

9 August 2023

Hargreaves Services plc
 (“Hargreaves”, the “Company”, or the “Group”)

Results for the year ended 31 May 2023

Hargreaves Services plc (AIM: HSP), a diversified group delivering services to the industrial and property sectors, announces its results for the year ended 31 May 2023.

Renewable energy land asset valuation and realisation plan

The Group has had its portfolio of renewable energy land assets, comprising three wind farm leases, six access agreements and two solar farm leases, valued by Jones Lang LaSalle Limited at 30 June 2023. This valuation placed an expected Market Value at Commissioning of Development*** of between £27.2m and £28.9m. These assets exclude the Westfield site where an Energy from Waste plant is being constructed by a third party. These renewable energy land assets are held at cost in the Balance Sheet at £6.6m. It is the Board’s intention to realise the value within these renewable energy land assets over the next five years and repatriate proceeds to shareholders.

Financial results

The Group has maintained its momentum, with the continued expansion of a robust recurring revenue base in Services delivering both revenues marginally ahead and underlying profit before tax above market expectations and providing a strong foundation for future growth.

KEY FINANCIAL RESULTS

Year ended 31 May 2023	2023		2022
Revenue	£211.5m		£177.9m
Underlying Profit Before Tax (“UPBT”)**	£27.3m		£30.4m*
Profit from joint ventures (net of tax)	£16.3m		£25.9m*
Share of Profit Before Tax from continuing operations	£27.2m		£32.2m*
EBITDA**	£21.8m		£13.6m
Basic underlying EPS from continuing operations**	86.3p		96.1p*
Proposed Final Dividend	6.0p	+7.1%	5.6p
Proposed Additional Dividend from HRMS	12.0p		12.0p
Cash and cash equivalents	£21.9m		£13.8m
Net Assets	£201.0m	+11.8%	£179.8m*
Net Assets per Share**	618p		553p*

HIGHLIGHTS

- Revenue increased 18.9% to £211.5m (2022: £177.9m) due to organic growth in Services
- UPBT above expectations at £27.3m (2022: £30.4m), decrease due to expected reduction in profitability in German Joint Venture, HRMS, offset by growth in both Services and Hargreaves Land
- Services UPBT increased 61.8% to £12.3m (2022: £7.6m)
- Hargreaves Land UPBT increased 85.7% to £3.9m (2022: £2.1m)
- Services business has over ten new term and framework contracts, taking total to over 60 providing visibility of 70% of next year’s expected revenue

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

** The basis of Underlying profit before tax, EBITDA, Net Assets per Share and basic underlying EPS is set out in Note 8. The calculation of Net Assets per Share includes the renewable energy land assets at cost.

*** **Market Value at COD** – represents the price at which the portfolio would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Commenting on the preliminary results, Acting Group Chair Nigel Halkes said: “The Group has maintained its strong momentum built over the last few years and continues to demonstrate its resilience in the current challenging economic environment. The growth of a robust recurring revenue base in Services is particularly pleasing and has provided the bedrock of performance for the Group. The outlook for the Group’s operations for the coming year and beyond is strong with over 60 term and framework contracts and 70% of revenue for the year already secured. The Group remains focused on its strategy to create, deliver and realise value for shareholders, and I look forward to executing on our value realisation plans in our renewable energy land asset portfolio in the medium term.”

Analyst briefing

A briefing open to analysts will take place on Wednesday 9 August 2023 at 9.30 am. To register and for more details please contact Walbrook PR on hargreavesservices@walbrookpr.com.

Investor presentation

Gordon Banham, Group Chief Executive, David Anderson, Group Property Director and Stephen Craigen, Group Financial Controller and Group Finance Director, will provide a live presentation on the Company’s preliminary results via the Investor Meet Company platform on 9 August 2023 at 4.30 pm BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9 am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free [here](#).

For further details:

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About Hargreaves Services plc (www.hsgplc.co.uk)

Hargreaves Services plc is a diversified group delivering services to the industrial and property sectors, supporting key industries within the UK and South East Asia. The Company's three business segments are Services, Hargreaves Land and an investment in a German joint venture, Hargreaves Raw Materials Services GmbH (HRMS). Services provides critical support to many core industries including Energy, Environmental, UK Infrastructure and certain manufacturing industries through the provision of materials handling, mechanical and electrical contracting services, logistics and major earthworks. Hargreaves Land is focused on the sustainable development of brownfield sites for both residential and commercial purposes. HRMS trades in specialist commodity markets and owns DK Recycling, a specialist recycler of steel waste material. Hargreaves is headquartered in County Durham and has operational centres across the UK, as well as in Hong Kong and a joint venture in Duisburg, Germany.

Chair's Statement

Nigel Halkes, Acting Group Chair

Strategic Focus

The Group has remained focused on its strategy to create, deliver and realise value for shareholders. Over recent years progress has been made on the creation of value opportunities, notably the winning of new Services contracts and by identifying opportunities for renewable energy assets on some of our land which has limited alternative development potential. Additionally, the Group has delivered high quality trading results highlighted by solid organic growth within Services. On 25 July 2023, I announced that the Board has identified opportunities for value realisation, as set out below:

Renewable Energy Land Asset Valuation and Realisation Plan

A key focus over the last few years has been the identification of several thousand acres of the Group's land which is now under lease to third parties for the construction of wind farms as well as other renewable energy assets and the granting of access to third party wind farm projects. Collectively, these have the potential to generate over 700MW of clean electricity. The Group has rights to receive index linked ground rents from these assets, most of which are linked to the underlying price of the electricity they generate.

