BRAIME GROUP PLC

("Braime" or the "Company" and with its subsidiaries the "Group")

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2022

At a meeting of the directors held today, the accounts for the year ended 31st December 2022 were submitted and approved by the directors. The accounts statement is as follows:

Chairman's statement

Overview

In my last full year before stepping down as Group Managing Director, I am delighted to be able to announce a new record annual result for the Group in 2022, with sales revenues of £44.9m, up £8.5m from £36.4m in 2021, and profit from operations at £4.1m, up £2.8m from £1.3m in 2021. The resulting earnings per share are increased to 188.96p compared to 52.08p in the prior year. Although the above result has been boosted by an exceptional foreign exchange gain of £0.8m due to the strengthening of the US Dollar against Sterling on the re-translation of our overseas earnings, the underlying strength of the result remains remarkable.

The result in 2022 also follows on from two better than expected results during the years of the pandemic. During the period, the Company has been fortunate to benefit from strong demand from the Group's two key areas of sales; in Braime Pressings strong sales of components for oil filters used in commercial vehicles, required to help maintain road transportation; and secondly, sales in the 4B branch of the business, of components used in the storage and processing of food related production. In both cases, we were very largely able to continue manufacturing and distributing our products globally due to the determination of our managers and staff to continue working as close to "normal" as possible. Although we expected a "post pandemic bounce", the level, and the immediacy of the additional demand, significantly exceeded our expectations, with the re-commencement of investment in capital projects delayed by the pandemic being larger and faster than expected.

While demand was badly affected in some areas by the invasion of Ukraine by Russia, the investment in new plant and machinery was very largely transferred elsewhere and the global nature of our business profile remains one of the key underlying strengths of our multinational trading business. The principal challenge faced by our management in 2022 was the shortage of, and the price escalation in, the cost of all raw materials, and the huge jump in both the cost and the delays in sea freight. Fortunately, across the Group, we had taken steps to build up our orders for materials stocks. These issues of course, did affect our cash flow and borrowings as discussed elsewhere. Ongoing inflation, and the need to find new sources of supply remain our largest challenges.

Dividends

The Company paid an interim dividend of 4.75p in October 2022. Based on the very positive result above, the directors propose paying a second interim dividend of 9.0p on 26th May 2023 to the holders of the Ordinary and "A" Ordinary Shares on the share register on 12th May 2023. The dividend paid in relation to 2022 has increased to 13.75p, compared to 12.45p in 2021.

Capital Investment

The most pleasing outcome of the above result is that the cash flow generated from operations has enabled us to continue to confidently pursue our long-term strategy of investing in plant and machinery, in order to improve our manufacturing business and maintain our investment in developing new innovative product.

In 2022, the Company invested £2.0m in capital investment, enhancing the area of the factory used to manufacture chain products. We were also thrown by the unexpected additional expense of having to rebuild a very large area of our original premises. As previously reported, the unexpected collapse of part of the rear of our Hunslet Road facility forced us to rebuild an area of our Grade II Listed building dating from circa 1850. This catastrophe followed the surprise discovery of a water well within our site, which had caused a significant escalation in the cost of our warehouse extension. We have used the opportunity to improve our main manufacturing facility and doubled the area of the factory available for our chain business, a growth area of the Group and added other adjacent storage and production areas, simplify the flow of goods between the various activities on site, and of course also improve the general condition of the facility to reduce the cost of future maintenance. The project is on schedule for completion by July 2023.

During the year we spent £1.4m on the capital element of the above project and expect to spend a further £0.3m in completing these works and in new storage racking to cope with the higher volumes of raw material stored on site. We have also invested in extending our facilities for product development, and in improving our employee facilities, both in the offices and on the shop floor, by adding new "break rooms", toilets, and locker rooms. Other significant capex expenditures include £0.3m in modernising a 600-tonne hydraulic press specifically to cope with new presswork expected to come on stream in late 2023, £0.1m in renewing key robotic production lines, and £0.1m in purchasing tooling for new product and various new machine tools to improve productivity and add capacity. We also continue to invest in generating solar energy, as discussed in the Group strategic report, and plan to further extend capture of solar energy to mitigate the spiralling increases in utility costs. Each year, we do need to continue to find further funds to maintain and improve our headquarters and main manufacturing facility. This expenditure in modernising our facilities is funded through profit generation and remains essential to the future of the business.

