

16 April 2024

## Billington Holdings Plc

(“Billington” or the “Company” or the “Group”)

### Results for the year ended 31 December 2023

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, is pleased to announce its audited results for the year ended 31 December 2023.

#### Highlights

	31 December 2023	31 December 2022	Change
Revenue	<b>£132.5m</b>	£86.6m	+53.0%
EBITDA*	<b>£15.5m</b>	£8.0m	+93.8%
Profit before tax	<b>£13.4m</b>	£5.8m	+131.0%
Profit for the year	<b>£10.3m</b>	£4.7m	+119.1%
Cash and cash equivalents	<b>£22.1m</b>	£11.6m	+90.5%
Earnings per share	<b>84.4p</b>	39.1p	+115.9%
Dividend per share	<b>33.0p</b>	15.5p	+112.9%
Return on Capital Employed (ROCE)**	<b>57.4%</b>	29.7%	+93.3%

\* Earnings before interest, tax, depreciation and amortization

\*\* Operating profit divided by total equity less the net defined benefit pension surplus and net cash

- Billington delivered a record performance in 2023 with strong trading across the Group
- Revenue increased by 53.0% to £132.5 million (2022: £86.6 million)
- The Group achieved a significant increase in profits, with profit before tax of £13.4 million (2022: £5.8 million)
- Strong cash balance of £22.1 million at year end (31 December 2022: £11.6 million) and the Group is now debt free
- Dividend recommended of 33 pence per share, which should be seen as an ordinary dividend of 20 pence per share and as an additional exceptional amount of 13 pence per share, reflective of the outstanding performance of the Group in the year (2022: 15.5 pence per share, all relating to an ordinary dividend)

#### Mark Smith, Chief Executive Officer of Billington, commented:

*“2023 was an exceptional year for Billington, with an excellent trading performance across the Group, despite continuing macroeconomic challenges and against the backdrop of demand for structural steel in the UK remaining at a similar level to 2022. I believe Billington is increasingly being seen as the steel*

*work contractor of choice and the growth in Billington's market share in 2023 is particularly noteworthy. Whilst there inevitably remain further challenges ahead and market uncertainties are likely to remain for some time, the Group has made significant investments for the future and currently has a record order book. I am therefore confident that with our strong balance sheet and order book Billington will continue to perform well and in line with current market expectations."*

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**About Billington Holdings Plc**

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, is a UK based Group of companies focused on structural steel and engineering activities throughout the UK and European markets. Group companies pride themselves on the provision of high technical and professional standards of service to niche markets with emphasis on building strong, trusted and long-standing partnerships with all of our clients. <https://billington-holdings.plc.uk/>

**Investor Presentation**

Billington's CEO, Mark Smith, and CFO, Trevor Taylor, will provide a live presentation relating to the annual results via the Investor Meet Company platform today, 16 April 2024, at 15.30 BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted via your Investor Meet Company dashboard at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Billington via: <https://www.investormeetcompany.com/billington-holdings-plc/register-investor>

Investors who already follow Billington on the Investor Meet Company platform will automatically be invited.

*The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

## Chairman's Statement

2023 was an exceptional year for Billington, with an excellent trading performance across the Group.

In 2023 revenue increased by 53.0 per cent to £132.5 million (2022: £86.6 million) with profit before tax increasing to £13.4 million (2022: £5.8 million), reflecting strong trading across the Group and the benefit of improved manufacturing efficiencies from our capital investment programme across all the Group's production facilities. This is combined with the successful delivery of a number of high quality contracts. The Basic Earnings Per Share ("EPS") for the year amounted to 84.4 pence compared with 39.1 pence in 2022. Our balance sheet strengthened further with Net Assets of £47.8 million at 31 December 2023 (2022: £34.3 million), with a strong gross cash balance of £22.1 million at 31 December 2023 (31 December 2022: £11.6 million), as working capital unwound from the middle of the year, as expected.

Billington Structures performed exceptionally in 2023, driven by a number of high value contracts across a variety of sectors including high tech manufacturing, data centres, energy from waste, distribution and commercial office developments. The business also benefited from the Group's capital investment strategy and focus on efficiency improvements enabling increased capacity and higher margins. The business is well set for the future with steel prices softening to nearer long-term average rates and more market stability being experienced. As announced on 22 March 2024, the Group has recently won contracts with a combined value of approximately £90 million, to be delivered over the next 24 months, providing further confidence for the future.

Peter Marshall Steel Stairs continued the strong performance seen over the past three years, recording record revenues for the year. Whilst the business continued to face challenging market conditions, it retained robust margins by focusing on contracts where a profitable performance could be achieved. The Company currently enjoys a strong order book both for projects being undertaken by Billington Structures and third parties, with significant prospects to secure further business.

The Easi-Edge perimeter edge protection and fall prevention business faced a challenging period in 2023, although it remained a significant contributor to Group profits. Significant investment has been made in the business, with additional staff added and a product refurbishment and product development programme being undertaken. Easi-Edge remains a profitable market leader and is well placed for the future.

Hoard-it enjoyed a record year in 2023, as it continued to expand and diversify its offerings. The business is increasingly being seen as the specialist hoarding supplier of choice and it is now established as one of the leading suppliers in its markets. With the expanded Brand-it offering complementing Hoard-it, the business is well placed for the future and has made a good start to 2024.

Specialist Protective Coatings (SPC), formed in March 2022, has proved to be an excellent addition to the Group, focused on surface preparation and the application of protective coatings for products across a variety of sectors. The significant capital expenditure programme undertaken to ensure the business had the ability to thrive and grow was completed in 2023. SPC's performance was ahead of management's expectations in 2023 and the Company enjoyed its first year of profitability. With SPC operating at full capacity for the foreseeable future we expect it to continue to deliver a strong performance.

The Group has secured a number of significant contracts for 2024, and beyond, and is well placed to take advantage of the wide-ranging further opportunities within our strong pipeline.

## **Dividend**

In the first half of 2023 Billington declared a final dividend in relation to the year ended 31 December 2022 of 15.5 pence per share amounting to £1.9 million, which was 2.52 times covered by 2022 earnings.

The Board feels it is appropriate for Billington to continue to be dividend paying at a level that reflects underlying earnings whilst continuing to maintain a robust balance sheet. The Board is therefore pleased to be recommending an increased final dividend of 33.0 pence per share for 2023, which is covered 2.56 times by earnings. The dividend should be seen as an ordinary dividend of 20 pence per share and an additional exceptional amount of 13 pence per share due to the outstanding performance of the Group in the year.

The dividend will be paid on 2 July 2024, subject to shareholder approval at the Company's AGM expected to be held on 4 June 2024. The associated ex-dividend date will be 6 June 2024 with a record date of 7 June 2024. No interim dividend for 2023 was declared (2022: nil), a policy consistent with prior years.

## **Board**

John Gordon retired as an Independent Non-Executive Director of Billington at the AGM in June 2023. John had been a Non-executive Director since 2007 and I, on behalf of the Board, would like to thank John for his substantial contribution to Billington and we wish him well in his future endeavours.