The first wind farm on our land became operational earlier this year at Dalquhandy. Similar land assets within the renewable land portfolio have increasing index linked rental income coming on stream over the next few years resulting in a growing and meaningful annual return to the Group. Most of these renewable energy land assets have planning permission and approved dates for grid connections, significantly de-risking the projected income profile.

We have recently commissioned the first independent valuation of these renewable energy land assets by Jones Lang LaSalle Limited ("JLL"). This review has placed a Market Value Today*** in the range of between £21.6m and £23.1m on these assets as at 30 June 2023 with a Market Value at Commissioning of Development ("COD")*** expectation in the range of £27.2m to £28.9m for when the assets commence generation, which is at various points over the period to January 2027. The board intends to commission this valuation on an annual basis. These investment property assets are held on the Balance Sheet at an historic cost of £6.6m, resulting in a substantial gain to be realised. These assets exclude the Westfield site where an Energy from Waste ("EfW") plant is being constructed by a third party.

It is the intention of the Board to realise the value of these renewable energy land assets over the next five years in an orderly manner and to repatriate proceeds to shareholders. This is a clear demonstration of the Group's strategy to create, deliver and then realise value for shareholders and I am pleased that this particular initiative is now moving into the realisation phase.

Pension Schemes

The Group currently pays £1.9m per annum in deficit reduction contributions relating to two legacy defined benefit pension schemes. Recent movements in gilt yields and the underlying performance of scheme assets have substantially narrowed the gap between scheme assets and liabilities. The Board estimates that a figure in the region of £15m would be sufficient to buy out these schemes and transfer the liabilities to an appropriate insurer. I can confirm that the Group has now instructed the Trustees of the schemes to progress towards a full buy out of the liability, subject to obtaining satisfactory terms from the insurance market. This may take up to 18 months to complete. The Board expects this will be funded from existing cash resources.

Financial Results

I am pleased to report another strong set of results for the Group. Underlying Profit before Tax ("UPBT")** was £27.3m (2022: £30.4m*), £3.1m lower than the prior year due to the expected and previously announced reduction in profitability from the Group's investment in the German joint venture, Hargreaves Raw Material Services GmbH ("HRMS") due to the anticipated reduction in commodity prices from elevated levels recorded in the previous year.

Whilst the contribution from HRMS has fallen from £25.0m to £15.5m*, a reduction of £9.5m, both the Services business and Hargreaves Land have seen substantial growth in profits to mitigate the softening commodity markets which have impacted the German business.

Group EBITDA** grew by 60.3% to £21.8m (2022: £13.6m), driven by improved performance within Services. Profit before Tax from Continuing Operations was £27.2m (2022: £32.2m*). Basic underlying earnings per share from continuing operations** was 86.3p (2022: 96.1p*). Basic earnings per share was 85.9p (2022: 106.6p*).

Cash and leasing debt

On 31 May 2023 the Group held cash in the bank of £21.9m (2022: £13.8m). The increase in cash compared with the prior year is predominantly due to the repayment of a £15m loan from HRMS, which was advanced in the prior year to allow the Joint Venture to maximise profits from the temporary boom in commodity prices.

The Group's debt relates solely to leasing arrangements for the acquisition of fixed assets. At the year end the balance of the debt was £36.4m (2022: £18.4m). The increase relates to the investment in plant and machinery required to undertake the earthmoving works on the HS2 contract.

Dividend

In April 2023, the Group paid an interim dividend of 3.0p, which was an increase of 7.1% on the prior year. The Group has continued to trade well throughout the second half of the year and the Board is proposing a final dividend of 6.0p (2022: 5.6p) taking the full year underlying dividend to 9.0p (2022: 8.4p) which represents an increase of 7.1%.

In addition to the final dividend of 6.0p, the Board is also proposing an additional dividend of 12.0p per share (2022: 12.0p) relating to cash to be repatriated from HRMS. This, combined with the full year underlying dividend of 9.0p, takes the total dividend to 21.0p (2022: 20.4p), an overall increase of 2.9%.

If approved at the Annual General Meeting, the final dividend of 6.0p and the additional dividend of 12.0p will be paid on 30 October 2023 to all shareholders on the register at the close of business on 22 September 2023. The shares will become ex-dividend on 21 September 2023.

Board changes

As previously announced, Roger McDowell has taken a temporary sabbatical for personal reasons from the beginning of June 2023 and I have assumed his responsibility as Chair until his return, which is anticipated to be in September 2023. Also as reported previously, John Samuel has informed the Board of his intention to step down as Group Finance Director to pursue other opportunities. He will be succeeded as Group Finance Director by Stephen Craigen (39), Group Financial Controller, with effect from 9 August 2023, the date on which John will leave the Board. Stephen joined the Board on 1 August 2023. David Hankin, a qualified solicitor and in house Legal Counsel, will be appointed Company Secretary on 9 August 2023.

Outlook

The Group has maintained the momentum it has built over the last few years and has demonstrated its resilience, particularly within the Services operations, in the face of a challenging economic environment. The Balance Sheet remains free from bank debt and third party security and continues to provide a strong and stable platform for growth.

The outlook for the Group's trading activities for the coming year and beyond is strong with 70% of expected revenue for the year in the Services business already secured and with Hargreaves Land having exchanged unconditional contracts for a large plot at Blindwells which is scheduled to complete in January 2024.

Furthermore, the realisation plans for certain renewable energy land assets has the potential to deliver substantial incremental value for shareholders over the next few years.

Nigel Halkes
Acting Chair
8 August 2023

** The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.*

** The basis of Underlying profit before tax, EBITDA and basic underlying EPS is set out in Note 8.

*** Valuation definitions

Market Value Today – Market Value Today takes the Market Value at COD and applies an appropriate reduction to reflect the inherent risk of delivery that would likely arise between a willing buyer and a willing seller based on the circumstances as they were at 30 June 2023.