New Business and Product Development

During 2022, we have successfully integrated the distribution of additional electronic components purchased in 2022 while continuing with our ongoing program of developing both mechanical and electronic innovative new products. In 2022 new innovative 4B products bought to market include a range of Rotary Valves, used primarily in pneumatic material handling, three ranges of exceptionally robust plastic elevator buckets designed for handling industrial products such as aggregates, cement and glass, and developed new steel fittings to strengthen the lip of buckets to cope with exceptionally abrasive product such as potash.

We also launched our "4B IE Node". This is a new controller/monitor designed for bulk material handling systems. The IE node provides a user friendly and entirely user programable standalone alternative to PLC's, which in general require the installation of externally designed bespoke software. The IE Node can be integrated with our existing range of 4B sensors used to continuously monitor the condition of handling and processing equipment to give the user advance warning of potential problems and risks and provide data to improve plant maintenance The Company has also just launched a 4B Encoder, another product which uniquely can be simply and fully programmed by the end user themselves to cover the full spectrum of market requirements, which would otherwise involve selecting from a very large range of bespoke alternative encoders. Encoders are used to accurately position valves and gates and are widely used in both material handling and automation and so opens a further new market to the 4B business.

The founders of the Braime business, Harry Braime, my grandfather, his elder brother Thomas Braime, and their technical manager and partner, Stanley Dobson, built the existing business, founded in 1888, primarily by continuously designing user-friendly improvements to widely used existing and common "widgets". They were always focused on solving the common engineering problems of the end user. The current business tries to follow their example, believing that this is the only way for a small independent business to survive in an increasingly competitive manufacturing world.

Cash Flow and Stocks

These are detailed fully in the Group strategic report but it is necessary to highlight the particular requirement in 2022 to finance, not just an increase in receivables of £2.7m (related to the higher volume of sales), but also the quite exceptional increase in stocks of £3.2m, which were needed to mitigate the exceptional increase in the cost of materials and, wherever possible, to protect customers from the negative effects of rising prices and the longer delays in delivery. These problems have been the greatest challenges to our management throughout 2022.

Overall Strategy

Our strategy remains largely unchanged; continuing to invest in constantly improving our production processes; and exploring new potential global markets for our niche products and developing new innovative solutions for our customers' common engineering problems. It is the long-standing pursuit of this fundamental strategy which over many years has led to the improvement in our performance and to our recent record result in 2022.

Board Re-structure

On 1st February 2023, I stepped down from my role as Managing Director and the Group appointed my two sons, Carl and Alan Braime, as joint Chief Executives. Both have been on the Board since 2010 and have both experience and complimentary skills, including an in-depth understanding of the industries in which the business is involved and the needs of our key stakeholders. Together they are uniquely suited and well placed to transition the Group to its next phase of growth.

As announced on 19th April 2023, we are delighted that Mark Cooper, Tony Steels and Philip Stockdale will be joining the Board as non-executive directors on 1st May 2023. Mark brings expertise in the steel and automotive industry, Tony in the manufacture of complex capital equipment, and Philip has extensive experience in the electronic and the bulk material handling industries, as well as more recently, in the energy sector. Their combined experience in industries closely related to our own will bring tremendous value to the board.

Their appointments allow a short period of overlap with our two longstanding non-executives, Peter Alcock, and Andrew Walker. Both Peter and Andrew have signalled their intention to retire from the board with effect from 22nd of June 2023, at our AGM. Their extremely valuable contribution has guided the Group through some very challenging periods and helped to reshape the Group, enabling it to reach its current much stronger overall position.

Staff

I need to end my tenure as Group Managing Director by thanking all those staff who have given me so much help and support over many years and in particular thank my immediate peers without whose ideas and enthusiasm nothing would have been possible. Ultimately it is always the individual staff who both make a company and create its future.

Current Trading and Outlook

Given the current instability post the pandemic, and the ongoing energy crisis, it is even more difficult than usual to predict the future with any degree of certainty. None of us know if the war in Ukraine or the current deep geo-political tensions between the USA and China will cease to be a major concern.

