

18 April 2023

Billington Holdings Plc

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

Results for the year ended 31 December 2022

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 2022.

Highlights

| | 31 December 2022 | 31 December 2021 – underlying* | 31 December 2021 - statutory | Change - underlying |
|---------------------------|-----------------------------|--------------------------------------|------------------------------------|------------------------|
| Revenue | £86.6m | £82.7m | £82.7m | 4.7% |
| EBITDA** | £8.0m | £3.3m | £2.2m | 142.4% |
| Profit before tax | £5.8m | £1.3m | £0.2m | 346.2% |
| Profit for the year | £4.7m | £1.0m | £0.1m | 370.0% |
| Cash and cash equivalents | £11.6m | £10.4m | £10.4m | 11.5% |
| Earnings per share | 39.1p | 8.1p | 0.6p | 382.7% |
| Dividend per share | 15.5p | 3.0p | 3.0p | 416.7% |

* before an impairment charge of £1.1 million relating to a client with whom the Company was completing a contract which entered administration shortly after the 2021 year end.

** Earnings before interest, tax, depreciation and amortisation.

- Revenue increased by 4.7 per cent to £86.6 million (2021: £82.7 million)
- The Group achieved a significant increase in profits, with profit before tax of £5.8 million (2021 – underlying: £1.3 million), reflective of larger contracts in robust market sectors being completed in the year combined with improved factory efficiencies
- Continuing strong cash balance of £11.6 million (31 December 2021: £10.4 million) at the year end
- Increased dividend declared of 15.5 pence per share (2021: 3.0 pence per share) – covered 2.52 times by earnings. The proposed dividend represents the largest ever dividend declared by the Company
- The market remains challenging, but significant contracts at improved margins secured for 2023, with a good pipeline of further opportunities
- Retirement of John Gordon as a non-executive director with effect from forthcoming AGM, following 18 years of service with the Company; replacement recruitment process commenced

Mark Smith, Chief Executive Officer of Billington, commented:

"2022 has been a challenging yet rewarding year for the Group. The onset of the Ukraine conflict presented significant challenges in terms of material availability and raw material price escalation, and I am pleased at how these issues were successfully navigated by our team.

Continued delivery across the Group of our capital investment programme has shown significant efficiency gains. The resolution of some outstanding legacy contracts, combined with the delivery of high quality, large contracts in robust market sectors have all assisted in 2022 being a successful year for Billington.

While being mindful of the uncertain economic outlook for the UK, we look forward to the remainder of 2023 with a strong orderbook and a pipeline of significant high quality prospects. We are confident in maintaining the momentum from 2022 and delivering another strong performance for our stakeholders, 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, 18 April 2023 at 15.00 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

2022 was a year of significant progress and achievement for Billington, with an excellent trading performance, despite continuing industry wide challenges of material price increases along with restrictions in the availability of certain products and some labour shortages arising throughout the period.

In 2022 revenue increased by 4.7 per cent to £86.6 million (2021: £82.7 million) with profit before tax increasing to £5.8 million (2021 - underlying: £1.3 million), reflective of efficiency improvements implemented across the Group, combined with the successful delivery of a number of large, complex projects. The Basic Earnings Per Share ("EPS") for the year amounted to 39.1 pence compared with 0.6 pence in 2021. Our balance sheet remained strong with Net Assets of £34.3 million at 31 December 2022 (2021: £29.4 million), with a continuing strong gross cash balance of £11.6 million at 31 December 2022 (31 December 2021: £10.4 million), despite the continued maintenance of significant levels of inventory and contract work in progress at the year end.

Billington Structures enjoyed an improved performance in 2022, with the results achieved being significantly ahead of our expectations at the start of the year. The business operated at close to full capacity for much of the year and whilst it continued to be impacted by continuing material price inflation and volatility, coupled with material availability constraints as a result of the conflict in Ukraine, the performance and outlook improved during the course of the year. A number of larger than average contracts were secured in the second half of the year at more attractive margins, particularly in the data centre, energy from waste and industrials sectors. These larger 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 that has provided further capacity for 2023 and beyond. The prospects for the business in 2023 are encouraging, with a variety of higher margin projects secured and a further healthy pipeline of opportunities available.

Peter Marshall Steel Stairs continued the strong performance seen over the past two years into 2022, again recording record revenues for the year and operating at near full capacity. Whilst the business was impacted by steel price increases, it retained robust margins, focusing on contracts where an appropriate margin could be achieved. It 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 continued to see lower than pre-pandemic levels of utilisation as the commercial office market remained subdued, although it remained a significant contributor to Group profits. Easi-Edge continues to benefit from the significant investment the Group made in the business prior to the pandemic and it is well placed to take advantage of its market leading position as markets continue to recover.

Hoard-it enjoyed an exceptional 2022, operating at full capacity for much of the year, as it continued to take advantage of growing demand from tier one and tier two contractors and adding to its product offerings. The positive momentum has continued into the current year with a good pipeline of new business for 2023 and plans to expand the business into areas of the UK currently underserved.

In March 2022 the Group announced the formation of a new subsidiary, Specialist Protective Coatings Ltd, focused on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, petrochemical, energy, structural steel and

infrastructure. The business was formed following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Limited, a specialist painting company based in Sheffield, UK, in January 2022. The acquisition presented an excellent opportunity to strengthen the Group's internal offering in this area, as well as providing a specialist service to the wider market. The business has made good progress since its formation with significant capital expenditure to ensure that an exceptional quality service is delivered for both internal Billington work and external customers.