Market Value at COD – represents the price at which the portfolio would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Group Business Review

Gordon Banham, Group Chief Executive

CHIEF EXECUTIVE'S REVIEW

£'m	Services	Hargreaves Land	HRMS	Unallocated	Total
Revenue (2023)	200.9	10.6	-	-	211.5
<i>Revenue (2022)</i>	<i>162.8</i>	<i>15.1</i>	-	-	<i>177.9</i>
Underlying Profit/(Loss) before Tax** (2023)	12.3	3.9	15.5	(4.4)	27.3
<i>Underlying Profit/(loss) before Tax* (2022)</i>	<i>7.6</i>	<i>2.1</i>	<i>25.0</i>	<i>(4.3)</i>	<i>30.4</i>
Profit/(loss) before tax from continuing operations (2023)	12.2	3.9	15.5	(4.4)	27.2
<i>Profit before tax from continuing operations *(2022)</i>	<i>9.4</i>	<i>2.1</i>	<i>25.0</i>	<i>(4.3)</i>	<i>32.2</i>

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7

** The basis of Underlying profit before tax and basic underlying EPS is set out in Note 8.

Services

The Services business delivered a 23.4% increase in revenue to £200.9m (2022: £162.8m), due in the most part to the increase in activity on the HS2 contract which accounted for £20.5m of the increase. The remaining increase has come from mechanical and electrical engineering project works, which is an area of the business which has performed particularly well in the year, and from growth in industrial services in Hong Kong.

The business unit recorded an underlying profit before tax of £12.3m (2022: £7.6m), an increase of over 60% on the prior year. This included a non-recurring profit of £3.2m from the disposal of certain plant and equipment. The remaining growth of £1.5m represents an underlying improvement of 19.7% year on year.

HS2

The year ended 31 May 2023 represented the first full year of operations on HS2, which commenced in the second half of the previous financial year. Revenue from activities on HS2 was £54.1m in the year (2022: £33.6m), which represents 26.9% (2022: 20.6%) of the total Services revenue.

The Group is contracted to the EKFB Joint Venture to carry out the major earthworks on the C2/3 sections of HS2, predominantly in Buckinghamshire. I am pleased to report that the contract has performed very well in the year, with all required plant and machinery now acquired and on site and at peak operations over 400 workers were at the location. In addition to earthmoving, the Group has supplied EKFB with a 650m, five section conveyor to facilitate the removal of surplus material in a highly efficient way and contributing to a substantial reduction in carbon emissions.

Continued contract success

A key aspect of the Services business unit is its resilience and stability, which is derived from its strong contract base with high quality customers. During the last financial year we have seen more success in this area as the Services business has signed more than ten term and framework contracts. These contract wins have taken the total number of term and framework contracts within the Services business to over 60, which provides an excellent underpin for the Group. These contracts secure approximately 70% of expected revenue for the year ending 31 May 2024. Additionally, the Services business has excellent growth opportunities in a number of major infrastructure projects, including Lower Thames Crossing and Sizewell C, alongside further mechanical engineering works for industrial clients.

Additionally, the Services business has good resilience to the current inflationary pressures. Most term contracts include a form of price escalation, particularly in relation to fuel increases for our logistics operations. The main HS2 contract is a target cost reimbursable fee arrangement so that increases in defined costs are recovered. With inflation in the UK rising rapidly and persisting over the past 12 months, the business has seen the benefit of these clauses in mitigating the impact of such risks.

The Group continues to monitor the situation at Tungsten West plc ("TW") regarding the tungsten mine in Devon. As previously reported, Hargreaves has a strong contractual position with TW which would provide the potential for substantial growth should TW be successful in raising sufficient funds to commence mining activities. The recent announcement by TW regarding their raising of funds ensured the receipt of the annual £1m fee, which was paid as due in June 2023. The future of the project remains dependent on TW raising substantial additional monies. The Group remains in close contact with TW.

Hargreaves Land

Hargreaves Land recorded revenue of £10.6m (2022: £15.1m) and a Profit before Tax of £3.9m (2022: £2.1m) for the year. This represents an increase of 86% over the prior year, which is reflective of the business converting several development opportunities in the year. Despite this increase in profitability, the result is somewhat lower than the Board was anticipating earlier in the year as uncertainty over the housing market resulted in certain sales being delayed into the new financial year.

Our flagship project at Blindwells has been the most impacted by these delays, however, I am pleased to announce that we have exchanged unconditional contracts for the sale of a 20 acre plot to Avant Homes (Scotland) Limited for consideration of £18.5m. The sale is scheduled to complete in January 2024 with payments structured into four equal instalments over a three year period, with the first payable on completion.

The Board considers the delays experienced in the year to be reflective of the wider slowdown in the housebuilding market and therefore will only represent a timing delay on the project. The Board remains confident that the overall profitability of the scheme is not materially affected. The site remains a long term, regular profit stream for Hargreaves Land, with Phase 1 which is expected to be completed by 2032. Once Phase 1 is completed, there is a second Phase for which outline planning for a further 1,400 homes on land owned by the Group is currently being progressed.

Progress has continued at Unity in Yorkshire, with construction on one of the major logistics units, which was announced last year, progressing well. The Unity Joint Venture remains independently funded without recourse to Hargreaves.

Pipeline

A key strength of the Hargreaves Land business is the size and quality of its pipeline of development opportunities with significant progress having been made during the last twelve months. In the year ended 31 May 2023 Hargreaves Land exchanged contracts on schemes with a combined Gross Development Value ("GDV") of over £190m, which is anticipated to deliver returns in excess of 15%.