While overall the Group continues to enjoy strong positive trading, different parts of our global group at this time are unusually performing quite differently. While the Asian regions of our markets remain relatively subdued, central Europe and Africa continue to be affected by energy shortages, but the US economy, our major market, continues to power buoyantly ahead, perhaps until they approach the instability which usually accompanies an election year.

The major challenges facing our management team throughout 2022 remain the same in 2023 and are largely common across the Group. These challenges include high and unpredictable cost inflation and the unreliability of supplies. Both threaten the competitiveness of the business and create an urgency in finding new and more stable sources of supply; both also divert finite management time away from the normal primary focus of the business, the search for new sales. Nevertheless, my hope remains that we will finally be able to return to re-focus on the future and the pursuit of our long-term strategy to maintain steady growth.

The current unstable political and economic background is not conducive to encourage capital investments in new machinery and so also threatens the volume of sales. The two key ingredients of success in the material handling industry are firstly the ability to consistently deliver the spare parts needed immediately to maintain critical plant in storage and processing plant, such as bucket elevators, and, secondly, a willingness to maintain, when necessary, prices for the duration of the contract in order to retain the customers confidence that new investment can be installed both on time and on the original budget, even when this can involve absorbing cost increases and accepting lower margins. So while business overall currently remains very strong, these issues, lower volumes, squeezed margins, the cost of carrying larger stocks, (and the accompanying cash flow requirements), can all be seen in our current trading. Repeating in 2023 the quite exceptional result achieved in 2022 may be an overambitious target but this does not stop us trying to overcome these challenges.

Nicholas Braime, Chairman

24th April 2023

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The directors present their strategic report of the Company and the Group for the year ended 31st December 2022.

Principal activities

The principal activities of the Group during the year under review was the manufacture of deep drawn metal presswork and the distribution of material handling components and monitoring equipment. Manufacturing activity is delivered through the Group's subsidiary Braime Pressings Limited and the distribution activity through the Group's 4B division.

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. Founded in 1888, the business has over 130 years of manufacturing experience. The metal presswork segment operates across several industries including the automotive sector and supplies external as well as group customers.

The subsidiaries within the 4B division are industry leaders in developing high quality, innovative and dependable material handling components for the agricultural and industrial sectors. They provide a range of complementary products including elevator buckets, elevator and conveyor belting, elevator bolts and belt fasteners, forged chain, level monitors and sensors and controllers for monitoring and providing preventative maintenance systems which facilitate handling and minimise the risk of explosion in hazardous areas. The 4B division has operations in the Americas, Europe, Asia, Australia and Africa and in 2022 traded in ninety countries. The US subsidiary also has an injection-molding plant. All injection-molded products are made wholly for internal consumption and this is classed as 4B division activity rather than included in the manufacturing segment.

Performance highlights

The board is pleased to report a significant improvement in the underlying results of the Group for the second year running. For the year ended 31st December 2022, the Group generated revenues of £44.9m, up £8.5m from prior year. Profit from operations before exceptional costs was £4.4m, up £2.0m from prior year and EBITDA before exceptional costs was £6.0m up £2.2m from prior year. As mentioned in note 3 of the financial statements, exceptional costs of £0.4m relate to additional costs in respect of extensive repairs to the chain cell area of our Hunslet Road property, following the discovery of a series of structural faults along three walls in 2021.

After exceptional costs, profit before tax was £3.8m, up £2.7m from prior year.

At 31st December 2022, the Group had net assets of £19.2m.

Cash flow

Inventories increased by £3.2m as the Group built stock to accommodate increased customer demand and also as a result of the impact of inflation on raw materials. Trade and other receivables increased by £2.7m reflecting increased customer activity during the period close to the year end. There was an increase in our trade and other payables of £4.9m reflecting the increase in purchases of stock and a reclassification of the balance of the chain cell provision of £481,000 from provisions to accruals. In total the business generated funds from operations of £3.4m (2021 - £1.9m). The Group continued its investment programme during the year, spending £2.1m on property, plant and equipment; £1.4m of this was on the construction of the new warehouse, enhancements in the chain cell area and improved employee facilities of our Hunslet property in the UK, and £0.7m on purchases of plant and machinery, mainly for our manufacturing division. The Group also spent £0.7m on the purchase of an exclusivity agreement with one of its trading partners as announced in the 2021 financial statements. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £0.8m, a decrease of £0.2m from the prior year.