Billington has emerged from the Covid related market disruption as a stronger and more efficient business, which continues to be supported by a healthy balance sheet and a committed workforce. However, we are not immune to the impacts of wider macroeconomic and global events. During 2022 the conflict in Ukraine presented new challenges. Significant volumes of steel products originate in Russia and Ukraine and with supplies restricted from these regions, shortages, and as a consequence price increases, were experienced for some of the Group's raw materials. However, alternative sources for these products were quickly found and supply constraints had a lessening impact as the year progressed.

The Group has secured a number of significant contracts for 2023 and is well placed to take advantage of the significant number of further opportunities at attractive margin levels that are currently being presented.

Pension Scheme

The defined benefit pension scheme (closed to future accrual in 2011) continues in surplus despite the continuing volatile equity and bond markets towards the latter part of 2022. In light of the continuing surplus, measures have been taken to reduce the risk profile of the assets held by the scheme. At 31 December 2022 a surplus of £2,174,000 (2021: £2,673,000) along with a corresponding deferred tax liability of £544,000, has resulted in a net recognised surplus of £1,630,000 (2021: £2,005,000).

The last actuarial valuation which also showed the scheme in surplus was undertaken as at 31 March 2020 and the next scheme funding actuarial valuation is due as at 31 March 2023, at which time the need for any Group contributions will be reviewed.

Dividend

In the first half of 2022 Billington declared a final dividend in relation to the year ended 31 December 2021 of 3.00 pence per share amounting to £0.4 million, which was 2.7 times covered by 2021 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 recommending an increased final dividend of 15.5 pence per share for 2022, which is covered 2.52 times by earnings. The dividend declared is at the highest level in the Company's history.

The final dividend will be paid on 4 July 2023, subject to shareholder approval at the Company's AGM on 6 June 2023. The associated ex-dividend date will be 8 June 2023 with a record date of 9 June 2023. No interim dividend for 2022 was declared (2021: nil), a policy consistent with prior years.

Liquidity and capital reserves

In 2022 the Group experienced a net cash inflow of £1.2 million (2021: £4.7 million net cash outflow) increasing the Group's gross cash and cash equivalents as at 31 December 2022 to £11.6 million from £10.4 million as at 31 December 2021. The cash balance at 31 December 2022 reflected good cash collection and certain modest customer pre-payments, offset by an increase in inventories and contract work in progress by £4.7 million to £16.9 million (31 December 2021 £12.2 million). The

increase in inventories and contract work in progress at the year end was reflective of several ongoing larger contracts due for completion post period end.

During the year the Group temporarily utilised a proportion of its cash resources to maximise the margin available on contracts via the stockpiling of steel when appropriate to take advantage of attractive supply and pricing opportunities. At the year end the amount of steel stockpiled by the Group had returned closer to levels held historically for a similar level of business.

Going forward the Group's cash continues to provide strong cover for its working capital requirements and a robust position from which to take the Group forward. Capital expenditure in 2022 increased as the Group continues to invest in process improvements, together with the establishment of the Specialist Protective Coatings business.

Board

John Gordon, a Non-executive Director, has notified the Company that he does not wish to stand for re-election at the forthcoming Annual General Meeting, having served as a Non-executive Director of Billington since 2007. John will therefore leave the Board at the conclusion of the Annual General Meeting to be held on 6 June 2023. 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.

The Board has commenced a process to find a suitable replacement non-executive Director. Until an appointment is made Stephen Wardell will assume the Chairmanship of the Company's Remuneration Committee.

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 2022.

However, the Group, in common with the wider industry, faces challenges in recruiting sufficient skilled labour. Whilst the Group continues to train and develop skilled labour locally, working in partnership with a number of education providers, it has become necessary to recruit skilled labour from overseas. In 2022 we welcomed 26 new staff members from overseas, who 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 rapid increases in the cost of living are being experienced and continues to actively promote its apprenticeship and graduate schemes.

Economic Outlook

During the year iron ore and metallurgic coking coal prices continued to be volatile, rising at the start of the year, before subsiding through the middle and then returning to an upward trend at the end of the year, which has continued into 2023. This, coupled with continuing high energy prices and the impact of the conflict in Ukraine, has led to continued volatility and inflationary pressures on steel prices, a situation that has remained post period end. Whilst the Group operates many fixed price supply contracts and has arrangements in place to mitigate some of the increases, we have suffered continued escalation in the price of consumables and ancillary products, cost increases which often cannot be passed on. We expect inflationary pressures and the restrictions in the supply of certain steel products to continue for some time, although we anticipate these pressures will ease as we move through 2023.

Post the Covid-19 related impact on the market, many of the sectors in which Billington operates continue to see reduced levels of activity, particularly large commercial office developments. However, other sectors such as large distribution warehouses and industrial developments combined with energy from waste and data centre facilities are considerably more active and have returned to, or exceeded, pre-pandemic levels.

The UK structural steelwork market grew by 11.7 per cent in 2022, following a 16.9 per cent increase in 2021. Current forecasts are for the market to contract slightly in 2023, with an overall decline of 3.0 per cent, before the market stabilises with 0.5 per cent growth in 2024. However, these forecasts are likely to be subject to revision as the impact of wider macroeconomic factors are assessed.

With all our projects we are conscious that many of the main construction contractors continue to operate under significant pressure. The Group insures its exposures with the maximum available cover, in a challenging credit insurance market, and continues to focus on projects with the more robust larger contractors that can deliver an appropriate margin. We have processes in place to assess the risks associated with individual projects on a case-by-case basis to reduce and mitigate the associated risks where possible.

Current trading and outlook

Billington is a robust business with a strong market position. Whilst there inevitably remain further challenges ahead and macroeconomic headwinds are likely to remain for some time, particularly with regard to material availability, price volatility and continuing inflationary pressures, we are seeing a consistent stream of opportunities at improved margins and have a very healthy order book.