These opportunities are spread across the residential, commercial and logistics sectors, which ensures that the business does not become over reliant on any particular industry segment. Additionally, these arrangements form part of the capital light model that the business is adopting for future schemes, removing the need for material investment into assets to be held for long periods.

Pipeline Summary	Number of sites	Residential plots	Square Footage (Commercial)	Estimated GDV
Residential (planning allocated)	6	5,700	n/a	£200m
Residential (planning promotion)	7	2,850	n/a	£120m
Commercial (planning allocated)	6	n/a	5,700,000	£620m

Renewables Energy Land Assets

The Group continues to act as a landlord for several wind farm and other renewable energy assets, which could generate over 700MW of clean electricity. The first wind farm on our land became operational earlier this year at Dalquhandy. The remaining similar land assets have increasing rental income streams which are due to come on board over the next few years. These renewable energy land assets have planning permission and approved dates for grid connections, significantly de-risking the projected income profile.

The renewable energy land portfolio continues to be an area of great focus for the Board. We have seen the first independent valuation of the portfolio undertaken in the year by JLL, which has provided a Market Value at COD of over £27m for all existing renewable energy schemes, excluding the Westfield site, where a third party is constructing an EfW plant. The Board is committed to ensuring that the value created within the Group is optimised, realised and then repatriated to shareholders over the coming years.

In addition to the renewable energy land assets which are well progressed, the Group continues to look at longer term opportunities for renewable energy projects on its land. There are a further nine schemes under discussion which could generate over 800MW of energy. These schemes are medium term growth opportunities.

HRMS

The Group's share of post-tax profits from HRMS was £15.5m (2022: £25.0m*) which is a reduction of 38%. The corresponding contribution for the year ended 31 May 2021 was £13.6m, which demonstrates that the Joint Venture has made the most of the high commodity prices observed throughout late 2021 and 2022 and that the market has returned to more normal levels. Despite this reduction, the comparison with two years ago is more relevant as market conditions then were more comparable to today.

The trading business has seen a 38% reduction in total traded volume from 1,637kt to 1,020kt in the current year coupled with a reduction in commodity prices. This softening of commodity prices and reduction in volumes has meant a reduction in the level of working capital that HRMS requires. As such HRMS has been able to repay the £15m short term working capital loan that the Group provided in the previous financial year. At present there is no further requirement for funding to be provided by the Group to HRMS. The Board expects further cash repatriation from HRMS as inventory levels reduce in the trading business.

The Carbon Pulverisation Plant ("CPP") continues to breakeven as it has done since it was completed. It remains fully operational but is not expected to move into profitability until year ending 31 May 2025 at the earliest as it is impacted by the economic uncertainties within the German economy which have delayed the expected transition away from brown lignite coal.

In DK Recycling und Roheisen GmbH ("DK"), zinc, which is an important output, has fallen from peaks of over \$4,500 per tonne in April 2022 to around \$2,400 today, reducing profitability.

Summary

Hargreaves has continued to trade well despite challenging economic conditions both in the UK and Europe. The business has a strong balance sheet, from which we remain focused on unlocking and realising value for shareholders and I look to the future with optimism.

Gordon Banham
Group Chief Executive
8 August 2023

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 May 2023

Continuing operations	Note	2023 £000	Restated * 2022 £000
Revenue	2	211,459	177,908
Cost of sales		(172,402)	(148,458)
Gross profit		39,057	29,450
Other operating income		4,918	1,298
Administrative expenses		(32,178)	(24,520)
Operating profit		11,797	6,228
Analysed as:			
Operating profit (before exceptional items and amortisation charges)		11,972	4,474
Exceptional items	3	–	1,754
Amortisation of intangible assets		(175)	–
Operating profit		11,797	6,228
Finance income		1,612	823
Finance expense		(2,565)	(770)
Share of profit in joint ventures (net of tax)*		16,311	25,879
Profit before tax*		27,155	32,160
Taxation	4	771	347
Profit for the year from continuing operations*		27,926	32,507
Profit for the year from discontinued operations	5	–	2,000
Profit for the year*		27,926	34,507

Other comprehensive income/(expense)*Items that will not be reclassified to profit or loss*

(Loss)/gain in defined benefit pension schemes		(4,645)	5,955
Tax recognised on items that will not be reclassified to profit or loss		1,161	(1,488)

Items that are or may be reclassified subsequently to profit or loss

Foreign exchange translation differences		1,130	313
Effective portion of changes in fair value of cash flow hedges		–	41
Tax recognised on items that are or may be reclassified subsequently to profit or loss		–	(8)
Share of other comprehensive income of joint ventures, (net of tax)		1,912	3,070

Other comprehensive (expense)/income for the year, net of tax		(442)	7,883
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Total comprehensive income for the year*		27,484	42,390
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Profit/(loss) attributable to:

Equity holders of the Company*		27,915	34,719
Non-controlling interest		11	(212)

Profit for the year*		27,926	34,507
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Total comprehensive income/(expense) attributable to:

Equity holders of the Company*		27,473	42,602
Non-controlling interest		11	(212)

Total comprehensive income for the year*		27,484	42,390
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Basic earnings per share (pence)*	6	85.85	106.63
Diluted earnings per share (pence)*	6	84.13	103.48
Continuing basic earnings per share (pence)*	6	85.85	100.45
Diluted continuing basic earnings per share (pence)*	6	84.13	97.48

Non-GAAP Measures

Basic underlying earnings per share from continuing operations (pence)*	6	86.28	96.06
Diluted underlying earnings per share from continuing operations (pence)*	6	84.55	93.22

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7. Earnings per share for the prior year have also been restated. Please refer to Note 6.