Lyndsey Scott was appointed as an independent Non-Executive Director with effect from 1 September 2023. Lyndsey has brought a wealth of HR and people management experience to the Group and has previously worked across a range of sectors, both in the UK and internationally. Lyndsey has experience as a Non-Executive Director as well as being a member of remuneration, audit and nomination committees with James Cropper Plc, an AIM traded company. Lyndsey has assumed the chair of the Company's Remuneration Committee since her appointment.

## **Our People**

The key to Billington's continued success is the hard work and dedication of its workforce, and I would like to place on record my thanks to the whole Billington team for their contribution in 2023.

The Group continues to work hard to address the industry wide challenges in recruiting sufficient skilled labour. In 2023 the Group expanded its partnership with Betterweld, a specialist training provider, together with working in partnership with other local education providers. However, as stated in the last annual report it became necessary for the Group to recruit from overseas to have sufficient skilled labour to ensure productive capacity is increased and profitability maximised. The overseas recruitment programme was concluded in 2023, at least for now, with an additional 25 staff members joining during the year. The new employees have already provided a valuable contribution to the Group's capabilities and are allowing us to service the demand we are seeing.

The Group remains committed to supporting its employees, particularly in a time when increases in the cost of living are being experienced and continues to actively promote its apprenticeship and graduate schemes.

## **ESG**

Billington believes that operating in a sustainable and responsible manner is key to the growth and success of the Group. The Group has an established Environmental, Social and Governance ("ESG")

committee to identify, develop and implement carbon reduction projects, together with ensuring the Group's social impact is maximised through the delivery of a wide range of social projects.

In September 2023, the Company's largest subsidiary, Billington Structures, was certified as 'carbon neutral' for its operations, by Carbon Neutral Britain, following their audit of Billington Structures' emissions and carbon dioxide offsetting programme. Following carbon reduction initiatives across the Group, I am pleased to report that all of the Group's businesses are now certified as carbon neutral. Billington is committed to achieving, as a minimum, the goal set by SBTi (Science Based Targets Initiative), of a 50% carbon emissions reduction by 2030 and net zero by 2050. There is a significant global initiative to ensure 'clean steel' and Billington are proud to be a member of SteelZero, a global standards and certification initiative designed to deliver environmentally responsible production of steel and speed up the transition to a net zero steel industry.

During 2023 the Group moved to using electricity procured from 100 per cent green energy with a REGO accredited zero per cent emissions factor. The vehicle fleet is increasingly electric, reducing carbon emissions by approximately 15% annually, and further planned reduction activities include the introduction of Biofuel (HVO) across factories and site-based activities. Additionally, 1,770 tonnes of CO<sub>2</sub>e emissions have been offset via the Woodland Fund™ portfolio of verified carbon offsetting projects. Billington also maintains the 'Gold Standard' awarded by the British Constructional Steel Association for meeting the requirements of the 'Steel Construction Sustainability Charter'.

### **Economic Outlook**

During the year a degree of stability returned on the supply side and the Group experienced none of the supply issues seen over the last few years. There was some softening in steel prices, which has assisted margins in the short term and energy costs were lower than anticipated at the start of the year. This stability is expected to remain during 2024.

The Group continues to benefit from significant projects in energy from waste, high-tech manufacturing, infrastructure and data centre facilities, where activity has returned to, or exceeded, pre-Covid-19 pandemic levels. However, some of the markets in which Billington operates continue to see reduced levels of activity from historic levels, particularly large office developments, and industrial warehousing development, with less speculative development being undertaken.

The overall consumption of structural steelwork in the UK in 2023 remained at a similar level to 2022. However, certain markets were more buoyant than others, with the consumption of structural steelwork in industrial buildings falling by 2.2 per cent and for commercial offices rising by 6.8 per cent. The overall market is expected to see a reduction in demand in 2024 of approximately 5 per cent, before stabilising and returning to growth in 2026. Sector market forecasts continue to be subject to revision as the impact of wider macroeconomic factors are assessed, with potential reductions in interest rates expected to have a positive impact on demand.

We are conscious that many of the main construction contractors continue to operate under significant pressure, with a number ceasing business in 2023, and the Group has experienced deferred and cancelled contracts. The Group insures its exposures with the maximum available cover, in an increasingly difficult credit insurance market, and focuses on projects with the more robust larger contractors that can deliver an appropriate margin. We have a comprehensive process in place to assess the risks associated with individual projects on a case-by-case basis to reduce and mitigate these associated risks where possible.

### **Current trading and outlook**

Billington enjoyed an exceptional year in 2023 with strong trading across the Group and benefits being seen from the Group's capital investment programme and innovative approach. Whilst there inevitably remain further challenges ahead and macroeconomic uncertainties are likely to remain for some time, we are seeing a consistent stream of opportunities at sustainable margins, and with a strong balance sheet and a record order book, I believe Billington is well placed to deliver a strong performance again in 2024.

In closing, I would like to thank Billington's Board, employees, shareholders and all stakeholders for their continued support.

**Ian Lawson**

**Non-Executive Chairman**

**15 April 2024**

## **Group Strategy**

The business model of the Group is to operate as a designer, manufacturer and installer of structural steelwork through its subsidiaries Billington Structures Limited, Peter Marshall Steel Stairs Limited and Specialist Protective Coatings Limited, and as a supplier of safety solutions and barrier systems to the construction industry, through its subsidiary Easi-Edge Limited as well as providing specialist site hoarding and branding systems through Hoard-it Limited. The parent company acts as a holding company providing management services to its subsidiaries.

Billington strives for continuous improvement in all aspects of its operations to ensure we harness the energy of our people and deliver for our repeat clients in a safe, economic and sustainable manner, enabling the value for our shareholders to be maximised.

The Company has adopted five key pillars to its strategy that will remain the focus of the business to drive shareholder value. The five key pillars, or '5 P's', are focussed on developing, progressing and managing the areas that can add value and protect our business, and are set out below:

### *People*

- To ensure a safe working environment and drive our safety culture forward
- To actively promote and encourage the next generation of people into our exciting industry
- To harness individuals' energy, ambition and core skills
- To develop, motivate and inspire the next generation of people into and within our business
- To evolve a diverse, inclusive and thriving workforce

### *Properties*

- To ensure value is driven from our facilities
- To maintain a cost base to allow manufacturing margins to be optimised
- To ensure manufacturing capabilities are appropriate to service the needs of our clients, projects and markets
- To have appropriate infrastructure to provide our businesses the ability to grow and prosper

### *Product*

- To provide a quality product using a right first-time philosophy
- To innovate and drive technological improvements across the businesses
- To challenge the status quo of manufacturing techniques in our industry
- To learn from our mistakes in an open, constructive and inclusive way

### *Position*

- To be the partnered steelwork contractor of choice in the UK for major projects

- To seek and expand the Group's operations to provide construction solutions to our clients
- To actively identify, target and partner with clients on large projects to maximise collective value
- To expand the Group's operations into markets which can add value to the business and provide economic resilience
- To deliver long term sustainable returns and growth to our shareholders

### *Planet*

- To operate with environmental considerations at the forefront of all operational decisions
- To support, encourage and take an active involvement in the UK's structural steelwork industry's drive for carbon reduction
- To ensure the company proactively seeks areas for energy reduction and operational efficiencies
- To reduce waste through proactive engagement with clients, optimum engineering and partnerships with the supply chain

## **Chief Executive Statement**

### **Operational Review**

2023 was an exceptional year for the Group as a number of high-quality contracts were secured at improved margin levels. The Group's revenues increased by 53.0 per cent to £132.5 million for the year (2022: £86.6 million) despite the overall UK structural steel market remaining at a similar level to 2022. This growth in Billington's market share is particularly pleasing and I believe places the Group in an even stronger position for the future.