The Group's capital investment programme and efficiency improvements implemented are enabling us to achieve improved margins on opportunities we are seeing and I believe Billington is well placed to deliver improved results in 2023.

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

Ian Lawson

Non-Executive Chairman

17 April 2023

Chief Executive Statement

Operational Review

2022 saw a further recovery in the market following the Covid-19 pandemic, although there continued to be an impact from the turbulent and inflationary macroeconomic environment, exacerbated by the conflict in Ukraine. Against this background, the Group's revenue increased by 4.7 per cent to £86.6 million for the year (2021: £82.7 million).

During the period as margin pressure remained across the industry, the Group successfully secured a number of significant contracts at improved margin levels and has a very healthy pipeline of current and potential business. The Group achieved a significant increase in profits, ahead of our expectations at the start of the year, despite these continuing challenging market conditions, with profit before tax of £5.8 million (2021 - underlying: £1.3 million), in particular showing the benefit of significant efficiency improvements implemented across the Group in recent times.

Whilst we are mindful of the continuing volatile macroeconomic environment, coupled with supply constraints on materials and labour, we anticipate a further improvement in performance during 2023. Beyond the current year the market is more unpredictable, however Billington has emerged from the pandemic as a stronger and more efficient business, which continues to be supported by a healthy balance sheet and a committed workforce. I believe we can remain resilient to any challenges presented and the Group is well placed to take advantage of the significant number of opportunities at more attractive margin levels that are currently being seen.

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, providing further opportunities for growth as well as allowing for the supply of value added, complementary products and services enhancing the comprehensive offering of the Group.

During the year the Group's structural steel businesses continued to operate at near full capacity, although a number of projects continued to be subject to delays and timetable movements. Many of the projects undertaken in the first half of the year, as in 2021, continued to be in areas, such as large distribution warehouses, which have a larger steel content per man hour than more complex projects such as commercial offices, and as such attracted a lower, albeit positive margin. The business was also impacted by continuing material price inflation and volatility, coupled with material availability constraints as a result of the conflict in Ukraine.

During the first half of the year the margins achieved were also impacted by a number of legacy contracts following the Covid-19 pandemic. However, a number of larger than average contracts were secured and delivered in the second half of the year at improved margins, particularly in the data centre, energy from waste and industrials sectors. These larger 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 in the second half. The structural steel businesses also benefited from the additional skilled labour recruited from overseas.

The larger projects undertaken by Billington Structures during 2022 included:

- Shepperton Film Studios – London
- Sandwell Aquatics Centre - Birmingham
- Magna Park Industrial Units - Lutterworth
- Wakefield Trinity RUFC Stadium – Wakefield
- Segro Industrial Unit - Coventry

It is pleasing to note that some of the Company's complex and challenging projects were again recognised in some of the industry's prestigious awards. Newhurst Energy from Waste development was the winner of the 2022 Tekla, industrials category award.

Billington Structures has a strong order book for 2023 and is seeing additional significant future project opportunities at stable margins. This includes more complex projects, such as large industrial warehousing, stadia, film studios and renewable energy infrastructure. Whilst the detailed timing of certain specific projects remains subject to change, and a number of potentially significant contracts have yet to be secured, the future prospects for Billington Structures are encouraging.

Specialist Protective Coatings

In March 2022 the Group announced the formation of a new subsidiary, Specialist Protective Coatings Ltd ("SPC" or "Specialist Protective Coatings"), focused on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, petrochemical, energy, structural steel and infrastructure. The business was formed following the Company's acquisition out of administration of the trading assets of Orrmac Coatings Ltd ("Orrmac Coatings"), a specialist painting company based in Sheffield, UK, in January 2022.

The Group had been seeking to expand its painting capabilities for some time and the acquisition presented an excellent opportunity to strengthen the Group's internal offering in this area, as well as providing a specialist service to the wider market. Since Billington acquired the trading assets of Orrmac Coatings, based in a 55,000 square foot facility in Sheffield, it has undergone a substantial refurbishment and an 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.

The business has made good progress since its formation, servicing both internal Billington work and external customers. In particular, the benefits of the newly installed equipment, which was operational from November 2022, is enabling the business to focus on maximising margin from its opportunities. A second shift is also being implemented at SPC to maximise the ability to service the demand being experienced. This demand is expected to increase in 2023 as a number of historic competitors have exited the market.

In addition, the Group established a dedicated on-site painting service to enable SPC to be a one-stop-shop for the painting requirements of the structural steel sector. This service has seen significant demand and further expansion in the number of on-site painting teams is expected in 2023.

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 its strong performance during the year, again recording record revenue and maintaining robust margins, undertaking substantial work as part of contracts with Billington Structures and for third parties. The business operated at near full capacity during the year and whilst there was an impact from increased steel prices, strong margins were maintained.

Contracts were secured from a variety of sectors, with particularly strong demand from projects in the leisure, data centre and industrial warehousing sectors.

Notable projects undertaken in 2022 included:

- Cherry Park Residential Development - Stratford
- Siemens Wind Turbine Blade Facility - Hull
- KLON2 Data Centre – Harlow
- HH4 Data Centre Ph2 - Hemel Hempstead

Peter Marshall Steel Stairs enjoys a secure market position, as one of the largest companies in its sector, in what is a fragmented market. The outlook for the business continues to be very positive, with a strong order book for the remainder of 2023, comprising both projects being undertaken by Billington Structures and third parties. Additional skilled labour has been secured from overseas to ensure the business has the capability and capacity to fulfil this demand.