Group Balance Sheet

at 31 May 2023

	Group	
	2023 £000	Restated* 2022 £000
Non-current assets		
Property, plant and equipment	10,861	9,938
Right-of-use assets	39,815	22,062
Investment property	14,074	8,298
Intangible assets including goodwill	5,685	4,824
Investments in joint ventures*	74,282	55,096
Deferred tax assets	14,753	11,063
Trade receivables	–	4,224
Retirement benefit surplus	8,474	10,382
	167,944	125,887
Current assets		
Inventories	39,302	30,476
Trade and other receivables	71,609	88,574
Contract assets	5,114	6,752
Cash and cash equivalents	21,859	13,773
	137,884	139,575
Total assets*	305,828	265,462
Non-current liabilities		
Other interest-bearing loans and borrowings	(20,839)	(11,045)
Retirement benefit obligations	(2,902)	(2,703)
Provisions	(4,120)	(2,344)
Deferred tax liabilities	(3,417)	(1,920)
	(31,278)	(18,012)
Current liabilities		
Other interest-bearing loans and borrowings	(15,511)	(7,326)
Trade and other payables	(47,427)	(50,727)
Provisions	(10,467)	(9,440)
Income tax liability	(154)	(108)
	(73,559)	(67,601)
Total liabilities	(104,837)	(85,613)

Net assets*	200,991	179,849
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Equity attributable to equity holders of the Parent		
Share capital	3,314	3,314
Share premium	73,972	73,972
Other reserves	211	211
Translation reserve	(689)	(1,819)
Merger reserve	1,022	1,022
Hedging reserve	318	318
Capital redemption reserve	1,530	1,530
Share-based payment reserve	2,388	2,029
Retained earnings*	119,136	99,494
	201,202	180,071
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Non-controlling interest	(211)	(222)
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Total equity*	200,991	179,849

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Group Statement of Changes in Equity for year ended 31 May 2023

Group	Share capital £000	Share premium £000	Translation reserve £000	Hedging reserve £000	Other reserves £000	Capital redemption reserve £000	Merger reserve £000	Share-based payment reserve £000	Restated* Retained earnings £000	Restated* Total Parent equity £000	Non-controlling interest £000	Restated* Total equity £000
At 1 June 2021	3,314	73,955	(2,132)	285	211	1,530	1,022	1,680	63,475	143,340	(10)	143,330
Total comprehensive income/(expense) for the year												
Profit/(loss) for the year*	–	–	–	–	–	–	–	–	34,719	34,719	(212)	34,507
Other comprehensive income	–	–	313	33	–	–	–	–	7,537	7,883	–	7,883
Total comprehensive income/(expense) for the year*	–	–	313	33	–	–	–	–	42,256	42,602	(212)	42,390
Transactions with owners recorded directly in equity												
Issue of shares	–	17	–	–	–	–	–	–	–	17	–	17
Equity-settled share-based payment transactions	–	–	–	–	–	–	–	349	–	349	–	349
Dividends paid	–	–	–	–	–	–	–	–	(6,237)	(6,237)	–	(6,237)
Total contributions by and distributions to owners	–	17	–	–	–	–	–	349	(6,237)	(5,871)	–	(5,871)
At 31 May 2022*	3,314	73,972	(1,819)	318	211	1,530	1,022	2,029	99,494	180,071	(222)	179,849
At 1 June 2022*	3,314	73,972	(1,819)	318	211	1,530	1,022	2,029	99,494	180,071	(222)	179,849

Total comprehensive income/(expense) for the year

Profit for the year	–	–	–	–	–	–	–	–	27,915	27,915	11	27,926
Other comprehensive income/(expense)	–	–	1,130	–	–	–	–	–	(1,572)	(442)	–	(442)

Total comprehensive income for the year

	–	–	1,130	–	–	–	–	–	26,343	27,473	11	27,484
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Transactions with owners recorded directly in equity

Equity-settled share-based payment transactions	–	–	–	–	–	–	–	359	–	359	–	359
Dividends paid	–	–	–	–	–	–	–	–	(6,701)	(6,701)	–	(6,701)

Total contributions by and distributions to owners

	–	–	–	–	–	–	–	359	(6,701)	(6,342)	–	(6,342)
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At 31 May 2023	3,314	73,972	(689)	318	211	1,530	1,022	2,388	119,136	201,202	(211)	200,991
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* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Group Cash Flow Statement for year ended 31 May 2023

	Group	
	2023 £000	Restated* 2022 £000
Cash flows from operating activities		
Profit for the year from continuing operations*	27,926	32,507
Adjustments for:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	14,570	8,666
Amortisation of goodwill and intangible assets	175	–
Net finance expense/(income)	953	(53)
Share of profit in joint ventures (net of tax)*	(16,311)	(25,879)
Profit on sale of property, plant and equipment, investment property and right-of-use assets	(4,718)	(1,298)
Equity-settled share-based payment expenses	359	349
Income tax credit	(771)	(347)
Contributions to defined benefit pension schemes	(2,426)	(2,002)
Translation of non-controlling interest and investments	482	202
	20,239	12,145
Change in inventories	(8,827)	(3,308)
Change in trade and other receivables	23,290	(19,256)
Change in trade and other payables	(4,563)	903