Bank facilities

The Group's operating banking facilities are renewed annually. At the year end, the available headroom on its operating facilities was £2.8m. The development loan of £0.9m which was used to fund the new warehouse construction was converted to a five-year term loan in 2022. As previously announced, the Group has additionally obtained a development loan facility of £1.5m from its bankers HSBC, for the chain cell project. This carries an interest rate of 2.75% above base and is also expected to be converted to a five-year term loan upon completion of the project. The chain cell facility was not utilised until February 2023 and at the time of writing, the Group has only drawn down £978,000 of the chain cell facility. The business continues to enjoy good relations with its bankers.

Taxation

The tax charge for the year was £1.1m, with an effective rate of tax of 28.8% (2021 – 29.9%). The effective rate is higher than the standard UK tax rate of 19% (2021 – 19%); this results from the blending effect of the different rates of tax applied by each of the countries in which the Group operates, in particular, our US operations' tax charge affects the blended rate. In any financial year the effective rate will depend on the mix of countries in which profits are made, however the Group continues to review its tax profile to minimise the impact.

Capital expenditure

In 2022, the Group invested £2.8m (2021 - £2.1m) in property, plant and equipment and intangible assets. In addition to £1.4m spent on the UK warehouse construction, chain cell enhancements and improved employee facilities, the Group has enhanced its engineering capabilities, purchasing equipment in robotics, hydraulic press capability, and has continued to expand its belt cutting facilities portfolio. The intangible asset relates to the purchase of exclusivity rights with one of its key trading partners.

Balance sheet

Net assets of the Group have increased to £19.2m (2021 - £15.7m). Sterling weakened considerably against the United States dollar in 2022. Consequently, a foreign exchange gain of £0.8m (2021 – £0.1m gain) was recorded on the re-translation of the net assets of the overseas operations, which has increased retained earnings in the year.

Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in six other currencies and the principal exchange rates in use during 2022 and the comparative figures for 2021 are shown in the table below.

Currency	Symbol	Average rate Full year 2022	Average rate Full year 2021	Closing rate 31st Dec 2022	Closing rate 31st Dec 2021
Australian Dollar	AUD	1.777	1.838	1.771	1.859
Chinese Renminbi (Yuan)	CNY	8.354	8.875	8.394	8.606
Euro	EUR	1.170	1.165	1.128	1.191
South African Rand	ZAR	20.155	20.490	20.385	21.494
Thai Baht	THB	43.159	44.073	41.589	44.690
United States Dollar	USD	1.232	1.374	1.204	1.348

Our business model

The two segments of the Group are very different operations and serve different markets, however together they provide diversification, strength and balance to the Group and their activities.

The focus of the manufacturing business is to produce quality, technically demanding components. The use of automated equipment allows us to produce in high volumes whilst maintaining flexibility to respond to customer demands.

The material handling components business operates from a number of locations around the globe allowing us to be close to our core markets. The focus of the business is to provide innovative solutions drawing on our expertise in material handling and access to a broad product range.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Braime Pressings Limited sales of £11.8m were up £2.4m on prior year. External sales and intercompany sales were £6.7m and £5.1m as compared to £4.3m and £5.2m respectively in 2021. Profit for the period was £1.0m (2021 – £0.8m). The manufacturing arm benefitted from strong demand from the automotive sector as well as from the development of new products for the building sector. The board believes the business continues to add strategic value through its supply to the 4B division and complementary engineering expertise.

Performance of the 4B division, world-wide supplier of components and monitoring systems for the material handling industry

Revenues increased from £37.9m to £46.3m, with external sales up £6.9m. The 4B group saw revenue growth as the world economies continued to recover from the Covid pandemic with investment projects being undertaken by customers that had been delayed for a couple of years. Outside of the UK, revenue in the European market increased by £0.5m compared to 2021 with the Americas increasing by £4.9m, Australia and Asia by £1.0m and Africa by £0.1m driven by strong sales performance across the division. Profit for the period increased by £1.5m to £2.8m.