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 continued to see lower than pre-pandemic levels of utilisation as the commercial office market, a sector that requires a greater amount of product when compared to most other types of projects, such as distribution warehouses, remained subdued. However, the business remained a significant contributor to Group profits and benefited from historic investment in its product.

Easi-Edge continues to take advantage of its market leading position, securing opportunities in those market sectors where new developments are being undertaken and it is anticipated that activity for the remainder of 2023 will be similar to that achieved in 2022.

Significant projects undertaken by Easi-Edge in 2022 included:

- Deyes High School - Manchester
- Aintree Fire Training Facility - Liverpool

- Mynydd School - Mold
- Lancashire Cricket Ground Hotel - Manchester

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. Brand-it is a continuation of the desire to increase the product range of the company with high quality, higher margin products to its clients.

Hoard-it had an exceptional 2022, outperforming management's expectations and operating at full capacity for much of the year. It continued to take advantage of its industry leading position and growing demand from tier one and tier two contractors, together with further adding to its product offering. The Brand-it graphics solution has enabled the business to diversify into residential developments and during the year Hoard-it secured its largest ever order of over £0.5 million for a large mixed-use development in Kent.

Other significant projects were undertaken for both new and existing customers, as the client base expanded in line with the goal of ensuring the Hoard-it system becomes the number one choice for main contractors and developers in the built environment. Hoard-it particularly benefited from the Group's investment in stock levels in advance of anticipated demand, enabling rapid deployment of its solutions and providing a degree of mitigation for inflationary pressures on its materials to ensure margins were protected.

Notable projects in 2022 undertaken by Hoard-it included:

- Mixed Used Residential and Leisure Scheme - 2,500 linear meters - Hythe
- Wigan Galleries project - 700 linear meters – Wigan
- Coundon Secondary School - 650 linear meters - Coventry

The positive momentum has continued into the current year with a good pipeline of new business for 2023 and plans to expand 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, resulting in reduced capacity and under recovery of its overheads. In order to address these issues the Group has both continued 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, with continuing support being provided to both Barnsley College and the University of Sheffield Engineering Department. 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 remains in partnership with Betterweld, a specialist training provider, to provide fabrication/welding training at an external facility before being employed by the Group. This partnership provides access to increased numbers of direct personnel on a consistent basis at its two Barnsley based facilities through a structured training and development programme.

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, promotor 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 has become 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 26 staff members were recruited from overseas. These highly skilled fabricators, welders and technical staff, have already proved to be a strong asset for the business, being deployed in Billington Structures, Shafton Steel Services, Peter Marshall Steel Stairs and Group services.

Average staff numbers in 2022 increased by 8.3 per cent, with 415 employed at the year end. We anticipate a further modest increase in staff numbers in 2023.

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 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 others staff.

2023 will see the roll out of a behavioural safety programme 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. All new energy contracts being entered into by Group companies are "green" tariffs that include carbon offsetting and the Group is investigating the installation of wind turbines and solar power where possible at its facilities. We are also focused on reducing energy usage where possible, altering or replacing machinery where appropriate, and utilising hybrid, electric and biofuel vehicles.

The Group implemented a formal ESG committee in 2021 and significant progress has been made to investigate, benchmark and develop a roadmap for carbon reduction initiatives associated with the activities of the Company. Steel Zero, a commitment to become carbon neutral and employ a responsible steel sourcing strategy was joined in the year as part of the Group's journey to be a leader in driving carbon reduction initiatives.

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 end in 2023. On renewal there will be an increase in Group costs, but the price of long term electricity supply contracts is reducing and the impact on Group profitability will be significantly less than that caused by material price increases.

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. Approximately £400,000 has been invested 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 2022, Billington donated to charities including Macmillian, Trussell Trust, Andy's Man Club and Weston Park Cancer Charity, 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.

Customers and Suppliers - Ethical Trading

The Company recognises the need to maintain a supply chain that adheres to and is aligned with our environmental, social and commercial objectives and policies.

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and its own staff in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that are relevant to its business activities and monitors these on a regular basis.

The Company communicates fully and openly with customers regarding costs of work undertaken and will provide 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 implementation of a 'no retention' policy.

Steel Industry

Following the significant increases in steel prices experienced in 2020 (approximately 40%) and 2021 (approximately 60%) as a result of the fluctuating cost of steelmaking raw materials combined with escalating energy prices, 2022 was a period of further significant volatility. The onset of the conflict in Ukraine in early 2022 led to a restriction in the availability of some raw materials used in the steel making process and of some steel products, particularly plate, leading to further price escalation. The Company sought to protect itself against the plate shortage through directly importing material into the UK and temporarily utilising its cash resources to maintain certainty of price and availability.

From March to October 2022 a reduction in steel prices was experienced, before further price rises in the later part of the year. Additional price increases have been noted in early 2023, although the Group expects a more stable price outlook in 2023 when compared to the last three years.

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. This hedging strategy, coupled with the stockpiling undertaken when considered appropriate, enables most projects principal pricing risk to be covered, mitigating the immediate impact. Although, over the longer-term, 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.

Strategy and Acquisition

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. The benefits of this strategy have been seen in the improved operating margins achieved in 2022 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.

In 2022 we established a new trading subsidiary, Specialist Protective Coatings, following the Company's acquisition of the trading assets of Orrmac Coatings out of administration. The establishment of Specialist Protective Coatings and the investment we have made in the business during the year, including setting up a dedicated on-site painting service, is already providing the Group with increased control of a significant subcontract trade that had previously been outsourced and is ensuring the margin associated with this trade is maintained within the business. We will continue to invest in this area in order to grow capacity and be able to service the demand we are seeing.