Despite margin pressures remaining across the industry, profit before tax increased by 131.0 per cent to £13.4 million (2022: £5.8 million), resulting in the highest levels of revenue and profits ever achieved by the Billington Group and ahead of our expectations at the start of the year. The Group is also now debt free, having repaid the remaining modest outstanding debt in January 2023.

Whilst we are mindful of the uncertain macroeconomic environment and continuing margin pressures, the Group is enjoying significant benefits from the improved manufacturing efficiencies arising from the deployment of its capital investment programme across all the Group's production facilities, together with increases in skilled labour and the services the Group is able to offer.

### **Group Companies**

#### *Billington Structures and Shafton Steel Services*

Billington Structures is one of the UK's leading structural steelwork contractors with a highly experienced workforce capable of delivering projects from simple building frames to complex structures in excess of 10,000 tonnes. With two facilities in Barnsley and a further facility in Bristol and a heritage dating back over 75 years, the business is well recognised and respected in the industry with the capacity to process over 50,000 tonnes of steel per annum.



The Shafton facility operates in two distinct business areas. The first undertakes activities for Billington Structures. The second, Shafton Steel Services, offers a complete range of steel profiling services to many diverse external engineering and construction companies, allowing for the supply of value added, complementary products and services enhancing the comprehensive offering of the Group.

The Group's structural steel businesses had an exceptional 2023, with many of the projects undertaken being at higher margins than those achieved in 2022. The business continues to serve a wide variety of markets, with a good portfolio of customers. Particularly strong demand is being seen in the energy from waste, high-tech manufacturing, infrastructure and data centre sectors. Whilst large office developments remain limited and industrial warehousing development has slowed, Billington Structures continued to secure contracts in these areas.

These higher margin contract wins, coupled with the benefits being realised from the Group's capital investment strategy and focus on efficiency improvements enabled a significantly improved performance to be realised. The structural steel businesses also benefited from the additional skilled labour recruited from overseas and a softening in steel prices, with a return to nearer historic norms, aiding the enhancement of margin on some projects.

The larger projects undertaken by Billington Structures during 2023 included:

- Westfield EfW (Scotland)– energy from waste
- University of Huddersfield – education
- Circle Square (Manchester) – commercial offices
- Arle Court (Cheltenham) – infrastructure
- LON1 (Slough), LON4 (Hayes) – data centres

It is pleasing to note that again some of the Company's complex and challenging projects were recognised in some of the industry's prestigious awards. This included the New Bailey project in Manchester being awarded 'The Best Large Project Award' at the iStructE Northwest Structural Engineering Awards 2023.

Further large items of capital equipment were purchased for Billington Structures in 2023, including two saw and drill line replacements, one in the Wombwell facility and the other in Bristol. In December 2023 orders were also placed for additional state of the art equipment, including a plate laser machine for Wombwell and a drill cope for Shafton. In making these purchases we are seeking to capitalise on new developments to further improve both efficiency and customer service, whilst ensuring the business is well placed for the future.

Billington Structures has a strong order book for 2024 and into 2025, including the £90 million of contracts announced in March 2024, and is seeing additional significant future project opportunities at improving margins. Whilst the outlook for certain sectors is uncertain and a slight market softening is expected in 2024, the future prospects for Billington Structures are encouraging.

#### *Specialist Protective Coatings*

Specialist Protective Coatings was formed in March 2022 following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Ltd. SPC is focused on surface preparation

and the application of protective coatings for products across a variety of sectors including rail, highways, defence, water, petrochemical, energy, structural steel and infrastructure.

Since its formation, SPC based in a 55,000 square foot facility in Sheffield, has undergone a substantial refurbishment and investment programme to ensure the facility is able to effectively service the most demanding of projects, including shotblasting and lifting capabilities for steel assemblies that are amongst the largest in the UK. This programme was substantially completed in 2023 and the business is now fully integrated within the Group, servicing both internal Billington work and external customers.

During the year SPC operated at near full capacity, trading ahead of management's expectations and was profitable over the full year. In addition, the Group has further expanded its dedicated on-site painting service to enable SPC to be a one-stop-shop for the painting requirements of the structural steel sector. SPC currently has a strong pipeline of work and is expected to be operating at maximum capacity during 2024.

Notable projects undertaken by SPC in 2023 included:

- Skelton EfW (Leeds) – energy from waste
- LON4 (Slough) – data centres
- Traps and handling frames – oil and gas
- Pipework – infrastructure
- Surge vessels – infrastructure

#### *Peter Marshall Steel Stairs*

Based in Leeds, Peter Marshall Steel Stairs is a specialist designer, fabricator and installer of bespoke steel staircases, balustrade systems and secondary steelwork. It has the capability to deliver stair structures for the largest construction projects and operates in sectors spanning retail, data, commercial offices, education, healthcare, rail and many more.

Peter Marshall Steel Stairs continued to produce a strong performance during the year, again recording record revenues and maintaining robust margins, undertaking substantial work alongside Billington Structures and for third parties. The business has maximised its capacity during the year, focusing on efficiency to realise its full potential.

Contracts were secured from a variety of sectors, and notable projects undertaken by Peter Marshall in 2023 included:

- 1 Leadenhall (London) – commercial offices
- Eastbrook Studios (Dagenham) – film studios
- Crown Packaging (Peterborough) – food production
- British Steel (Saltburn) – manufacturing / distribution
- Next (Rotherham)- distribution

The outlook for Peter Marshall Steel Stairs continues to be positive and the business has a strong order book for 2024.

### *Easi-Edge*

Easi-Edge is a leading site safety solutions provider of perimeter edge protection and fall prevention systems for hire within the construction industry. Health and safety is at the core of the business which operates in a legislation driven market.

Easi-Edge faced ongoing challenges in 2023, with a continued limited number of projects in those sectors, such as commercial office developments, that require a greater amount of product when compared to most other types of projects, such as distribution warehouses, although the business remained a contributor to Group profits. Additional resource has been added to the business to maximise its potential and it retains its market leading position. A project refurbishment and development programme is being undertaken, with new barrier technologies being explored, to ensure the business is appropriately positioned to secure available projects.