Key performance indicators

The Group uses the following key performance indicators to assess the performance of the Group as a whole and of the individual businesses:

Key performance indicator	Note	2022	2021
Turnover growth	1	23.3%	11.0%
Gross margin	2	47.6%	48.4%

Operating profit before exceptional item	3	4.45m	2.49m
Stock days	4	174 days	184 days
Debtor days	5	58 days	54 days

Notes to KPI's

1. Turnover growth
The Group aims to increase shareholder value by measuring the year on year growth in Group revenue. The board is pleased with the significant growth of Group revenues with strong demand across most product areas and geographical sectors.

2. Gross margin
Gross profit (revenue plus change in inventories less raw materials used) as a percentage of revenue is monitored to maximise profits available for reinvestment and distribution to shareholders. The decrease in gross margin is the result of higher material prices, especially in respect of steel products.

3. Operating profit before exceptional item
Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. The increase in operating profit before exceptional items reflects strong customer demand as confidence increased following the Covid-19 pandemic.

4. Stock days
The average value of inventories divided by raw materials and consumables used and changes in inventories of finished goods and work in progress expressed as a number of days is monitored to ensure the right level of stocks are held in order to meet customer demands whilst not carrying excessive amounts which impacts upon working capital requirements. Stock days have decreased due to the unwinding of the inventory build-up in December 2021, which was put in place to mitigate the impact of anticipated increases in raw materials costs in 2022.

5. Debtor days
The average value of trade receivables divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days have increased as a result of higher sales, particularly towards the end of the financial year.

Other metrics monitored weekly or monthly include quality measures (such as customer complaints), raw materials buying prices, capital expenditure, line utilisation, reportable accidents and near-misses.

Principal risks and uncertainties

The continued conflict in Ukraine as well as other geo-political pressures create uncertainties in the world markets in which the Group operates.

The Group's short reporting lines of management means it can remain nimble footed to sudden and/or large changes in the business landscape.

General risks
The market remains challenging for our manufacturing division, due to pricing pressures throughout the supply chain. The maintenance of the TS16949 quality standard is important to the Group and allows it to access growing markets within the automotive and other sectors. A process of continual improvement in systems and processes reduces this risk as well as providing increased flexibility to allow the business to respond to customer requirements.

Our 4B division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to design and supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. The monitoring systems are developed and improved on a regular basis.

The directors receive monthly reports on key customer and operational metrics from subsidiary management and review these. The potential impact of business risks and actions necessary to mitigate the risks, are also discussed and considered at the monthly board meetings. The directors have put in place formal business continuity and disaster recovery plans with respect to its UK and US operations. The more significant risks and uncertainties faced by the Group are set out below:-

- **Raw material price fluctuation**:- The Group is exposed to fluctuations in steel and other raw material prices and to mitigate this volatility, the Group fixes its prices with suppliers where possible.

- **Reputational risk**:- As the Group operates in relatively small markets any damage to, or loss of reputation could be a major concern. Rigorous management attention and quality control procedures are in place to maximise right first time and on time delivery. Responsibility is taken for ensuring swift remedial action on any issues and complaints.

- **Damage to warehouse or factory:-** Any significant damage to a factory or warehouse will cause short-term disruption. To mitigate these risks, the Group has arrangements with key suppliers to step up supply in the event of a disruption.

- **Economic fluctuations**:- The Group derives a significant proportion of its profits from outside the UK and is therefore sensitive to fluctuations in the economic conditions of overseas operations including foreign currency fluctuations. As the Covid-19 pandemic has demonstrated, economies are greatly intertwined and reverberations feed through the supply chain.

- **Cyber security**:- All businesses now rely almost totally on computers, networks and systems with 'data' information held on them, and require privacy and integrity of this data. The likelihood of cyber security attacks and security threats are key risks for every organisation. The Group reviews its security measures regularly with its IT providers.

Financial instruments

The operations expose the Group to a variety of financial risks including the effect of changes in interest rates on debt, foreign exchange rates, credit risk and liquidity risk.

The Group's exposure in the areas identified above are discussed in note 19 of the financial statements.

The Group's principal financial instruments comprise sterling and foreign cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from operations. The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group has no direct exposure to securities price risk, as it holds no listed equity instruments. The Group maintains a defined benefit scheme, the asset valuations are subject to market changes (note 21).

Foreign currency risk

The Group operates a centralised treasury function which manages the Group's banking facilities and all lines of funding. Forward contracts are on occasions used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency.

Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is mitigated by a stringent management of customer credit limits by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under medium term loans and finance leases and arranging funding for operations via bank overdrafts to aid short term flexibility.