Prospects and Outlook

The first half of 2022 was a period of stabilisation and continued recovery following the Covid-19 related disruption to the market, with a number of lower margin legacy contracts being completed, before a significant improvement in the Group's trading performance in the second half of the year as higher margin contracts were delivered.

Whilst macroeconomic headwinds are likely to remain for some time, particularly with regard to material availability, energy costs, price volatility and continuing inflationary pressures, we are seeing a consistent stream of opportunities at more attractive margins and have a very healthy order book. The benefits of the Group's investment in efficiency improvements and people, coupled with its strong market position, is enabling the Group to achieve higher than historic margins and to focus on those sectors that can deliver better returns.

Contracts secured in 2022 for two energy from waste facilities and a number of large industrial production / warehousing projects are good examples of the type of business we are managing to secure. We are also seeing other opportunities particularly in large retail distribution warehouses, data centres, 'Gigafactories', food processing developments, public sector works, rail infrastructure and stadium developments, together with a return of some commercial office development projects and for projects outside of the UK.

I would like to thank my Board colleagues and all of Billington's staff for their hard work and dedication, and our shareholders and other stakeholders for their continued support.

Supported by a robust balance sheet I believe Billington is well placed for the future, and I expect to see a further improvement in financial performance in 2023.

Mark Smith

Chief Executive Officer

17 April 2023

Financial Review

Consolidated Income Statement

| | | Underlying | Non Underlying | Total |
|-----------------------------------|--------|------------|-------------------|--------|
| | 2022 | 2021 | 2021 | 2021 |
| | £'000 | £'000 | £'000 | £'000 |
| Revenue | 86,614 | 82,720 | - | 87,720 |
| Operating profit/(loss) | 5,911 | 1,339 | (1,123) | 216 |
| Profit/(loss) before tax | 5,829 | 1,302 | (1,123) | 179 |
| Profit/(loss) after tax | 4,734 | 978 | (910) | 68 |
| Profit/(loss) for shareholders | 4,734 | 978 | (910) | 68 |
| Operating profit margin | 6.8% | 1.6% | - | 0.3% |
| Return on capital employed* | 29.7% | 8.4% | - | 1.4% |
| Earnings/(loss) per share (basic) | 39.1p | 8.1p | (7.5p) | 0.6p |

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

Revenue increased 4.7 per cent year on year as a result of increased output across both trading segments of the Group. Structural Steel output increased 2.7 per cent and output related to Safety Solutions increased 21.4 per cent, primarily related to additional site hoarding provided through Hoard-it.

Forecasts indicate that the consumption of structural steelwork within the UK increased to 894,000 tonnes in 2022 from 801,000 tonnes in 2021, an increase of 12 per cent. Projections indicate that consumption will reduce by 3 per cent to 867,000 tonnes in 2023 before returning to growth with a forecast 0.5 per cent increase to 871,000 tonnes in 2024. The UK market outlook and the forecast severity and duration of a recessionary period is now anticipated to be shallower and shorter in duration than was previously forecast allowing the Company to look forward with cautious optimism.

Underlying operating margins increased to 6.8 per cent in the year as a result of tight cost control, production efficiencies arising from a program of capital investment, successful resolution of legacy accounts and increased stability in input costs in the second half of the year. The operating margin achieved within the Safety Solutions entities continued its positive progression, on increased output, at 22.3 per cent (2021: 17.9 per cent). The operating margin achieved within the Structural Steelwork entities represented a significant improvement against the prior period, at 5.8 per cent (2021 - underlying: 0.1 per cent).

Underlying earnings per share increased from 8.1 pence in 2021 to 39.1 pence in 2022 representing an increase of 383 per cent.

Cash management and prudent utilisation was a primary focus during the year. During the first half of the year, with escalating steel price rises, the conscious decision was made to pre order quantities of steel to preserve and enhance margins on future contracts. With reduced volatility in input costs relating to steel in the second half of the year the cash utilisation eased and the year concluded with a more normalised gross cash balance of £11.6 million (2021: £10.4 million). The average gross cash balance during the year was £7,890,000 (2021: £13,390,000). The continued strong cash position

leaves the Group well placed to achieve both its short and long-term objectives, while providing financial security and providing opportunities to invest and mitigate short term price volatility in some of its primary input costs.

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.

Average staff numbers in 2022 increased 8.3 per cent to 403, with an overall rise in staff costs of 14.9 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 415 and the Group anticipates a further modest increase in staff numbers in 2023 as further overseas labour arrives in the UK.

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

| | 2022 | 2021 |
|-------------------------|----------|----------|
| | £'000 | £'000 |
| Non current assets | 21,902 | 17,527 |
| Current assets | 38,774 | 35,428 |
| Current liabilities | (22,506) | (21,705) |
| Non current liabilities | (3,823) | (1,858) |
| Total equity | 34,347 | 29,392 |

As part of the capital investment programme across the Group two further significant capital expenditure projects were completed. One project, at Shafton, related to the investment in substantially increasing the plate processing capacity and capabilities to provide additional plate girder profiling capacity, combined with increasing the capacity open to external customers. The second project related to the replacement of an aged saw / drill machine at the Wombwell facility.

The acquisition of the trading assets of Orrmac Coatings Ltd out of administration and the formation of Specialist Protective Coatings Limited has seen a number of capital investment projects completed at its Sheffield facility over the course of the year. £1,171,000 of capital expenditure was incurred in modernising the facility in 2022, the largest single project being the installation of a new shotblast machine, designed for the efficient processing of structural steelwork.

Further investment projects to improve operational efficiencies and increase certain manufacture capacities were commenced just prior to the year end, with a further order being placed for a saw / drill line for the Yate facility. The machine was delivered in March 2023 with a forecast two-month installation period.

