise of options under the Group's LTIP scheme.

11. SHARE-BASED PAYMENTS

For detailed disclosures of share-based payments granted to employees, refer to note 30 of the consolidated financial statements.

12. RESERVES

The nature and purpose of each reserve are provided in note 31 of the consolidated financial statements.

13. RELATED PARTIES

Related party income and expenditure comprise dividends receivable from its subsidiary undertaking, Van Elle Limited, and adjustments for Group relief. No other income or expenditure is recognised in the Company accounts and any costs incidental to its operation are borne by Van Elle Limited. The remuneration of the Board, which is the key management personnel of the Company and, therefore, related parties of the Group, is set out in the annual report on remuneration on page 74.

The Company does not maintain a separate bank account and instead maintains an intercompany balance with its subsidiary undertaking in respect of internal funding. The amount outstanding from Van Elle Limited at 30 April 2024 was £10,715,000 (2023: £11,016,000).

14. ULTIMATE CONTROLLING PARTY

The Company does not have an ultimate controlling party.

CORPORATE INFORMATION

REGISTERED OFFICE AND ADVISERS

Directors

Frank Nelson (Non-Executive Chair)
David Hurcomb (Non-Executive Director)
Charles St John (Non-Executive Director)
Mark Cutler (Chief Executive Officer)
Graeme Campbell (Chief Financial Officer)

Group Company Secretary

Mark Cutler (Chief Executive Officer)
Graeme Campbell (Chief Financial Officer)

Registered office

Southwell Lane Industrial Estate
Summit Close
Kirkby-in-Ashfield
Nottinghamshire
NG17 8GJ

Company registered number

04720018

Nominated adviser and broker

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

Solicitors

Eversheds Sutherland (International) LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

Registered auditor

BDO LLP
2 Snow Hill
Queensway
Birmingham
B4 6GA

Registrar

Link Group
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29 Wellington Street
Leeds
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Banker

Lloyds Bank PLC
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The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.



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