Significant projects undertaken by Easi-Edge in 2023 included:

- City Labs (Manchester) – medicine and health innovation hub
- Vantage Data Centre (London) – data centres
- Animate Cinema Complex (Preston) – leisure
- Council Offices (Blackpool) – commercial offices
- Worrall Street (Salford) – residential development

### *Hoard-it*

Hoard-it produces a unique range of re-usable temporary hoarding solutions which are environmentally sustainable and available on both a hire and sale basis tailored to the requirements of its customers. An expanded graphics solution, Brand-it, was introduced in 2021, which is being utilised on both Hoard-it's own product and on those produced by others. Brand-it's site graphics solutions enable site perimeter hoarding to be a prime marketing tool with added functionality such as anti-graffiti and anti-climbing coatings.

Hoard-it had a record year in 2023, operating at near full capacity for much of the year and benefiting from the Group's investment in stock levels in advance of anticipated demand, enabling rapid deployment of its solutions. It continued to take advantage of its industry leading position, with further product development, diversification, and expansion. The business is now established as one of the leading suppliers in its sector and is increasingly being seen as the supplier of choice, both in commercial and residential developments.

During the year Brand-it's graphics solutions were expanded. This is a value added, margin enhancing product, that has also been a catalyst for the strong performance. In particular, it has enabled the business to be increasingly attractive for residential developments.

Significant projects were undertaken for both new and existing customers and notable projects in 2023 undertaken by Hoard-it included:

- Baker Hicks (Scotland)
- Vincent Wyles (Coventry)
- Canvey Island (Essex)
- Secret Cinema (Birmingham)
- NOMA (Manchester)

Whilst material price inflation continued to be experienced in the early part of the year, a softening of material costs later in the year, in particular timber, gives further confidence that margins can be enhanced in 2024. The positive momentum seen in 2023 has continued into the current year with a good pipeline of new business for 2024. Further product development and diversification is planned together with continued expansion of the business geographically into areas of the UK currently underserved.

### **Our People**

Billington, alongside the wider steel industry has struggled with the recruitment of sufficient skilled UK production and technical labour at its facilities in recent years. In order to address these issues, the Group has both expanded its schemes to train and develop skilled labour locally and has recruited skilled labour from overseas.

Close relationships are being maintained with a number of local education providers, and the Group has provided support to the regional education sector through collaborations with Barnsley College, Bath College, the University of Sheffield and Sheffield Hallam University. The Company regularly attends educational career days, hosts school visits to its sites and seeks to develop talent from a young age with its range of internal training programmes across all departments of the business.

Billington has expanded its partnership with Betterweld, a specialist training provider, to provide fabrication/welding training in Bristol, as well as for its two Barnsley based facilities. This partnership is providing increasing access to trained personnel on a consistent basis through the structured training and development programme. Internally, the Billington Academy continues to assist apprentices and other staff with training and upskilling, including business best practice and compliance training.

We continue to actively promote the Company's apprenticeship and graduate schemes in other areas, particularly focusing on technical staff. Additionally, Billington continues as an advocate, promoter, and contributor to the British Constructional Steelwork Association's CRAFT apprentice programme. The scheme has become an important path for the Group to train, educate and progress structural steelwork fabricators.

Despite the continuing programmes to develop skilled personnel locally, it became necessary for the Group to recruit skilled labour from overseas in order to meet the shortfall in available skilled personnel and increase the production capacities of the Company. In 2022 a total of 22 staff members were recruited from overseas and an additional 25 staff members joined from overseas in 2023. The overseas recruitment programme has now been concluded for the present time. These highly skilled fabricators, welders and technical staff, have proved to be a strong asset for the business, being deployed in Billington Structures, Shafton Steel Services, Peter Marshall Steel Stairs and Group services.

In light of the cost of living crisis and the want to support our employees the decision was taken to bring forward the annual pay review planned for 1 January 2024 to July 2023. In July 2023 the Group awarded a record 7.5 per cent pay increase to its staff, together with a year-end £1,000 bonus to recognise the employee contribution to delivering an exceptional Group performance.

Average staff numbers in 2023 increased by 12.7 per cent, with 463 employed at the year end. We expect staff numbers to remain broadly at this level in 2024.

### **Health, Safety, Sustainability, Quality and the Environment**

A commitment to health, safety, sustainability, quality and the environment is core to everything that Billington does.

Across the Group, led by our Health and Safety department, we work to ensure that continued progress can be achieved in enhancing working practices and improving the safety culture at all the Group's facilities and in our on-site activities. The Group aims to be proactive in the identification, reporting and resolution of risks both on site and in our production facilities to ensure that we are able to mitigate the risks and promote safe ways of working. We are also actively involved in a number of initiatives both locally and nationwide to ensure the safety of our and other's staff. In 2023 a new behavioural safety programme was rolled out across all Group facilities to further enhance the safety culture and eliminate all avoidable accidents.

Minimising the impact of our operations on the environment remains a strong focus. The Group has implemented a number of initiatives aimed at reducing the carbon footprint of our activities and we were pleased to report in September 2023 that Billington Structures was certified as 'carbon neutral' for its operations, by Carbon Neutral Britain, following their audit of Billington Structures emissions and carbon dioxide offsetting programme. Following this I am pleased to report that all of the Group's businesses are now certified as carbon neutral.

The Group's primary requirement for energy comes from electricity, as opposed to gas, and a large proportion of the Group's four-year fixed energy price contracts ended in 2023. On renewal there was an increase in Group costs, but the impact on Group profitability is significantly less than that caused by material price changes. All energy contracts entered into by Group companies are, since May 2023, now on 'green' tariffs that include carbon offsetting. We are also focused on reducing energy usage where possible, altering or replacing machinery where appropriate, and utilising hybrid, electric and biofuel vehicles. Steel Zero, a commitment to become carbon neutral and employ a responsible steel sourcing strategy was joined in 2022 as part of the Group's journey to be a leader in driving carbon reduction initiatives.

The Group is also conscious of other environmental impacts from its operations and is seeking to reduce these as far as possible. Weld fume extraction is one area of particular focus and covered by extensive legislation. Further investments were made in this area in this area to ensure the Group meets current and expected future legislative requirements, together with ensuring the safety and wellbeing of its staff and the wider community.

### **Charity**

In 2017 the Billington Charity Foundation was established and Billington continues to be a significant advocate and supporter of both local and national charities.

Throughout 2023, Billington donated to charities including Cancer Research UK, Barnardo's, Oxfam and Mind, together with a range of local sports teams and other causes that our employees are involved with. The Group actively encourages involvement in initiatives intended to improve the local

areas in which our people live. Every year the Billington team is asked to choose a charity they would like to see the Group support and the Group's charity of the year for 2023 was Cancer Research UK.

### **Steel and Wider Construction Industry**

Following the significant increases in steel prices experienced over recent years, there was a softening in prices during the early part of 2023, before stabilising over the remainder of the year and into 2024.

The UK continues on its journey to become net zero by 2050. The UK steel industry is expected to undergo a transformational change over the coming years as domestic steel producers transition from blast furnace virgin steel production to electric arc recycled steel production, supported by the UK Government. The decommissioning of domestic blast furnaces and subsequent replacement of lower emitting electric arc furnaces is not anticipated to significantly impact the availability of the primary products the Group utilises.