As part of the Group's ongoing strategy to improve operating margins there is an agreed programme of capital equipment replacement and enhancement over the next three years.

Within non-current assets, property, plant and equipment increased by £4,410,000, represented by capital additions of £6,558,000 (including £2,078,000 related to right of use assets in respect of IFRS16), depreciation charges of £2,044,000 and net disposals of £105,000.

The defined benefit pension scheme has performed well in the period against a backdrop of turbulent equity and bond markets towards the latter part of 2022. At the year end, a surplus of £2,174,000 along with a corresponding deferred tax liability of £544,000 has resulted in a net recognised surplus of £1,630,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £1,525,000 (2021: £1,108,000), being a deferred tax liability of £981,000 (2021: £440,000) related to temporary timing differences, combined with a deferred tax liability of £544,000 (2021: £668,000) related to the defined benefit pension scheme surplus.

The increase of £3,346,000 in current assets included an increase of £4,731,000 in inventories and contract work in progress, a decrease of £1,958,000 in trade and other receivables, and an increase in the gross cash balance of £1,252,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £2,198,000 (2021: £1,951,000). It is anticipated that £1,992,000 will be received within one year and £206,000 in greater than one year.

Trade and other payables increased by £589,000. Within this, trade payables and accruals decreased £1,655,000 and £1,187,000 respectively with contract liabilities increasing £3,430,000 and minor movements being noted in social security and other taxes and other payables.

Total equity increased by £4,955,000 in the year to £34,347,000. 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

| | 2022 | 2021 |
|---------------------------------------|---------|---------|
| | £'000 | £'000 |
| Result for shareholders | 4,734 | 68 |
| Depreciation | 2,044 | 1,960 |
| Capital expenditure | (4,516) | (2,351) |
| Investment property movement | (404) | - |
| Tax received / (paid) | 192 | (246) |
| Tax per income statement | 1,095 | 111 |
| Increase in working capital | (2,064) | (3,565) |
| Dividends | (363) | (515) |
| Net property loan movement | (250) | (250) |
| Share based payment charge / (credit) | 806 | (53) |
| Others | (22) | 97 |
| Net cash inflow / (outflow) | 1,252 | (4,744) |
| Cash at beginning of year | 10,382 | 15,126 |
| Cash at end of year | 11,634 | 10,382 |

Dividends of £363,000 were paid in the year.

A dividend has been proposed in respect of the 2022 financial year of 15.5 pence per share (£2,005,000), covered 2.52 times earnings and will be paid to shareholders in July 2023 upon approval

at the AGM. Confidence in future trading and cash generation has led to the declaration of a dividend at a level higher than any previously made by the Company.

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:

| | 2022 | 2021 |
|---|----------|----------|
| | £'000 | £'000 |
| Inventories and contract work in progress | 16,882 | 12,151 |
| Trade and other receivables | 10,258 | 12,216 |
| Trade and other payables | (22,044) | (21,455) |
| Working capital at end of year | 5,096 | 2,912 |

Cash balances at the year end totalled £11,634,000 and there were property loans outstanding of £750,000 representing a net cash position of £10,884,000 (2021: £9,382,000). Cash management and preservation remained a continued focus during the year. The robust cash position of the Group allowed it to take advantage of advanced purchase of steel to mitigate some of the price escalations during the year and mitigate margin pressure.

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.

2023 to 2025 will see the continued 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

| | 2022 | 2021 |
|---|---------|---------|
| | £'000 | £'000 |
| Scheme assets | 6,820 | 9,693 |
| Scheme liabilities | (4,646) | (7,020) |
| Surplus | 2,174 | 2,673 |
| Other finance (expense)/income | (13) | (33) |
| 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 2020 was completed on 10 December 2020. The position of the scheme as at the date of the valuation was an asset position of £8,048,000 and a liability position of £7,776,000 resulting in a surplus of £272,000. At the 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 FTSE 100 index at 31 March 2020 was 5,672 and has subsequently recovered to circa 7,600, an increase of some 34 per cent, before the assets were 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 2023.

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 993,669 (2021: 474,577) share options outstanding at an average exercise price of £0.14 (2021: £0.29) 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 £806,000 (2021: credit £53,000).

Trevor Taylor
Chief Financial Officer
17 April 2023

Consolidated income statement for the year ended 31 December 2022

| | 2022 | Underlying 2021 | Non-underlying 2021 | Total 2021 |
|---|-----------------|-----------------|---------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Revenue | 86,614 | 82,720 | - | 82,720 |
| Raw materials and consumables | (51,277) | (55,784) | - | (55,784) |
| Other external charges | (4,792) | (4,542) | - | (4,542) |
| Staff costs | (19,566) | (16,268) | - | (16,268) |
| Depreciation | (2,044) | (1,960) | - | (1,960) |
| Other operating charges | (3,024) | (2,827) | - | (2,827) |
| Impairment losses | - | - | (1,123) | (1,123) |
| | <u>(80,703)</u> | <u>(81,381)</u> | <u>(1,123)</u> | <u>(82,504)</u> |
| Operating profit/(loss) | 5,911 | 1,339 | (1,123) | 216 |
| Net finance expense | <u>(82)</u> | <u>(37)</u> | - | <u>(37)</u> |
| Profit/(loss) before tax | 5,829 | 1,302 | (1,123) | 179 |
| Tax | <u>(1,095)</u> | <u>(324)</u> | 213 | <u>(111)</u> |
| Profit/(loss) for the year | <u>4,734</u> | <u>978</u> | <u>(910)</u> | <u>68</u> |
| Profit for the year attributable to equity holders of the parent company | <u>4,734</u> | <u>978</u> | <u>(910)</u> | <u>68</u> |
| Basic earnings per share | <u>39.1 p</u> | <u>8.1 p</u> | <u>(7.5) p</u> | <u>0.6 p</u> |
| Diluted earnings per share | <u>37.8 p</u> | <u>8.1 p</u> | <u>(7.5) p</u> | <u>0.6 p</u> |