Change in provisions and employee benefits	2,713	1,000
	32,852	(8,516)
Interest received	1,127	34
Interest paid	(2,192)	-
Income tax paid	(281)	(44)
Net cash inflow/(outflow) from operating activities	31,506	(8,526)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	6,565	801
Proceeds from sale of investment property	266	1,407
Proceeds from sale of right of use assets	81	78
Acquisition of property, plant and equipment	(3,442)	(1,479)
Acquisition of investment property	(5,783)	(1,070)
Acquisition of right of use assets	(85)	(163)
Payment for acquisition of subsidiaries, net of cash acquired	(1,447)	-
Dividends received from joint ventures	-	3,917
Net cash (outflow)/inflow from investing activities in continuing operations	(3,845)	3,491
Net cash inflow from investing activities in discontinued operations	-	2,000
Net cash (outflow)/inflow from investing activities	(3,845)	5,491
Cash flows from financing activities		
Principal elements of lease payments	(12,721)	(5,531)
Dividends paid	(6,701)	(6,237)
Net cash outflow from financing activities	(19,422)	(11,768)
Net increase/(decrease) in cash and cash equivalents	8,239	(14,803)
Cash and cash equivalents at 1 June	13,773	28,303
Effect of exchange rate fluctuations on cash held	(153)	273
Cash and cash equivalents at 31 May	21,859	13,773

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Notes

1 Basis of preparation and status of financial information

The financial information set out above has been prepared and approved by the Directors in accordance with the recognition and measurement criteria of international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 May 2023 or 31 May 2022. Statutory accounts for 2022 have been delivered to the Registrar of Companies, and those for 2023 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The Group has restated the 31 May 2022 Consolidated Statement of Profit and Loss and Other Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, and Group Cash Flow Statement following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Going Concern

The Group's financing is not dependent on bank borrowings, however the group has access to a £12m invoice discounting facility, which is currently undrawn and will remain in place until 31 October 2024. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of challenging downside sensitivities has been undertaken. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control. As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts.

These results were approved by the Board of Directors on 8 August 2023.

2 Segmental Information

The following analysis by industry segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and make strategic decisions about allocation of resources.

The sectors distinguished as operating segments are Services, Hargreaves Land, Unallocated and HRMS.

- **Services:** Provides materials handling, mechanical and electrical engineering, land restoration, logistics and bulk earthmoving into the energy, environmental, infrastructure and industrial sectors.
- **Hargreaves Land:** The development and realisation of value from the land portfolio including rental income from investment properties and the share of profit of the Unity joint venture.
- **Unallocated:** The corporate overhead contains the central functions that are not devolved to the individual business units.
- **Hargreaves Raw Materials Services ("HRMS"):** The Group's share of its German joint venture, which includes Hargreaves Services Europe Limited, which is the parent company of HRMS and DK.

These segments are combinations of subsidiaries and joint ventures. They have separate management teams and provide different products and services. The four operating segments are also reportable segments.

The segment results, as reported to the Board of Directors, are calculated under the principles of IFRS. Performance is measured on the basis of underlying profit/(loss) before tax, which is reconciled to profit/(loss) before tax in the tables below:

	Services 2023 £000	Hargreaves Land 2023 £000	Unallocated 2023 £000	HRMS 2023 £000	Total 2023 £000
Revenue					
Total revenue	202,958	10,608	–	–	213,566
Intra-segment revenue	(2,107)	–	–	–	(2,107)
Revenue from external customers	200,851	10,608	–	–	211,459
Operating profit/(loss) (before exceptional items and amortisation)	14,326	3,011	(5,365)	–	11,972
Share of profit in joint ventures (net of tax)	–	841	–	15,470	16,311
Net finance (expense)/income	(1,956)	44	959	–	(953)
Amortisation charge	(175)	–	–	–	(175)

Profit/(loss) before taxation from continuing operations	12,195	3,896	(4,406)	15,470	27,155
Taxation	(231)	629	373	–	771
Profit/(loss) after taxation	11,964	4,525	(4,033)	15,470	27,926
Depreciation charge	14,295	110	165	–	14,570
Capital expenditure	33,690	6,083	235	–	40,008
Net assets/(liabilities)					
Segment assets	94,111	73,920	63,515	–	231,546
Segment liabilities	(85,028)	(6,623)	(13,186)	–	(104,837)
Segment net assets	9,083	67,297	50,329	–	126,709
Joint ventures	–	5,675	–	68,607	74,282
Total net assets	9,083	72,972	50,329	68,607	200,991

Unallocated net assets of £50.3m include cash and cash equivalents of £21.9m, net deferred tax asset of £11.3m, amounts due from joint ventures of £11.2m, amounts due to joint ventures of £4.1m, a net pension asset of £5.6m and other corporate items (£4.4m asset).

	Services 2022 £000	Hargreaves Land 2022 £000	Unallocated 2022 £000	Restated* HRMS 2022 £000	Restated* Total 2022 £000
Revenue					
Total revenue	163,800	15,100	–	–	178,900
Intra-segment revenue	(992)	–	–	–	(992)
Revenue from external customers	162,808	15,100	–	–	177,908
Operating profit/(loss) (before exceptional items)					
Operating profit/(loss) (before exceptional items)	8,011	1,211	(4,748)	–	4,474
Share of profit in joint ventures (net of tax)*	–	858	–	25,021	25,879
Net finance (expense)/income	(468)	58	463	–	53
Exceptional items	1,754	–	–	–	1,754
Profit/(loss) before taxation from continuing operations*	9,297	2,127	(4,285)	25,021	32,160
Taxation	3,343	(3,546)	550	–	347
Profit/(loss) after taxation*	12,640	(1,419)	(3,735)	25,021	32,507
Depreciation and impairment charge	(8,344)	(100)	(222)	–	(8,666)
Capital expenditure	(13,507)	(1,165)	(154)	–	(14,826)
Net assets/(liabilities)					
Segment assets	79,155	62,505	68,706	–	210,366
Segment liabilities	(70,104)	(7,391)	(8,118)	–	(85,613)
Segment net assets	9,051	55,114	60,588	–	124,753
Joint ventures*	–	4,836	–	50,260	55,096
Total net assets*	9,051	59,950	60,588	50,260	179,849

Unallocated net assets of £60.6m include cash and cash equivalents of £13.8m, deferred tax asset of £11.1m, amounts due from Jointly Controlled Entities of £29.3m, a net pension asset of £7.7m, deferred tax liability of £1.9m and other corporate items (£0.6m asset).