Billington keeps its steel supply options under constant review and employs a variety of measures to allow the Company to reduce its exposure to volatility in steel prices and any variability in supply over the short term. The Company has a forward thinking strategy, with hedging undertaken in times of price stability or rising prices, coupled with appropriate stockpiling of steel, to enable most project's principal pricing risk to be covered. Although, over the longer-term, any price rises are passed onto customers as far as possible. The Group also continually reviews its steel procurement strategy in order to reduce its reliance on any one supplier as far as possible.

The Company communicates fully and openly with customers regarding costs of work undertaken and provides accurate and honest guidance and advice to customers to ensure their requirements are met.

The Company strives to develop positive relationships with suppliers to ensure both parties understand each other's problems and requirements. It will not use current or potential contracts to coerce suppliers into unsustainable offers.

The Company treats its staff fairly in all aspects of their employment, valuing their contribution to the achievement of Company objectives and providing them with opportunities for training and development.

The Company is proud of its long standing and committed partner relationships with its supply chain and in turn seeks to treat them fairly with timely payment for works and the continued implementation of a 'no retention' policy. The Group is also actively working with trade bodies to seek to remove all cash retentions in the industry.

### **Strategy, Investment and Acquisitions**

The Group has continued its strategy of improving operating margins through the investment and upgrading of some principal items of capital equipment, combined with projects to increase the capacity from the Company's fixed asset base and adding additional headcount where appropriate. The benefits of this strategy have been seen in the increased capacity and improved operating margins achieved in 2023 and the Group will continue to invest to ensure the Group maximises the inherent value within the business and capitalises upon its strong market position within the industry. 2023 was the third year of the Group's five-year capital replacement programme and further capital expenditure is expected in 2024 and 2025, before reducing to lower levels.

We continue to assess acquisition opportunities as they are presented and the Company's strong balance sheet provides the ability for the Group to undertake complimentary acquisitions. In addition, post the year end, the Group has entered into an agreement with HSBC, the Company's bankers for a

£6.0 million Revolving Credit Facility (RCF) for three years to provide enhanced flexibility to capitalise on acquisition opportunities should suitable and appropriate prospects be identified.

### **Prospects and Outlook**

2023 was an exceptional year for Billington as the benefits of the Group's investment in efficiency improvements and people, coupled with the Group's strong market position and increased offering, enabled the Group to grow market share, achieve higher than historic margins and to focus on those sectors that can deliver better returns.

Whilst the macroeconomic background remains uncertain, and some market softening is expected in 2024, Billington is a robust business, with a strong market position. With the recent large contracts secured, the Group currently has a record order book and coupled with the Group's strong balance sheet and a committed workforce I believe that Billington is very well positioned to continue to perform well and in line with current market expectations.

I would like to thank Billington's Board, shareholders and all stakeholders for their continued support, and in particular I would like to thank the Billington workforce for their hard work and dedication.

**Mark Smith**

**Chief Executive Officer**

**15 April 2024**

## Financial Review

### Consolidated Income Statement

	2023	2022
	£'000	£'000
Revenue	132,495	86,614
Operating profit	13,246	5,911
Profit before tax	13,388	5,829
Profit after tax	10,325	4,734
Profit for shareholders	10,325	4,734
Operating profit margin	10.0%	6.8%
Return on capital employed*	57.4%	29.7%
Earnings per share (basic)	84.4p	39.1p

\*Operating profit divided by total equity less the net defined benefit pension surplus and net cash

Revenue increased 53.0 per cent year on year as a result of increased output across both trading segments of the Group. Structural Steel output increased 55.9 per cent and output related to Safety Solutions increased 2.9 per cent, primarily related to additional site hoarding provided through Hoard-it.

The Structural Steel segment relates to the Billington Structures, Peter Marshall Steel Stairs and Specialist Protective Coatings entities. Activity across the segment was materially higher than in the prior year with a large number of significant contracts being completed in the period. 2023 and 2022 has noted significant increases in direct labour both from the UK and overseas allowing the entities to expand their productive capacities and enhance the recovery of overheads resulting in improved margin returns.

Forecasts indicate that the consumption of structural steelwork within the UK in 2023 remained consistent with 2022 with an output of some 893,000 tonnes. The Group notes an increase in market share during the year with significant increases in output in a consistent market.

The Company has secured a number of significant contracts in 2024 for delivery in 2024 and 2025. A record orderbook is noted and further supports that Billington is becoming the steelwork contractor of choice for its clients.

Sector market projections indicate that consumption will reduce by 4.9 per cent to 849,000 tonnes in 2024 before returning to growth with a forecast 1.1 per cent increase to 858,000 tonnes in 2025 and a further 1.7 per cent to 873,000 tonnes in 2026. The consistent increases in UK Bank of England interest rates in 2023 has suppressed the UK construction sector. Forecast stabilisation, and potential reductions in interest rates towards the second half of 2024 is anticipated to have a positive impact across the sector and allows the Company to look forward with optimism.

Underlying operating margins increased to a record 10.0 per cent in the year as a result of reductions in raw material prices, further capital expenditure efficiency gains and higher output as a result of increased direct labour within all the Groups facilities. Furthermore, energy costs incurred were below that anticipated at the start of year as the energy market stabilised and latterly has seen material declines to the wholesale prices. The operating margin achieved within the Safety Solutions entities



declined to 13.8 per cent (2022: 22.3 per cent) as a result of reduced volumes of output in the Easi-Edge business relating to the depressed commercial office sector combined with raw material inflationary price pressures in the Hoard-it business. The operating margin achieved within the Structural Steelwork entities represented a significant improvement against the prior period, at 10.5 per cent (2022: 5.8 per cent).

Underlying earnings per share increased from 39.1 pence in 2022 to 84.4 pence in 2023 representing an increase of 115.9 per cent.

As a result of high activity throughout the year cash management and prudent utilisation was a primary focus. Significant activity towards the latter part of the first half of the year realised into cash by the year end. The gross cash balance at the year end was £22,084,000 (2022: £11,634,000). The average gross cash balance during the year was £9,168,000 (2022: £7,890,000). The strong cash position leaves the Group well placed to achieve both its short and long-term objectives to maximise returns, while providing financial security and providing the ability to invest and seek opportunities for diversification.

As a result of rising interest rates the remaining mortgage of £750,000 associated with the purchase of the Shafton site in 2015 was repaid in January 2023.

Since the year end the Group has entered into an agreement with HSBC, the Company's bankers for a £6.0 million Revolving Credit Facility (RCF) for 3 years to provide enhanced flexibility to capitalise on acquisition opportunities should suitable and appropriate prospects be identified.

Average staff numbers in 2023 increased 12.7 per cent to 454 following a rise of 8.3 per cent in 2022, with an overall rise in staff costs of 31.1 per cent year on year excluding the cost associated with Share Based Payments (SBP). Industry wide challenges remain to ensure wage inflation is mitigated and in attracting sufficient quality resource across all disciplines. At the year end employee numbers increased to 463 and is anticipated to remain consistent throughout 2024.