All results arose from continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December 2022

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| | £'000 | £'000 |
| Profit for the year | 4,734 | 68 |
| Other comprehensive income | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement of net defined benefit surplus | (486) | 1,023 |
| Movement on deferred tax relating to pension liability | <u>122</u> | <u>(348)</u> |
| Other comprehensive income, net of tax | <u>(364)</u> | <u>675</u> |
| Total comprehensive income for the year attributable to equity holders of the parent company | <u><u>4,370</u></u> | <u><u>743</u></u> |

Consolidated statement of financial position as at 31 December 2022

| | 2022 | | 2021 | |
|---|--------|--------|--------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | |
| Non current assets | | | | |
| Property, plant and equipment | | 19,264 | | 14,854 |
| Investment property | | 464 | | - |
| Pension asset | | 2,174 | | 2,673 |
| Total non current assets | | 21,902 | | 17,527 |
| Current assets | | | | |
| Inventories | 3,334 | | 1,894 | |
| Contract work in progress | 13,548 | | 10,257 | |
| Trade and other receivables | 10,258 | | 12,216 | |
| Current tax receivable | - | | 679 | |
| Cash and cash equivalents | 11,634 | | 10,382 | |
| Total current assets | | 38,774 | | 35,428 |
| Total assets | | 60,676 | | 52,955 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Current portion of long term borrowings | 250 | | 250 | |
| Trade and other payables | 22,044 | | 21,455 | |
| Lease liabilities | 143 | | - | |
| Current tax payable | 69 | | - | |
| Total current liabilities | | 22,506 | | 21,705 |
| Non current liabilities | | | | |
| Long term borrowings | 500 | | 750 | |
| Lease liabilities | 1,798 | | - | |
| Deferred tax liabilities | 1,525 | | 1,108 | |
| Total non current liabilities | | 3,823 | | 1,858 |
| Total liabilities | | 26,329 | | 23,563 |
| Net assets | | 34,347 | | 29,392 |
| Equity | | | | |
| Share capital | | 1,293 | | 1,293 |

| | | |
|----------------------------|----------------------|----------------------|
| Share premium | 1,864 | 1,864 |
| Capital redemption reserve | 132 | 132 |
| Other components of equity | (761) | (770) |
| Retained earnings | <u>31,819</u> | <u>26,873</u> |
| Total equity | <u><u>34,347</u></u> | <u><u>29,392</u></u> |

Consolidated statement of changes in equity for the year ended 31 December 2022

| | Share capital | Share premium | Capital redemption reserve | Other components of equity | Retained earnings | Total equity |
|---|---------------|---------------|----------------------------|----------------------------|-------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2021 | 1,293 | 1,864 | 132 | (783) | 26,711 | 29,217 |
| Transactions with owners | | | | | | |
| Dividends | - | - | - | - | (515) | (515) |
| Debit relating to equity-settled share based payments | - | - | - | - | (53) | (53) |
| ESOT movement in year | - | - | - | 13 | (13) | - |
| Transactions with owners | - | - | - | 13 | (581) | (568) |
| Profit for the financial year | - | - | - | - | 68 | 68 |
| Other comprehensive income | | | | | | |
| Actuarial gains recognised in the pension scheme | - | - | - | - | 1,023 | 1,023 |
| Income tax relating to components of other comprehensive income | - | - | - | - | (348) | (348) |
| Total comprehensive income for the year | - | - | - | - | 743 | 743 |
| At 31 December 2021 | 1,293 | 1,864 | 132 | (770) | 26,873 | 29,392 |
| | Share capital | Share premium | Capital redemption reserve | Other components of equity | Retained earnings | Total equity |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2022 | 1,293 | 1,864 | 132 | (770) | 26,873 | 29,392 |
| Transactions with owners | | | | | | |
| Dividends (note 6) | - | - | - | - | (221) | (221) |
| Credit relating to equity-settled share based payments | - | - | - | - | 806 | 806 |
| ESOT movement in year | - | - | - | 9 | (9) | - |
| Transactions with owners | - | - | - | 9 | 576 | 585 |
| Profit for the financial year | - | - | - | - | 4,734 | 4,734 |
| Other comprehensive income | | | | | | |

| | | | | | | |
|---|--------------|--------------|------------|--------------|---------------|---------------|
| Actuarial losses recognised in the pension scheme | - | - | - | - | (486) | (486) |
| Income tax relating to components of other comprehensive income | - | - | - | - | 122 | 122 |
| Total comprehensive income for the year | - | - | - | - | 4,370 | 4,370 |
| At 31 December 2022 | 1,293 | 1,864 | 132 | (761) | 31,819 | 34,347 |

The Group retained earnings reserve includes a surplus of £1,630,000 (2021 - £2,005,000) relating to the net pension surplus