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

3 Exceptional Items

The Group incurred one exceptional item in the year ended 31 May 2022 as follows:

	2023 £000	2022 £000
Exceptional item in Administrative expenses		
Release of accrual relating to a liability from the year ended 31 May 2015	–	1,754
Total exceptional item in Administrative expenses	–	1,754
Total	–	1,754

In the year ended 31 May 2022, an aged accrual dating from the year ended 31 May 2015 totalling £1,754,000 was released as the potential for payment had lapsed due to time.

4 Taxation

Recognised in the Income Statement

	2023 £000	2022 £000
Current tax		
Current year	187	212
Adjustments for prior years	24	(4)
Current tax expense	211	208

Deferred tax

Origination and reversal of temporary timing differences	2,382	1,542
Adjustments for prior years	(3,364)	(2,097)
Deferred tax credit	(982)	(555)
Tax credit in Income Statement (excluding share of tax of equity accounted investees)	(771)	(347)

The deferred tax adjustment in respect of prior years of £3,364,000 (2022: £2,097,000) relates to losses assumed to be utilised in the previous year, which were ultimately retained.

Recognised in Other Comprehensive Income

	2023 £000	2022 £000
Deferred tax expense		
Effective portion of changes in fair value of cash flow hedges	–	(8)
Remeasurements of defined benefit pension schemes	(1,161)	(1,488)
	(1,161)	(1,496)

Reconciliation of Effective Tax Rate

	2023 £000	Restated* 2022 £000
Profit for the year from continuing operations*	27,926	32,507
Total tax credit	(771)	(347)
Profit before taxation from continuing operations*	27,155	32,160
Tax using the UK corporation tax rate of 20.00% (2022: 19.00%)*	5,431	6,110
Effect of tax rates in foreign jurisdictions	(159)	37
Tax effect of joint ventures*	(3,100)	(4,753)
Changes in unrecognised tax losses	(616)	136

Non-deductible expenses	776	407
Other temporary trading differences	237	(183)
Adjustment in respect of previous periods	(3,340)	(2,101)
Effective total tax credit	(771)	(347)

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Adjustment in respect of previous periods includes the impact of the “super deduction” of 130% on qualifying fixed asset additions, which resulted in losses that were expected to be utilised in the May 2022 computations being retained.

The UK corporation tax rate increased from 19.00% on 1 April 2023, therefore a blended rate of 20.00% has been used (2022: 19.00%).

Factors That May Affect Future Current and Total Tax Charges

Following the March 2022 budget, the corporate tax rate increased from 19% to 25% on 1 April 2023. The deferred tax balances at 31 May 2023 and 31 May 2022 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

5 Discontinued Operations

All discontinued operations results are attributable to equity holders. For the year ended 31 May 2023, there were no discontinued operations. For the year ended 31 May 2022, the Group’s discontinued operations made a profit of £2,000,000 after tax during the year.

The profit from discontinued operations in the prior year represents the contingent consideration received following the disposal of Brockwell Energy Limited (“Brockwell”). The Company disposed of the whole of its shareholding in Brockwell on 19 October 2018 with contingent consideration of £2m which was received in the year ended 31 May 2022. There are no remaining balances relating to this matter.

	2023 £000	2022 £000
Proceeds from disposal of subsidiary	–	2,000
Profit before tax of discontinued operations	–	2,000
Current tax charge	–	–
Profit for the year from discontinued operations	–	2,000

6 Earnings per Share

The calculation of earnings per share (“EPS”) is based on the profit for the year attributable to equity holders and on the weighted average number of shares in issue and ranking for dividend in the year.

	2023			Restated* 2022		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Underlying earnings per share from continuing operations*	28,066	86.28	84.55	31,086	96.06	93.22
Exceptional items, fair value adjustments, amortisation and impairment (net of tax)	(140)	(0.43)	(0.42)	1,421	4.39	4.26
Continuing basic earnings per share*	27,926	85.85	84.13	32,507	100.45	97.48
Discontinued operations	–	–	–	2,000	6.18	6.00
Basic earnings per share*	27,926	85.85	84.13	34,507	106.63	103.48
Weighted average number of shares		32,528	33,193		32,362	33,347

The calculation of weighted average number of shares includes the effect of own shares held of 611,118 (2022: 611,118).

The calculation of diluted earnings per share (“DEPS”) is based on the profit for the year and the weighted average number of ordinary shares in issue in the year. The potentially dilutive effect of the share options outstanding (effect on weighted average number of shares) is 665,549 (2022: 985,056); effect of basic earnings per ordinary share in the current year is 1.72p (2022: 3.15p). Effect on underlying earnings per ordinary share is 1.73p (2022: 2.84p). Effect on discontinued operations per ordinary share for 2023 is nil (2022: 0.18p).

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening

balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

Basic, continuing basic, underlying and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of 7.2p and 7.0p per share respectively. The amount of the correction for continuing basic and diluted earnings per share was a decrease of 7.2p and 7.0p per share respectively. The amount of the correction for underlying and diluted earnings per share was a decrease of 7.2p and 7.0p per share respectively.

7 Restatement relating to the year ended 31 May 2022

The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of 7.2p and 7.0p per share respectively.