In light of the cost of living crisis and the want to support our employees the decision was taken to bring forward the annual pay review to July and award a record increase to its staff. The workforce is the lifeblood of the business ensuring a motivated and settled environment allows the company to positively seek to further build upon the most successful period in the Billington era.

The business maintains credit insurance on its customers where available at commercial rates. In light of the recent challenging macro economic environment, combined with high levels of inflation, some clients have had a number of poorly performing contracts resulting in a negative financial performance. Consequently, the level of insurance in the market has noted reductions in the limits being underwritten.

The Shafton facility continues to provide the Group with opportunity to expand and diversify its operations further optimising the current resources within the control of the Group.

### **Consolidated Balance Sheet**

	2023	2022
	£'000	£'000
Non current assets	27,814	21,902
Current assets	53,782	38,774
Current liabilities	(29,116)	(22,506)

Non current liabilities	(4,642)	(3,823)
Total equity	47,838	34,347

As part of the capital investment programme across the Group two further significant capital expenditure projects were completed relating to the replacement of saw/drill lines at two of the Groups facilities. The Group's 5-year capital investment strategy relating to the upgrading and enhancement of the principal pieces of equipment is yielding positive results and with two years remaining will note the replacement cycle principally complete. Two further orders for major pieces of machinery were placed towards the conclusion of the year with installation anticipated in the first half of 2024.

Within the Autumn statement the Chancellor confirmed the permanent extension of enhanced capital allowances. The timing of the capital expenditure strategy will allow the company to maximise the benefit related to the claiming of its capital allowances associated with its extensive investments in new plant and machinery.

The decision was taken during the year to revalue the Group's properties, in order that they reflect current market value. As a result, revaluation gains totalling £5,868,000 have been recognised.

Within non-current assets, property, plant and equipment increased by £6,065,000, represented by capital additions of £2,927,000, revaluation of properties of £5,868,000, depreciation charges of £2,215,000, impairment charges of £372,000 and net disposals of £143,000.

The defined benefit pension scheme has performed well in the period against a backdrop of continued difficult equity and bond markets. At the year end, a surplus of £1,871,000 along with a corresponding deferred tax liability of £468,000 has resulted in a net recognised surplus of £1,403,000 (2022: £1,630,000). The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £3,001,000 (2022: £1,525,000), being a deferred tax liability of £1,066,000 (2022: £981,000) related to temporary timing differences, combined with a deferred tax liabilities of £468,000 (2022: £544,000) related to the defined benefit pension scheme surplus and £1,467,000 related to the revaluation of land and buildings (2022: nil).

The increase of £15,008,000 in current assets included a decrease of £1,758,000 in inventories, a decrease of £7,008,000 in contract work in progress, an increase of £13,324,000 in trade and other receivables, and an increase in the gross cash balance of £10,450,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £4,848,000 (2022: £2,198,000). It is anticipated that £3,840,000 will be received within one year and £1,008,000 in greater than one year. Disappointingly, main contractor clients are being more insistent upon the holding of cash retention rather than the taking of an appropriate retention bond in order to maintain and preserve their cash resources. The company is driven to work with the wider construction industry to abolish cash retentions.

Trade and other payables increased by £6,437,000. Within this, trade payables and accruals increased £1,998,000 and £1,854,000 respectively with contract liabilities increasing £346,000 and social security and other taxes and other payables increasing £296,000.

Total equity increased by £13,491,000 in the year to £47,838,000. The financial position of the Group at the end of the year remains robust and provides a strong platform to drive shareholder value.

## Consolidated Cash Flow Statement

	2023	2022
	£'000	£'000
Group profit after tax	10,325	4,734
Depreciation	2,215	2,044
Capital expenditure	(2,899)	(4,516)
Investment property movement	(120)	(404)
Tax (paid)/received	(2,591)	192
Tax per income statement	3,063	1,095
Decrease/(increase) in working capital	1,853	(2,064)
Dividends	(1,900)	(363)
Repayment of bank and other loans	(750)	(250)
Share based payment charge	939	806
Others	315	(22)
Net cash inflow	10,450	1,252
Cash and cash equivalents at beginning of year	11,634	10,382
Cash and cash equivalents at end of year	22,084	11,634

Dividends of £1,900,000 were paid in the year.

A dividend has been proposed in respect of the 2023 financial year of 33 pence per share (£4,268,000), covered 2.56 times earnings and will be paid to shareholders in July 2024 upon approval at the AGM. The dividend is split as an ordinary dividend of 20 pence per share and an exceptional dividend of 13 pence per share, reflective of the outstanding performance of the Group in the year.

The Group remains committed to treating its suppliers and subcontractors fairly and to paying them in line with their agreed payment terms. It is the Group's policy not to withhold retentions from members of its valued supply chain.

Working capital at the year end was as below:

	2023	2022
	£'000	£'000
Inventories and contract work in progress	8,116	16,882
Trade and other receivables	23,582	10,258
Trade and other payables	(28,481)	(22,044)
Working capital at end of year	3,217	5,096

Cash balances at the year end totaled £22,084,000 and there were no property loans outstanding (2022: £750,000) following their repayment, representing a net cash position of £22,084,000 (2022: £10,884,000).

The strong cash position also provides the Group with financial stability and allows the investment in capital assets to improve operating margins and provide a comprehensive service to its clients.

2024 and 2025 will see the conclusion of the programme of capital additions, primarily within the structural steel division of the Group. The additional capital expenditure will support both an increase in the range of services the Company can offer as well as replacing a number of aged machines with more efficient models. Investment in the latest technologies will ensure Billington can deliver the most challenging projects, efficiently, for its clients.

### Pension Scheme

	2023	2022
	£'000	£'000
Scheme assets	6,611	6,820
Scheme liabilities	(4,740)	(4,646)
Surplus	1,871	2,174
Other finance income/(expense)	37	(13)
Contributions to defined benefit scheme	-	-

To limit the Group's exposure to future potential pension liabilities the decision was taken to close the remaining Billington defined benefit pension scheme to future accrual from 1 July 2011. The scheme's liabilities have moved broadly in line with the scheme's assets. The assets are primarily invested in UK Government bonds and the scheme continues to remain in a strong surplus position with an unlikely requirement that funds will be required from the Company in the foreseeable future.

The scheme's triennial valuation for the period ended 31 March 2023 was completed on 16 November 2023. The position of the scheme as at the date of the valuation was an asset position of £6,834,000 and a liability position of £5,006,000 resulting in a surplus of £1,828,000 (2020: £272,000). At the previous valuation date of 31 March 2020, the equity market had been significantly impacted by the pandemic and as a consequence affected the value of the assets within the scheme. The assets of the scheme have since been transferred into UK government bonds to protect and manage the strong surplus position of the scheme in the long term. The next actuarial valuation is due to be completed as at 31 March 2026.

### Employee Share Option Trust (ESOT)

The Group operates an ESOT to allow employees to share in the future, continued success of the Group, promote productivity and provide further incentives to recruit and retain employees. Options are issued based on seniority and length of service across all parts of the Group.