Consolidated cash flow statement for the year ended 31 December 2022

| | 2022 | 2021 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Cash flows from operating activities | | |
| Group profit after tax | 4,734 | 68 |
| Taxation received/(paid) | 192 | (246) |
| Interest received | 26 | 21 |
| Depreciation on property, plant and equipment | 2,044 | 1,960 |
| Share based payment charge/(credit) | 806 | (53) |
| Profit on sale of property, plant and equipment | (309) | (221) |
| Taxation charge recognised in income statement | 1,095 | 111 |
| Net finance expense | 82 | 37 |
| Increase in inventories and contract work in progress | (4,731) | (7,073) |
| Decrease in trade and other receivables | 1,958 | 660 |
| Increase in trade and other payables | 709 | 2,848 |
| Net cash flow from operating activities | 6,606 | (1,888) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,516) | (2,351) |
| Purchase of investment property | (404) | - |
| Proceeds from sale of property, plant and equipment | 348 | 294 |
| Net cash flow from investing activities | (4,572) | (2,057) |
| Cash flows from financing activities | | |
| Interest paid | (95) | (25) |
| Repayment of bank and other loans | (250) | (250) |
| Capital element of leasing payments | (74) | (9) |
| Dividends paid | (363) | (515) |
| Net cash flow from financing activities | (782) | (799) |
| Net increase/(decrease) in cash and cash equivalents | 1,252 | (4,744) |
| Cash and cash equivalents at beginning of period | 10,382 | 15,126 |
| Cash and cash equivalents at end of period | 11,634 | 10,382 |

Notes forming part of the Group financial statements for the year ended 31 December 2022

1) Basis of preparation

The financial information in this preliminary announcement has been prepared in accordance with accounting policies which are based on the UK-adopted International Financial Reporting Standards (IFRSs) as adopted by the UK and in issue and in effect at 31 December 2022.

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 2022, 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 2022 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 2021 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 2021 have been delivered to the Registrar of Companies. The 31 December 2022 accounts were approved by the directors on 17 April 2023, but have not yet been delivered to the Registrar of Companies.

3) Earnings per share

| | 2022 | Underlying 2021 | Non- underlying 2021 | Total 2021 |
|----------------------------|--------|--------------------|----------------------------|------------|
| Basic earnings per share | 39.1 p | 8.1 p | (7.5) p | 0.6 p |
| Diluted earnings per share | 37.8 p | 8.1 p | (7.5) p | 0.6 p |

Basic earnings per share is calculated by dividing the profit for the year of £4,734,000 (2021: profit for the year of £68,000 and underlying profit for the year of £886,000) by 12,117,190 (2021: 12,106,797) 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 £4,734,000 (2021: profit for the year of £68,000 and underlying profit for the year of £886,000) by 12,507,863 (2021: 12,106,797) 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 386,481 (2021: nil).

4) Reports, Accounts & AGM

The Annual Report and Accounts for the year ended 31 December 2022 will be available on the Company's website www.billington-holdings.plc.uk from no later than 28 April 2023.

The Annual General Meeting will be held on 6 June 2023 at 14.00 at fincapp Group, One Bartholomew Close, London, EC1A 7BL.

5) Segmental Information

The Group trading operations of Billington Holdings Plc 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.

| 31 December 2022 | Structural Steelwork £'000 | Safety Solutions £'000 | Other £'000 | Total £'000 |
|-------------------------------------|----------------------------------|------------------------------|----------------|----------------|
| Revenue | | | | |
| 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 |
| 31 December 2021 | Structural Steelwork £'000 | Safety Solutions £'000 | Other £'000 | Total £'000 |
| Revenue | | | | |
| From external customers | 73,960 | 8,760 | - | 82,720 |
| From other segments | 114 | 398 | 235 | 747 |
| Segment revenues | 74,074 | 9,158 | 235 | 83,467 |
| Elimination of segment revenues | | | | (747) |
| Revenue | | | | 82,720 |
| Raw materials and consumables | (52,948) | (2,836) | - | (55,784) |
| Other external charges | (3,261) | (1,281) | - | (4,542) |
| Staff costs | (13,008) | (1,623) | (1,637) | (16,268) |
| Depreciation | (663) | (1,023) | (274) | (1,960) |
| Other operating (charges)/income | (4,096) | (756) | 2,025 | (2,827) |
| Segment operating profit | 98 | 1,639 | 349 | 1,339 |

| | | | | |
|------------------------------------|---------|-------|-----|---------|
| Impairment losses - non-underlying | (1,123) | - | - | (1,123) |
| Segment operating profit/(loss) | (1,025) | 1,639 | 349 | 216 |

6) Dividend

A final dividend in respect of 2021 of 3.0 pence (£363,000) per ordinary share was paid on 3 July 2022. No interim dividends were paid in 2022. A final dividend has been proposed in respect of 2022 of 15.5 pence (£2,005,000) per ordinary share. As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

Following a review of unclaimed dividends over 12 years old, in accordance with the Company's Articles of Association a write-back of £142,000 has been recognised during the year.

7) Going Concern

The consolidated 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, its continued positive trading performance in 2022 are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2023.

The Group has a gross cash balance of £11.6 million at 31 December 2022 and no significant long-term borrowings or commitments. The Group repaid its only remaining borrowing shortly after the period end, 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. The Group has short term agreed overdraft facilities with its bankers should they be required, these are reviewed annually and have not been utilised during 2022.

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 Directors have prepared forecasts covering the period to April 2024 and approved by the Board in February 2023. Pleasingly the impacts of COVID-19 subsided during the course of 2022 with a number of deferred or cancelled projects returning to the market ensuring levels of output were maintained.

The orderbook at the period end date increased 71% from the prior year with high quality contracts across a number of buoyant market sectors and with financially robust clients.

The Russia / Ukraine conflict that commenced in the early part of 2022 has resulted in increased uncertainty across the globe. There have been consequential impacts on material availability, energy prices, input costs and latterly the possibility of a recessionary period in the UK are noted by the directors and the anticipated effects addressed and mitigated where possible. Workloads and anticipated margins across the Group remain buoyant and to date there has been limited impact to trading levels.

The Group anticipates making further progress in terms of volumes and efficiency enhancements in 2023. The Directors are forecasting trading performance will continue to improve, 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 2024, 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 external 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.