The financial statement line items have been restated as follows:

Group Balance Sheet (Extract)

	As previously Reported at 1 June 2021	Opening Balance Decrease	1 June 2021 (Restated)
Investments in jointly controlled entities	31,187	(966)	30,221
Net Assets	144,296	(966)	143,330
Retained earnings	64,441	(966)	63,475
Total Equity	144,296	(966)	143,330

	As previously Reported at 31 May 2022	Opening Balance Decrease	Decrease in the Period	31 May 2022 (Restated)
Investments in jointly controlled entities	58,383	(966)	(2,321)	55,096
Net Assets	183,136	(966)	(2,321)	179,849
Retained earnings	102,781	(966)	(2,321)	99,494
Total Equity	183,136	(966)	(2,321)	179,849

Consolidated Statement of Profit and Loss and Other Comprehensive Income (Extract)

	As previously Reported at 31 May 2022	Decrease in the Period	31 May 2022 (Restated)
Share of profit in joint ventures (net of tax)	28,200	(2,321)	25,879
Profit before Tax	34,481	(2,321)	32,160
Taxation	347	–	347
Profit from Continuing Operations	34,828	(2,321)	32,507
Profit for the year from discontinuing operations	2,000	–	2,000
Profit for the year	36,828	(2,321)	34,507

Other comprehensive income:

Total Comprehensive income for the year	44,711	(2,321)	42,390
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Profit attributable to:

Equity holders of the company	37,040	(2,321)	34,719
Non-controlling interest	(212)	–	(212)
Profit for the year	36,828	(2,321)	34,507

Total comprehensive income attributable to:			
Equity holders of the company	44,923	(2,321)	42,602
Non-controlling interest	(212)	–	(212)
Profit for the year	44,711	(2,321)	42,390

Group Statement of Changes in Equity (Extract)

	Retained Earnings	Total Parent Equity	Non-Controlling Interest	Total Equity
As Previously Reported At 1 June 2021	64,441	144,306	(10)	144,296
Opening Balance Adjustment	(966)	(966)	–	(966)
Adjusted Balance at 1 June 2021	63,475	143,340	(10)	143,330
Profit/(loss) for the year				
As Previously Reported At 31 May 2022	37,040	37,040	(212)	36,828
Decrease in the current period	(2,321)	(2,321)	–	(2,321)
Adjusted Balance at 31 May 2022	34,719	34,719	(212)	34,507
Total comprehensive income/(expense) for the year				
As Previously Reported At 31 May 2022	44,577	44,923	(212)	44,711
Decrease in the current period	(2,321)	(2,321)	–	(2,321)
Adjusted Balance at 31 May 2022	42,256	42,602	(212)	42,390
Closing Balance at 31 May 2022				
As Previously Reported At 31 May 2022	102,781	183,358	(222)	183,136
Opening Balance Adjustment	(966)	(966)	–	(966)
Decrease in the current period	(2,321)	(2,321)	–	(2,321)
Adjusted Balance at 31 May 2022	99,494	180,071	(222)	179,849

8 Alternative Performance Measures Glossary

This report provides alternative performance measures (“APMs”), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide readers with important additional information on the business.

Alternative Performance Measure	Definition and Purpose	2023 £000	2022 £000
Underlying profit before tax (“UPBT”)	Represents the profit before tax prior to exceptional items, fair value adjustments, impairment and amortisation of intangible assets, and, in accordance with International Accounting Standards, includes the Group’s share of the post-tax profit of its German joint venture. This measure is consistent with how the business measures performance and is reported to the Board.		
		27,155	32,160
	Exceptional items (see Note 3)	-	(1,754)
	Amortisation of intangible assets	175	-
	Underlying Profit before Tax*	27,330	30,406

Basic underlying earnings per share	Profit attributable to the equity holders of the Company prior to exceptional items, impairment and amortisation of intangible assets and fair value gains on acquisition after tax divided by the weighted average number of ordinary shares during the financial year adjusted for the effects of any potentially dilutive options. See Note 6.
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EBITDA	EBITDA is defined as profit before tax from continuing operations prior to charges for depreciation, amortisation and impairment and interest and excludes the share of profit from joint ventures and gains and losses on the sale of fixed assets.
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	2023 £'000	2022 £'000
Profit before tax from continuing operations*	27,155	32,160
Depreciation and impairment	14,570	8,666
Amortisation of intangible assets	175	-
Net finance expense / (income)	953	(53)
Share of profit in joint ventures (net of tax)*	(16,311)	(25,879)
Profit on sale of fixed assets	(4,718)	(1,298)
EBITDA	21,824	13,596

Net Asset Value per share	Represents the Net Asset value of the Group divided by the number of shares in issue less those shares held in treasury. Calculated as follows:
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	2023	2022
Total shares in issue	33,138,756	33,138,756
Less shares in treasury	(611,118)	(611,118)
Shares for calculation	32,527,638	32,527,638
Net Asset Value per Balance Sheet*	£200,991,000	£179,849,000
Net Asset Value per share*	£6.18	£5.53

* The prior year numbers have been restated following a correction of the allowability of certain expenses for corporate tax in a joint venture for the year ended 31 May 2022 and prior years. The net effect of the changes for the year ended 31 May 2022 was a decrease in the opening balance of the investment in joint ventures of £966,000 and a decrease in the share of profit in joint ventures (net of tax) of £2,321,000 which has subsequently decreased the closing investment in joint ventures by £3,287,000. Please refer to Note 7.

9 Posting of Report & Accounts

The Group confirms that the annual report and accounts for the year ended 31 May 2023 will be posted to shareholders as soon as practicable and a copy will be made available on the Group's website:

www.hsgplc.co.uk