A Long-Term Incentive Plan (LTIP) was introduced across the Group to assist in the remuneration of management and further align the interests of senior management and shareholders. Awards are made subject to achieving progressive Group performance metrics over a three-year period.

At the year end there were 928,718 (2022: 993,669) share options outstanding at an average exercise price of £0.05 (2022: £0.14) per share. Share options are in place in HMRC approved and unapproved schemes.

The charge included within the accounts in respect of options in issue is £939,000 (2022: £806,000).

**Trevor Taylor**  
**Chief Financial Officer**  
**15 April 2024**

## Consolidated income statement for the year ended 31 December 2023

	<u>2023</u>	<u>2022</u>
	£'000	£'000
<b>Revenue</b>	132,495	86,614
Raw materials and consumables	(78,182)	(51,277)
Other external charges	(6,053)	(4,792)
Staff costs	(25,536)	(19,566)
Depreciation	(2,215)	(2,044)
Other operating charges	<u>(7,263)</u>	<u>(3,024)</u>
	<u>(119,249)</u>	<u>(80,703)</u>
<b>Operating profit</b>	13,246	5,911
Finance income	224	26
Finance costs	<u>(82)</u>	<u>(108)</u>
<b>Net finance income/(expense)</b>	<u>142</u>	<u>(82)</u>
<b>Profit before tax</b>	13,388	5,829
Tax	<u>(3,063)</u>	<u>(1,095)</u>
<b>Profit for the year</b>	<u>10,325</u>	<u>4,734</u>
<b>Profit for the year attributable to equity holders of the parent company</b>	<u>10,325</u>	<u>4,734</u>
<b>Basic earnings per share</b>	<u>84.4 p</u>	<u>39.1 p</u>
<b>Diluted earnings per share</b>	<u>79.3 p</u>	<u>37.8 p</u>

All results arose from continuing operations.

The principal accounting policies and notes form part of these Group financial statements.

## Consolidated statement of comprehensive income for the year ended 31 December 2023

	<u>2023</u>	<u>2022</u>
	£'000	£'000
<b>Profit for the year</b>	10,325	4,734
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation of land and buildings	5,868	-
Movement on deferred tax relating to revaluation	(1,467)	-
Remeasurement of net defined benefit pension surplus	(340)	(486)
Movement on deferred tax relating to pension surplus	85	122
	<u>4,146</u>	<u>(364)</u>
<b>Items that will be reclassified subsequently to profit or loss</b>		
Loss on foreign currency forward contracts	(31)	-
	<u>(31)</u>	<u>-</u>
<b>Other comprehensive income/(expense), net of tax</b>	4,115	(364)
<b>Total comprehensive income for the year attributable to equity holders of the parent company</b>	<u><u>14,440</u></u>	<u><u>4,370</u></u>

The principal accounting policies and notes form part of these Group financial statements.

## Consolidated statement of financial position as at 31 December 2023

	2023		2022	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment		25,329		19,264
Investment property		614		464
Pension asset		1,871		2,174
<b>Total non current assets</b>		27,814		21,902
<b>Current assets</b>				
Inventories	1,576		3,334	
Contract work in progress	6,540		13,548	
Trade and other receivables	23,582		10,258	
Cash and cash equivalents	22,084		11,634	
<b>Total current assets</b>		53,782		38,774
<b>Total assets</b>		81,596		60,676
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	-		250	
Trade and other payables	28,481		22,044	
Lease liabilities	157		143	
Current tax liabilities	447		69	
Derivative financial instruments	31		-	
<b>Total current liabilities</b>		29,116		22,506
<b>Non current liabilities</b>				
Borrowings	-		500	
Lease liabilities	1,641		1,798	
Deferred tax liabilities	3,001		1,525	
<b>Total non current liabilities</b>		4,642		3,823
<b>Total liabilities</b>		33,758		26,329
<b>Net assets</b>		47,838		34,347
<b>Equity</b>				
Share capital		1,293		1,293
Share premium		1,864		1,864
Capital redemption reserve		132		132
Other components of equity		3,847		(761)
Retained earnings		40,702		31,819
<b>Total equity</b>		47,838		34,347



**Consolidated statement of changes in equity for the year ended 31 December 2023**

	Share capital	Share premium	Capital redemption reserve	Other components of equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2022</b>	1,293	1,864	132	(770)	26,873	29,392
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(221)	(221)
Credit relating to equity-settled share based payments	-	-	-	-	806	806
ESOT movement in year	-	-	-	9	(9)	-
<b>Transactions with owners</b>	-	-	-	9	576	585
Profit for the financial year	-	-	-	-	4,734	4,734
<b>Other comprehensive income</b>						
Actuarial losses recognised in the pension scheme	-	-	-	-	(486)	(486)
Deferred tax on pension	-	-	-	-	122	122
<b>Total comprehensive income for the year</b>	-	-	-	-	4,370	4,370
<b>At 31 December 2022</b>	<b>1,293</b>	<b>1,864</b>	<b>132</b>	<b>(761)</b>	<b>31,819</b>	<b>34,347</b>

	Share capital	Share premium	Capital redemption reserve	Other components of equity	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2023</b>	1,293	1,864	132	(761)	31,819	34,347
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(1,898)	(1,898)
Credit relating to equity-settled share based payments	-	-	-	-	939	939
ESOT movement in year	-	-	-	238	(228)	10
<b>Transactions with owners</b>	-	-	-	238	(1,187)	(949)
Profit for the financial year	-	-	-	-	10,325	10,325

**Other comprehensive income**

Actuarial losses recognised in the pension scheme	-	-	-	-	(340)	(340)
Deferred tax on pension	-	-	-	-	85	85
Financial instruments	-	-	-	(31)	-	(31)
Revaluation of land and buildings	-	-	-	5,868	-	5,868
Deferred tax on revaluation	-	-	-	(1,467)	-	(1,467)
<b>Total comprehensive income for the year</b>	-	-	-	<b>4,370</b>	<b>10,070</b>	<b>14,440</b>
<b>At 31 December 2023</b>	<b>1,293</b>	<b>1,864</b>	<b>132</b>	<b>3,847</b>	<b>40,702</b>	<b>47,838</b>

The Group retained earnings reserve includes a surplus of £1,403,000 (2022 - £1,630,000) relating to the net pension surplus.

The principal accounting policies and notes form part of these Group financial statements.