Cash flow interest rate risk

Interest rate bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

The directors monitor the level of borrowings and interest costs to limit any adverse effects on the financial performance of the Group.

Health and safety

We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks. As a global business, the Group is able to tap into the experience of its various international locations to share best practice and learning points. The experience of the past two years has improved our plans and procedures in the event of future pandemics.

Research and development

The Group continues to invest in research and development and from time to time liaises with university engineering groups with a view to improving features of its products. This has resulted in innovations in the products which will benefit the Group in the medium to long term.

Duties to promote the success of the Company

Section 172 of the Companies Act 2006 requires the directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

The board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the directors have fulfilled their duties are set out below and in the Governance Report which in particular, expands on directors' duties and stakeholder liaison.

Business ethics and human rights

The board is respectful of the Company's long history, and considers the long-lasting impact of its decisions. We are committed to conducting our business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. As a business, we receive audits by both our independent auditors and by our customers and we look to source from suppliers who share our values. We encourage our employees to provide feedback on any issues they are concerned about and have a whistle-blowing policy that gives our employees the chance to report anything they believe is not meeting our required standards.

The Group is similarly committed to conducting our business in a way that is consistent with universal values on human rights and complying with the Human Rights Act 1998. The Group gives appropriate consideration to human rights issues in our approach to supply chain management, overseas employment policies and practices. Where appropriate, we support community partnering.

Employees

The quality and commitment of our people has played a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this. As a global business, the Group fully recognises and seeks to harness the benefits of diversity within its work force.

Environment

The Group's policy with regard to the environment is to understand and effectively manage the actual and potential environmental impact of our activities. Operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business and is currently looking at the new reporting requirements that may fall due in the future. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. The Company already has a 190KW solar PV system on its UK premises and has recently installed a further 120KW solar PV system. During the year, the Group conducted an energy audit of its principal plant and property with the help of energy consultants and has been implementing the findings to reduce our energy consumption. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations. The board is cognizant that climate change will change the business landscape for the future and is working to understand its wide-ranging impact on the Group's activities and operations.

Social and community matters

We recognise our responsibility to work in partnership with the communities in which we operate and we encourage active employee support for their community in particular, in aid of technical awareness and training. We regularly participate in a number of education events encouraging interest in engineering in young people. It is our policy not to provide political donations.

Consolidated income statement for the year ended 31st December 2022 (audited)

	2022	2021
	£'000	£'000
Revenue	**44,879**	36,406
Changes in inventories of finished goods and work in progress	**2,925**	869
Raw materials and consumables used	**(26,456)**	(19,656)
Employee benefits costs	**(10,260)**	(8,930)
Depreciation and amortisation expense	**(1,535)**	(1,334)
Other expenses	**(5,391)**	(4,954)
Other operating income	**287**	88
Profit from operations before exceptional item	**4,449**	2,489
Exceptional item	**(350)**	(1,217)
Profit from operations	**4,099**	1,272
Finance expense	**(282)**	(205)
Finance income	**5**	3
Profit before tax	**3,822**	1,070
Tax expense	**(1,101)**	(320)
Profit for the year	**2,721**	750
Profit attributable to:		
Owners of the parent	**2,768**	665
Non-controlling interests	**(47)**	85
	2,721	750
Basic and diluted earnings per share	**188.96p**	52.08p

Consolidated statement of comprehensive income for the year ended 31st December 2022 (audited)

	2022	2021
	£'000	£'000
Profit for the year	**2,721**	750
Items that will not be reclassified subsequently to profit or loss		
Net pension remeasurement gain on post employment benefits	**128**	90
Items that may be reclassified subsequently to profit or loss		
Foreign exchange gain on re-translation of overseas operations	**815**	87
Other comprehensive income for the year	**943**	177
Total comprehensive income for the year	**3,664**	927
Total comprehensive income attributable to:		
Owners of the parent	**3,727**	817

Non-controlling interests	**(63)**	110
	3,664	927

Consolidated balance sheet at 31st December 2022 (audited)

	2022 £'000	2021 £'000
Assets		
Non-current assets		
Property, plant and equipment	**9,782**	8,713
Intangible assets	**636**	25
Right of use assets	**425**	632
Total non-current assets	**10,843**	9,370
Current assets		
Inventories	**13,289**	10,124
Trade and other receivables	**8,760**	6,211
Cash and cash equivalents	**1,458**	1,463
Total current assets	**23,507**	17,798
Total assets	**34,350**	27,168
Liabilities		
Current liabilities		
Bank overdraft	**672**	489
Trade and other payables	**8,635**	4,895
Other financial liabilities	**3,219**	2,902
Corporation tax liability	**195**	41
Total current liabilities	**12,721**	8,327
Non-current liabilities		
Financial liabilities	**2,343**	2,046
Deferred income tax liability	**92**	24
Provision for liabilities	**-**	1,054
Total non-current liabilities	**2,435**	3,124
Total liabilities	**15,156**	11,451
Total net assets	**19,194**	15,717
Share capital	**360**	360
Capital reserve	**257**	257
Foreign exchange reserve	**742**	(89)
Retained earnings	**18,091**	15,382
Total equity attributable to the shareholders of the parent	**19,450**	15,910
Non-controlling interests	**(256)**	(193)
Total equity	**19,194**	15,717

Consolidated cash flow statement for the year ended 31st December 2022 (audited)

	2022 £'000	2021 £'000
Operating activities		
Net profit	**2,721**	750
Adjustments for:		
Depreciation and amortisation	**1,535**	1,334
Foreign exchange gains	**622**	210
Finance income	**(5)**	(3)
Finance expense	**282**	205
Gain on sale of land and buildings, plant, machinery and motor vehicles	**(188)**	(38)

Adjustment in respect of defined benefit scheme	**132**	91
Income tax expense	**1,101**	320
Income taxes paid	**(759)**	(679)
	2,720	1,440
Operating profit before changes in working capital and provisions	**5,441**	2,190
Increase in trade and other receivables	**(2,669)**	(288)
Increase in inventories	**(3,165)**	(1,259)
Increase in trade and other payables	**4,870**	179
(Decrease)/increase in provisions	**(1,054)**	1,054
	(2,018)	(314)
Cash generated from operations	**3,423**	1,876
Investing activities		
Purchases of property, plant, machinery and motor vehicles	**(2,053)**	(2,074)
Purchase of intangible assets	**(725)**	-
Sale of land and buildings, plant, machinery and motor vehicles	**216**	73
Interest received	**1**	2
	(2,561)	(1,999)
Financing activities		
Proceeds from long term borrowings	**236**	1,145
Repayment of borrowings	**(392)**	(452)
Repayment of hire purchase creditors	**(158)**	(182)
Repayment of lease liabilities	**(268)**	(234)
Bank interest paid	**(210)**	(124)
Lease interest paid	**(60)**	(65)
Hire purchase interest paid	**(11)**	(16)
Dividends paid	**(187)**	(173)
	(1,050)	(101)
Decrease in cash and cash equivalents	**(188)**	(224)
Cash and cash equivalents, beginning of period	**974**	1,198
Cash and cash equivalents, end of period	**786**	974

Consolidated statement of changes in equity for the year ended 31st December 2022 (audited)

	Share Capital £’000	**Capital Reserve £’000**	**Foreign Exchange Reserve £’000**	**Retained Earnings £’000**	**Total £’000**	**Non-Controlling Interests £’000**	**Total Equity £’000**
Balance at 1st January 2021	360	257	(151)	14,800	15,266	(303)	14,963
Comprehensive income							
Profit	-	-	-	665	665	85	750
Other comprehensive income							
Net pension remeasurement gain recognised directly in equity	-	-	-	90	90	-	90
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations	-	-	62	-	62	25	87
Total other comprehensive income	-	-	62	90	152	25	177
Total comprehensive income	-	-	62	755	817	110	927
Transactions with owners							
Dividends	-	-	-	(173)	(173)	-	(173)
Total transactions with owners	-	-	-	(173)	(173)	-	(173)
Balance at 1st January 2022	**360**	**257**	**(89)**	**15,382**	**15,910**	**(193)**	**15,717**
Comprehensive income							
Profit	**-**	**-**	**-**	**2,768**	**2,768**	**(47)**	**2,721**
Other comprehensive income							

Net pension remeasurement gain recognised directly in equity	-	-	-	128	128	-	128
Foreign exchange gains on re-translation of overseas subsidiaries consolidated operations	-	-	831	-	831	(16)	815
Total other comprehensive income	-	-	831	128	959	(16)	943
Total comprehensive income	-	-	831	2,896	3,727	(63)	3,664
Transactions with owners							
Dividends	-	-	-	(187)	(187)	-	(187)
Total transactions with owners	-	-	-	(187)	(187)	-	(187)
Balance at 31st December 2022	**360**	**257**	**742**	**18,091**	**19,450**	**(256)**	**19,194**

1. EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the net results attributable to shareholders of Braime Group PLC as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2021 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid	**2022**	2021
	£'000	£'000
Equity shares		
Ordinary shares		
Interim of 8.20p (2021 – 7.8p) per share paid on 24th May 2022	**39**	37
Interim of 4.75p (2021 – 4.25p) per share paid on 14th October 2022	**23**	20
	62	57
'A' Ordinary shares		
Interim of 8.20p (2021 – 7.80p) per share paid on 24th May 2022	**79**	75
Interim of 4.75p (2021 – 4.25p) per share paid on 14th October 2022	**46**	41
	125	116
Total dividends paid	**187**	173

An interim dividend of 9.00p per Ordinary and 'A' Ordinary share will be paid on 26th May 2023.

2. SEGMENTAL INFORMATION

	Central 2022 £'000	**Presswork Manufacturing 2022 £'000**	**4B 2022 £'000**	**Total 2022 £'000**
Revenue				
External	**-**	**6,688**	**38,191**	**44,879**
Inter Company	**1,880**	**5,149**	**8,087**	**15,116**
Total	**1,880**	**11,837**	**46,278**	**59,995**
Profit				
EBITDA	**(183)**	**1,118**	**4,699**	**5,634**
Finance costs	**(114)**	**(63)**	**(105)**	**(282)**
Finance income	**-**	**4**	**1**	**5**
Depreciation and amortisation	**(612)**	**(35)**	**(888)**	**(1,535)**
Tax expense	**(198)**	**-**	**(903)**	**(1,101)**
(Loss)/profit for the period	**(1,107)**	**1,024**	**2,804**	**2,721**
Assets				
Total assets	**7,225**	**9,206**	**17,919**	**34,350**
Additions to non current assets	**1,886**	**8**	**922**	**2,816**
Liabilities				
Total liabilities	**1,918**	**3,771**	**9,467**	**15,156**

	Central	Presswork Manufacturing	4B	Total

	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Revenue				
External	-	5,166	31,240	36,406
Inter Company	2,038	4,287	6,704	13,029
Total	2,038	9,453	37,944	49,435
Profit				
EBITDA	(740)	807	2,539	2,606
Finance costs	(69)	(37)	(99)	(205)
Finance income	-	1	2	3
Depreciation and amortisation	(608)	(34)	(692)	(1,334)
Tax expense	144	30	(494)	(320)
(Loss)/profit for the period	(1,273)	767	1,256	750
Assets				
Total assets	5,839	6,402	14,927	27,168
Additions to non current assets	1,219	11	1,298	2,528
Liabilities				
Total liabilities	2,109	2,525	6,817	11,451

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2022 as described in those financial statements.

4. ANNUAL GENERAL MEETING

The Annual General Meeting of the members of the company will be held at the registered office of the company at Hunslet Road, Leeds, LS10 1JZ on Thursday 22nd June 2023 at 11.45am. The annual report and financial statements will be sent to shareholders by 22nd May 2023 and will also be available on the company's website (www.braimegroup.com) from that date.

The Company will take into account any Government guidance or legislation in force at the time of the AGM and will implement any measures it believes necessary to protect the health and safety of attendees. Any changes to the format of the AGM will be communicated to shareholders through the Company's website and, where appropriate, by stock exchange announcement.

5. THE ANNOUNCEMENT

The financial information set out in this announcement does not constitute statutory accounts as defined by section 434 of the Company Act 2006. The financial information for the year ended 31st December 2022 has been extracted from the Group's financial statements upon which the auditor's opinion is unqualified, does not include reference to any matters to which they wish to draw attention by way of emphasis without qualifying their report, and does not include any statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2021 have been delivered to the Registrar of Companies, and those for 2022 will be delivered in due course.