## Consolidated cash flow statement for the year ended 31 December 2023

	2023	2022
	£'000	£'000
<b>Cash flows from operating activities</b>		
Group profit after tax	10,325	4,734
Taxation (paid)/received	(2,591)	192
Interest received	187	26
Depreciation on property, plant and equipment	2,215	2,044
Fair value adjustment of investment properties	(30)	-
Impairment of property, plant and equipment	372	-
Share based payment charge	939	806
Profit on sale of property, plant and equipment	(243)	(309)
Taxation charge recognised in income statement	3,063	1,095
Net finance (income)/expense	(142)	82
Decrease/(increase) in inventories	1,758	(1,440)
Decrease/(increase) in contract work in progress	7,008	(3,291)
(Decrease)/increase in trade and other receivables	(13,324)	1,958
Increase in trade and other payables	6,411	709
<b>Net cash flow from operating activities</b>	<u>15,948</u>	<u>6,606</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,899)	(4,516)
Purchase of investment property	(120)	(404)
Proceeds from sale of property, plant and equipment	386	348
<b>Net cash flow from investing activities</b>	<u>(2,633)</u>	<u>(4,572)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(82)	(95)
Repayment of bank and other loans	(750)	(250)
Capital element of leasing payments	(143)	(74)
Dividends paid	(1,900)	(363)
Employee Share Ownership Plan share sales	10	-
<b>Net cash flow from financing activities</b>	<u>(2,865)</u>	<u>(782)</u>
<b>Net increase in cash and cash equivalents</b>	10,450	1,252
<b>Cash and cash equivalents at beginning of year</b>	<u>11,634</u>	<u>10,382</u>
<b>Total cash and cash equivalents</b>	<u><u>22,084</u></u>	<u><u>11,634</u></u>

The principal accounting policies and notes form part of these Group financial statements.

## Notes forming part of the Group financial statements for the year ended 31 December 2023

### 1. Basis of preparation

The financial information in this preliminary announcement has been prepared in accordance with accounting policies which are based on UK-adopted international accounting standards (IFRS) and in issue and in effect at 31 December 2023.

### 2. Accounts

The summary accounts set out above do not constitute statutory accounts as defined by Section 434 of the UK Companies Act 2006. The summarised consolidated balance sheet at 31 December 2023, the summarised consolidated income statement, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated cash flow statement for the year then ended have been extracted from the Group's 2023 statutory financial statements upon which the auditor's opinion is unqualified and did not contain a statement under either sections 498(2) or 498(3) of the Companies Act 2006. The audit report for the year ended 31 December 2022 did not contain statements under sections 498(2) or 498(3) of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The 31 December 2023 accounts were approved by the directors on 15 April 2024, but have not yet been delivered to the Registrar of Companies.

### 3. Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>84.4 p</u>	<u>39.1 p</u>
Diluted earnings per share	<u>79.3 p</u>	<u>37.8 p</u>

Basic earnings per share is calculated by dividing the profit for the year of £10,325,000 (2022: profit for the year of £4,734,000) by 12,232,690 (2022: 12,117,190) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT.

Diluted earnings per share is calculated by dividing the profit for the year of £10,325,000 (2022: profit for the year of £4,734,000) by 13,014,903 (2022: 12,507,863) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT, plus shares deemed to be issued for no consideration in respect of share-based payments of 782,213 (2022: 386,481).

### 4. Reports, Accounts & AGM

The Annual Report and Accounts for the year ended 31 December 2023 will be available on the Company's website [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk) on 19 April 2024.

The Notice of Annual General Meeting and Annual Report and Accounts will be sent to Shareholders and be available on the Company's website [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk) by 6 May 2024.

The Annual General Meeting will be held on 4 June 2024 at 14.00 at Billington Holdings Plc, Steel House, Barnsley Road, Wombwell, Barnsley, S73 8DS.

## 5. Segmental Information

The Group trading operations of Billington are in Structural Steelwork and Safety Solutions, and all are continuing. The Structural Steelwork segment includes the activities of Billington Structures Limited, Peter Marshall Steel Stairs Limited and Specialist Protective Coatings Limited. The Safety Solutions segment includes the activities of Easi-Edge Limited and Hoard-it Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are shown in Other. All assets of the Group reside in the UK.

<b>31 December 2023</b>	Structural Steelwork £'000	Safety Solutions £'000	Other £'000	Total £'000
<b>Revenue</b>				
From external customers	121,545	10,949	1	132,495
From other segments	38	541	-	579
Segment revenues	121,583	11,490	1	133,074
Elimination of segment revenues				(579)
Revenue				132,495
Raw materials and consumables	(74,046)	(4,136)	-	(78,182)
Other external charges	(4,152)	(1,901)	-	(6,053)
Staff costs	(20,118)	(2,179)	(3,239)	(25,536)
Depreciation	(1,233)	(593)	(389)	(2,215)
Other operating (charges)/income	(9,310)	(1,095)	3,142	(7,263)
Segment operating profit/(loss)	12,724	1,586	(485)	13,246
Additions to non-current assets	1,636	863	428	2,927
<b>31 December 2022</b>	Structural Steelwork £'000	Safety Solutions £'000	Other £'000	Total £'000
<b>Revenue</b>				
From external customers	75,977	10,637	-	86,614
From other segments	40	612	319	971
Segment revenues	76,017	11,249	319	87,585
Elimination of segment revenues				(971)
Revenue				86,614
Raw materials and consumables	(47,607)	(3,670)	-	(51,277)
Other external charges	(3,143)	(1,649)	-	(4,792)
Staff costs	(15,162)	(1,926)	(2,478)	(19,566)
Depreciation	(969)	(760)	(315)	(2,044)
Other operating (charges)/income	(4,696)	(730)	2,402	(3,024)
Segment operating profit/(loss)	4,440	2,514	(72)	5,911

Additions to non-current assets	5,729	367	462	6,558
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## 6. Dividend

A final dividend in respect of 2022 of 15.5 pence (£1,900,000) per ordinary share was paid on 4 July 2023. No interim dividends were paid in 2023. A final dividend has been proposed in respect of 2023 of 33.0 pence (£4,268,000) per ordinary share. As the distribution of dividends by Billington requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

In accordance with the Company's Articles of Association a write-back of £2,000 (2022: £142,000) has been recognised during the year relating to unclaimed dividends over 12 years old.

## 7. Going Concern

The financial statements have been prepared on a going concern basis. The Directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group and its continued positive trading performance in 2023 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2024.

The Group has a gross cash balance of £22.1 million as at 31 December 2023 with no long-term borrowings or commitments. The Group repaid its only remaining borrowing at the start of the year, being £0.75m relating to the mortgage on the Shafton site taken out in 2015 in order to reduce the interest cost associated with the loan.

Since the year end the Group has entered into an agreement with HSBC, the Company's bankers for a £6.0 million Revolving Credit Facility for 3 years to March 2027, which provides further funding and headroom security.

The Group has maintained its strong cash position notwithstanding the continued capital expenditure programme currently being completed. The capital expenditure programme across the Group is part of the Group's operational improvement programme that is, and will continue to, yield production efficiency gains in the short to medium term.

The Group has secured a number of significant contracts in 2024 for delivery in 2024 and 2025 and has a record orderbook as at March 2024.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2024. The Directors are forecasting trading performance will continue to improve in comparison to historical levels, generating positive cash flows and continuing to build on a strong, debt free statement of financial position.

The Directors have reviewed the Group's forecasts and projections for the period to April 2025, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This scenario is based on a significant reduced trading performance for some of the entities within the Group and no further orders being received for the Group's primary trading entity. Furthermore, significant contract deterioration from that anticipated at the period end date has been assumed in the pessimistic scenario. Notwithstanding the

stress tests that have been completed on the forecasts and projections the Group projects that it would have sufficient resources to continue trading without the requirement for any additional funding requirements.

The Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements.