Speedy Hire Plc
("Speedy", "the Company" or "the Group")

22 November 2023

FY2024 Interim Results
Results for the six months to 30 September 2023

Resilient performance and strong strategic progress

Speedy, the UK's leading tools and equipment hire services company, operating across the construction, infrastructure and industrial markets, announces results for the six months to 30 September 2023.

Financial Highlights

	6 months ended 30 September 2023 (£m)	6 months ended 30 September 2022 (£m)	*Change %*
Revenue	**208.5**	214.8	*(2.9%)*
Adjusted EBITDA[1 2]	**46.2**	47.4	*(2.5%)*
Adjusted EBTDA[1 2] margin	***22.2%***	*22.1%*	*10 bps*
Adjusted profit before tax[1 2]	**5.9**	13.4	*(56.0%)*
Adjusted earnings per share (pence)[2 3]	**0.98**	2.19	*(55.3%)*
Operating profit	**9.4**	12.9	*(27.1%)*
Profit before tax	**5.6**	13.2	*(57.6%)*
Basic earnings per share (pence)[2 3]	**0.91**	2.13	*(57.3%)*
Free cash flow[4]	**£10.6m**	£0.7m	-
Net debt[5]	**£89.6m**	£86.7m	*3.3%*
Dividend per share	**0.80p**	0.80p	-

Trading and operations update:

- Resilient UK hire revenue performance, down 1.2% versus H1 FY2023:
  - Challenging but manageable market backdrop
  - Benefitting from diverse customer mix, including strong national customer performance that mitigates some softening with regional customers
  - Recent national key contract wins and extensions, as well as strengthening pipeline

- Service revenue decrease of 5.2% versus H1 FY2023:
  - Strong performance in our Customer Solutions business
  - Decline in wholesale fuel prices impacting pass through revenue by £6.9m, however, margin maintained

- Executing well on our Velocity transformation and growth strategy:
  - Investing in the transformation of the business
  - Investing in specialist business growth engine including:
    - £0.5m in hydrogen electric powered access with Niftylift, supporting clean energy transition and commercial sustainability for our customers
    - Entered into a joint venture agreement with AFC Energy to provide sustainable power solutions – called Speedy Hire Solutions Limited
    - Acquisition of Green Power Hire Limited on 9 October 2023. Integrating well, with good first month of trading and significant interest from customers

- Digital evolution of our partnership with B&Q:
  - Launch of online, home delivery tool hire proposition on DIY.com and Trade-point.co.uk
  - Extend into over 310 B&Q stores nationally for digital hire in-store commencing before Christmas
  - Low cost-to-serve digital in-store and online hire proposition

- Continued investment in our People First strategic pillar
    - Average increase in base pay to colleagues of c.7% in April
    - 5.5pp improvement in voluntary attrition to prior year

Financial Performance

- Revenue of £208.5m in the first half (H1 FY2023: 214.8m)
- Resilient Adjusted EBITDA performance, down 2.5% but margin maintained at 22% with the shortfall in Revenue offset by disciplined cost control
- Adjusted profit before tax in H1 of £5.9m, down 56.0% on H1 FY2023 due to:
    - Investment in transformation to support Velocity strategy
    - Kazakhstan joint venture performing behind the record performance in FY23, also impacted by dollar exchange rate movements
    - Higher interest rates
- Profit after tax has decreased by 61.1% to £4.2m, impacted by the increase in the corporation tax rate
- Strong cash flow generation, with free cash flow up to £10.6m versus £0.7m in H1 FY2023
- Investment in hire fleet of £17.6m primarily in strategic purchases; H1 itemised utilisation was 50.5%, improving to 58.0% currently.
- Cash and facility headroom of £70.5m (31 March 2023: £83.5m)
- Net debt at £89.6m, leverage[6] of 1.3 times (31 March 2023: £92.4m, 1.3 times)
- Proposed interim dividend of 0.80 pence per share

Commenting on the results Dan Evans, Chief Executive, said:

“This set of results demonstrates our ability to perform resiliently against challenging but manageable market conditions, by maintaining price and cost discipline whilst investing in and executing on our Velocity Strategy.

The recent acquisition of Green Power Hire Limited and the launch of Speedy Hydrogen Solutions Limited in joint venture with AFC Energy to deliver market leading clean energy power generation and storage solutions for our customers, further demonstrates our Velocity strategy in action.

I am pleased to confirm the digital evolution of our partnership with B&Q, launching our online, home delivery tool hire proposition on diy.com and trade-point.co.uk. This will then be extended into over 310 B&Q stores nationally for digital hire in-store, in an overall lower cost to serve operating model.

The Group has a promising pipeline of opportunities to deliver revenue growth in the second half and beyond. As in prior years, the Group expects a second half weighting to its revenues and profits, as the winter programmes commence and new contracts fully mobilise in the period, including those communicated at year end. We expect to see the benefits of our investments in our Velocity strategy including operational efficiency and supply chain optimisation, in the second half and beyond. Whilst the macroeconomic outlook is uncertain, we remain confident of delivering results, albeit towards the lower end of the Board’s expectations”.

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Notes:

Explanatory notes:
The Group believes that the non-GAAP performance measures presented in this announcement provide valuable additional information for readers. Further details can be found in notes 7, 9 and 13.
[1] See note 9.
[2] Revised, see note 19.
[3] See note 7.
[4] Free cash flow: net cash flow before movement in loan balances and returns to shareholders.
[5] See note 13. This metric excludes lease liabilities.
[6] Leverage: Net debt[5] covered by EBITDA[1]. This metric excludes the impact of IFRS 16.

Inside Information: This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Forward looking statements: The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to Editors: Founded in 1977, Speedy is the UK's leading provider of tools and equipment hire services to a wide range of customers in the construction, infrastructure and industrial markets, as well as to local trade and industry. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001, ISO17020, ISO27001 and ISO45001. The Group operates from c.180 fixed sites and selected B&Q stores across the UK and Ireland together with a number of on-site facilities at client locations and through a joint venture in Kazakhstan.

Chief Executive’s statement

Overview

I am pleased to present our results for the first six months of the financial year. The business is performing resiliently in the face of cost inflation and well-documented macroeconomic uncertainty. Our focus is on delivering growth opportunities as well as operational efficiencies through exceptional customer service, excellent supplier and customer relationships.

Velocity, the Company's five year growth and transformation strategy, was launched earlier in the year at our Capital Markets Event and is progressing well. We have continued to invest in its early implementation as planned. Our Velocity strategy has included a clear focus on supply chain optimisation and is anticipated to deliver benefits in the second half of the current financial year and beyond.

Our strong balance sheet enables us to invest further in our business and build on the Group’s successful track record of leading on innovation. This is evidenced by our recent acquisition of Green Power Hire Limited (‘GPH’) and the launch of Speedy Hydrogen Solutions Limited (“SHS”) a 50:50 joint venture with AFC Energy designed to deliver market leading sustainable power generation and storage solutions for our customers. These are complemented by our partnership with Niftylift on bringing the UK&I’s first Hydrogen Electric powered access machines to market. The digital evolution of our partnership with B&Q, launching our online, home delivery tool hire proposition on diy.com and trade-point.co.uk is a great step forward. This will then be extended into over 310 B&Q stores nationally for digital hire in-store as the financial year develops, through a low cost to serve, digital, in-store and online proposition.

Trading performance

Our interim results for the six months to 30 September 2023 demonstrate the Group’s ability to perform in challenging market conditions. Building on the momentum from FY2023, revenue with our national customer base has continued on its growth trajectory, up 5%, offset by softening of demand from our regional customers down 6%. Our services business continues to perform well and, although its pass through revenues were impacted by £6.9m through the effect of a decrease in wholesale fuel prices, margins were maintained.

Group hire revenue in the first half was resilient. Within our national customer segment, we have won and renewed contracts during the period, strengthening the pipeline of opportunities expected to contribute further growth in the second half of the year and beyond. We continue to maximise our revenue with existing customers working on major UK projects through offering our unique holistic site solutions across our core and re-hire range (Customer Solutions). This has been offset by softening demand from our regional customers in the first half and overall hire revenue was 1.2% behind the first half of last year.

Our diversified services businesses ensure we are resilient to an economic downturn. Services revenue performed well, although is 5.2% down on the first half of the last year due to the decrease in wholesale fuel prices, offset by a strong performance in our Customer Solutions business. The decrease has not impacted gross margin, as direct costs fall proportionately.

We recognise that wider market conditions are uncertain, with sustained high interest rates, and inflationary pressures. We have observed some softening in demand as our customers review their use of assets with a view to operational efficiency. In order to deliver profitable growth, and whilst the market remains competitive, we are focused on tendering for and winning national contracts that bring value and collective success for both us and our customers. With this in mind, we have maintained strong hire fleet capex discipline to ensure we remain well balanced with our investment decisions, supported by our AI partnership with PEAK.

Supporting a key pillar in our Velocity growth strategy we are extending our partnership with B&Q by launching an online home delivery tool hire proposition on DIY.com and Trade-point.co.uk. This proposition will soon be live to B&Q and TradePoint customers and provides mass-market national exposure of our hire proposition to millions of trade and retail customers.

Following the online launch, before Christmas we will start to extend this proposition into over 310 B&Q stores nationally, enabling customers to digitally hire in-store our most popular products for home delivery and collection. This low cost-to-serve combination of in-store and online hire, combined with our existing digital propositions and service centre network, will accelerate our strategic aim of increasing share within the trade and retail markets.

Operational efficiency and cost control

Operational efficiency continues to be a key part of our Velocity strategy. Our strategic collaboration with Peak has supported our progression in the use of data and Artificial Intelligence ('AI') in decision making. AI is helping us ensure we have the right products to meet customer demand, in the right place, at the right time, in the most efficient way; linking our service centre network with our logistics and asset intelligence.

We have continued to develop our future state property programme. This programme is modernising our network with energy efficient, low carbon facilities that optimise efficiencies and reduce operational costs whilst creating better working environments for our people and a market leading experience for our customers.

Cost control remains a key ingredient in delivering sustainable profitable growth. The significant macro inflationary pressures are impacting all businesses at this time. We are controlling costs and focusing on initiatives to improve operational efficiency and the effective management of our supply chain. These initiatives are expected to generate further benefit in the second half of the year and beyond, allowing continued investment in the transformational aspect of our Velocity strategy, in support of our five year plan.

ESG

We continue to lead the hire industry in sustainability and are embracing product innovation in areas that are increasingly in demand from our customer base. We are working with partners to deliver award winning, sustainable solutions for customers and to accelerate our own carbon reduction pathway. Earlier this year we were delighted to announce our partnership with Niftylift to launch the world-first hydrogen-electric powered access platform; complemented by our acquisition of GPH and formation of SHS with AFC Energy. These collaborations further solidify our position as industry leader.

We were the first company in hire to commit to Science Based Targets (SBTi's) to achieve net zero carbon before 2040 and have now had those targets validated for both near and long term emission reduction by SBTi.

During the period we invested £17.6m in our hire fleet, of which 42% was in carbon efficient ECO products. The proportion of our revenue from carbon efficient ECO products has increased from c.32% in the comparative period to 50% in the first half of FY2024.

Our colleagues are central to achieving our ambitions for growth. We have a unique culture at Speedy, it's what we call our Speedy Spirit. It is something our customers and supply chain partners have come to know, as we strive, on a daily basis, to create solutions for our customers' needs. During the period we accelerated our People First agenda including an investment in base pay of £3.5m in the first half of the year.

Group financial performance

Total revenue for the period to 30 September 2023 decreased by 2.9% to £208.5m (H1 FY2023 £214.8m) with hire rate increases and strong performance with our national customers mitigating softening of revenues with our regional customers. Revenue from disposals was £2.0m (H1 FY2023: £2.4m).

Gross profit was £112.7m (H1 FY2023: £116.9m), a decrease of 3.6%. The gross margin decreased to 54.1% (H1 FY2023: 54.4%), with gross profit also reflecting higher depreciation charged against non-itemised equipment (£1.1m) and additional provisions recognised to cover asset write offs (£1.0m). The higher depreciation charge is the result of reducing the useful economic lives and residual values for certain asset categories.

Adjusted EBITDA was broadly flat year on year at £46.2m (H1 FY2023: £47.4m). The decrease in gross profit has been offset by disciplined cost management, with overheads £0.7m favourable to H1 FY2023 after absorbing £1.0m of Velocity transformation costs. The net result is a £3.5m decrease in operating profit to £9.4m (H1 FY2023: £12.9m). Adjusted profit before tax decreased by £7.5m to £5.9m (H1 FY2023: £13.4m), the result of higher interest costs and a record prior year for the joint venture.

Profit after taxation decreased to £4.2m (H1 FY2023: £10.8m), impacted by the increase in corporation tax rates.

Revenue and margin analysis

The Group generates revenue through two key categories, Hire and Services.

Revenue and margin by type	**Six Months ended 30 September 2023 £m**	Six Months ended 30 September 2022 £m	Change %	Year ended 31 March 2023 £m
Hire:				
Revenue	125.6	127.1	*(1.2)%*	258.0
Cost of sales	(28.8)	(27.1)		(54.8)
Gross profit	96.8	100.0	*(3.2)%*	203.2
Gross margin	***77.1%***	*78.7%*		*78.8%*
Services:				
Revenue	80.9	85.3	*(5.2)%*	176.3
Cost of sales	(65.1)	(69.5)		(142.9)
Gross profit	15.8	15.8	*0.0%*	33.4
Gross margin	***19.5%***	*18.5%*		***18.9%***

Hire revenues decreased by 1.2%, reflecting price increases and strong performance with our national customers, offsetting a softening in volume demand from our regional customers. A number of new and renewed contracts with key customers have been secured in the period and the Group has a promising pipeline of opportunities expected to contribute in H2 FY2024.

Services revenues (including fuel) decreased by 5.2% compared to H1 FY2023. Excluding fuel, services revenues were up 4.2% versus H1 FY2023 (£60.0m), with continued growth in Customer Solutions. Fuel revenue decreased 27.3% versus H1 FY2023 as a result of the decline in the wholesale price of both diesel and hydrogenated vegetable oil (HVO), which doesn't impact gross margin.

The Group implemented price increases in January 2023 to offset the effects of cost inflation on both overheads and new equipment purchases. The price increases take effect as framework agreements and hire contracts are renewed resulting in the benefit of those increases building throughout the year.

Gross margins decreased from 54.4% in H1 FY2023 to 54.1%. Hire margin decreased to 77.1% (H1 FY2023: 78.7%) due to pricing increases offset by lower utilisation and the impact of higher depreciation on non-itemised assets and additional provisions recognised in the period. Services margin improved from 18.5% in H1 FY2023 to 19.5% due to the change in sales mix weighted less toward lower margin fuel revenue.

Overheads

Inflationary pressures on overheads, particularly a pay increase in April 2023 along with utilities, were expected in FY2024. Disciplined cost management, with savings realised from our operational and management restructuring in the last financial year, has meant that we have reduced our underlying cost base even whilst implementing salary increases (c.£7.0m annual investment) and investing £1.0m in our transformation programme. To ensure we can continue to invest in our growth strategy, we are continuing to control costs through initiatives to improve operational efficiency and build on the effective management of our supply chain in H1 FY2024.

The UK and Ireland headcount at 30 September 2023 was 3,435 (31 March 2023: 3,375), an increase of 1.8%.

Interest

The Group's net financial expense increased to £5.7m (H1 FY2023: £3.6m) reflecting higher average gross borrowings throughout the year following the share buyback programme and the impact of increased interest rates on borrowings and on lease liabilities.

The Group's main bank facilities were extended for two years in May 2023, now expiring in July 2026. There were no changes to the terms of the facility following the extension and it continues to give the Group headroom with which to support organic and inorganic growth opportunities. Borrowings under the facility are priced based on SONIA plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the period, the margin payable on the outstanding debt fluctuated between 1.55% and 2.15% dependent on the weighting of borrowings between receivables and plant and machinery. The effective average margin in the period was 1.89% (H1 FY2023: 1.80%).

The Group utilises interest rate hedges to manage fluctuations in rates. The fair value of these hedges was £1.5m at 30 September 2023. The hedges have varying maturity dates, notional amounts and rates and provide the Group with mitigation against interest rate rises. Over the next 12 months c.50% of the expected net debt is hedged. As of October 2023, 65% of the Group' net debt is hedged with a weighted average hedge rate of 2.68%. Subsequent to the balance sheet date, a further £15m of debt was hedged in respect of the acquisition of Green Power Hire Limited.

Interest on lease liabilities of £2.3m (H1 FY2023: £1.6m) was charged during the period, impacted by the rise in interest rates which are used to calculate the incremental borrowing rate.

Taxation

The tax charge for the period was £1.4m (H1 FY2023: £2.4m), reflecting a projected full year effective tax rate before amortisation and exceptional items of 25.0% (H1 FY2023: 17.2%[2]). The effective rate has increased year on year due to the increase in the UK corporation tax rate to 25% for periods from 1 April 2023 which was substantively enacted on 24 May 2021.

Shares and earnings per share

At 30 September 2023, 516,983,637 (31 March 2023: 516,983,637) Speedy Hire Plc ordinary shares were in issue, of which 55,146,281 were held in treasury and 4,106,820 were held in the Employee Benefit Trust. Adjusted earnings per share was 0.98 pence (H1 FY2023: 2.19 pence[2]), a decrease of 1.21p (55.3%). Basic earnings per share was 0.91 pence (H1 FY2023: 2.13 pence).

Capital expenditure and disposals

Total capital expenditure during the period amounted to £22.4m (H1 FY2022: £34.4m), of which £17.6m (H1 FY2023: £30.5m) related to equipment for hire, and £4.8m related to non-hire property, plant and equipment (H1 FY2023: £3.9m).

Our hire fleet investment included a significant proportion of carbon efficient ECO products, in line with the increasing relevance of sustainable solutions including customers mandating zero site emissions in some instances.

Asset count update

At the end of September, a full count of all itemised and non-itemised hire equipment was undertaken and the results of the count have not identified the need for any increased asset provisions. Blended count accuracy across the entire fleet was 99.3%, with, at least, the same level of accuracy targeted for the second half. A further full count will be undertaken in March 2024, in addition to other targeted counts during the remainder of the financial year. The Group remains committed to continual improvement of processes and controls in this area. The actions taken by the Group over the past nine months to improve asset controls continue to demonstrate benefits with digital technology being trialled to further assist in the control and counting of hire equipment.

Balance sheet

The Group has maintained a strong balance sheet and is well placed to continue to pursue financial and strategic objectives despite the macroeconomic uncertainties.

Net assets at 30 September 2023 were £181.9m (31 March 2023: £184.6m). ROCE was 11.9% for the 12 months to September 2023 (12 months to 30 September 2022: 12.5%[2]).

Net property, plant and equipment (excluding IFRS 16 right of use assets) decreased to £229.6m at 30 September 2023 (31 March 2023: £237.7m). The net book value of equipment for hire has decreased from £207.9m to £200.1m, representing 87.2% (31 March 2023: 87.5%) of the total property, plant and equipment balance.

Intangible assets decreased marginally to £24.1m (31 March 2023: £25.0m), with investment in software development offset by amortisation charged.

Right of use assets of £83.4m (31 March 2023: £83.2m) and corresponding lease liabilities of £86.6m (31 March 2023: £86.1m) were recognised at 30 September 2023. New leases and renewals entered into during the period have been broadly offset by exits in the period.

Gross trade receivables totalled £100.5m at 30 September 2023 (31 March 2023: £102.2m), benefiting from continued strong cash collections and a focus on overdue debt. Bad debt and credit note provisions were £3.7m at 30 September 2023 (31 March 2023: £4.3m), equivalent to 3.7% of gross trade receivables (31 March 2023: 4.2%). In setting the provisions the Directors have given specific consideration to the impact of macroeconomic uncertainties. Whilst the Group has not experienced a significant worsening of debt collections or debt write-offs in H1 FY2024, there are indications of economic vulnerability and increasing insolvencies and therefore we continue to monitor the situation closely. In light of this, the Group expects to take a prudent position and increase provisions in the second half.

Debtor days were 67 days (31 March 2023: 61 days), broadly consistent with September 2022 (68 days). Trade payables were £42.9m (31 March 2023: £39.1m). Creditor days were 47 days (31 March 2023: 37 days) a significant improvement on September 2022 (56 days), arising from effective working capital management.

Cash flow and net debt

Cash generated from operations (before changes in hire fleet) for the period was £42.4m (H1 FY2023: £40.2m), representing 91.7% conversion from adjusted EBITDA (H1 FY2023: 84.8%[2]), reflecting the continued focus on working capital improvements. Free cash flow[4] increased to £10.6m (H1 FY2023: £0.7m), as cash disciplines across the business were reinforced.

Net debt decreased by £2.8m from £92.4m at the beginning of the period to £89.6m at 30 September 2023. Net debt to adjusted EBITDA (rolling 12 months basis) remained flat at 1.3 times (31 March 2023: 1.3 times).

The Group's continued strong cash position resulted in cash and facility headroom of £70.5m within the Group's committed bank facility (31 March 2023: £83.5m).

Post balance sheet acquisitions and business developments

On October 9 2023, we acquired sustainable power solutions specialist, GPH, for an enterprise value of £20.2m. The total consideration, which was funded from the Company's existing debt facilities, represented £10m of equity value and assumed debt of £10.2m which was settled at completion. Integration is progressing well, post acquisition trading has been positive and in line with the Group's business plan, and we have observed significant interest from existing and new customers.

On November 15 2023, we announced the formation of a 50:50 joint venture company SHS with AFC Energy, a leading provider of hydrogen powered generator technologies. SHS will be a dedicated hydrogen powered generator plant hire business promoting sustainable, zero emission, temporary power solutions designed specifically for the off-grid generation market. SHS will initially be jointly funded by AFC Energy and Speedy by up to £2.5m each through initial equity subscription and subsequent shareholder loans subject to SHS performance.

Dividend

The Board is committed to maintaining an efficient balance sheet and regularly reviews the Group's capital resources in light of the medium-term investment requirements and in accordance with the capital allocation policy.

The Board has declared an interim dividend of 0.80 pence per share (H1 FY2023 interim dividend: 0.80 pence per share), to be paid on 19 January 2024 to shareholders on the register on 8 December 2023.

A Dividend Reinvestment Plan ("DRIP") is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.34

Capital allocation policy

The Board intends to continue to invest in the business in order to grow revenue, profit and ROCE. This investment is expected to include capital expenditure within existing operations, as well as value enhancing acquisitions that fit with the Group's strategy and are returns accretive.

The Board's objective is to maximise long-term shareholder returns through a disciplined deployment of cash generated, and it has adopted the following capital allocation policy in support of this as highlighted as part of our Velocity strategy:

- Organic growth: the Board will invest in capital equipment to support demand in our chosen markets. This investment will be in hire fleet and IT systems to better enable us to serve our customers;
- Regular returns to shareholders: the Board intends to pay a regular dividend to shareholders, with a policy of growing dividends through the business cycle, and a payment in the range of between 33% and 50% adjusted earnings per share;
- Acquisitions: the Board will continue to explore value enhancing acquisition opportunities in markets adjacent to, and consistent with its Velocity strategy;
- Gearing and treatment of excess capital: the Board is committed to maintaining an efficient balance sheet. The Board has adopted a target leverage in the region of 1.5x net debt to EBITDA through the business cycle, although it is prepared to move outside this if circumstances warrant.

The Board continues to believe that a strong balance sheet is appropriate for the current stage of the cycle to allow the company take full advantage of opportunities that arise.

Board

As announced in June 2023, Paul Rayner was appointed as Chief Financial Officer and executive director with effect from 1 July 2023 following an initial interim period and comprehensive recruitment process supported by external consultants.

Outlook

We have delivered resilient results for the first half of 2023 against a challenging but manageable market backdrop. We have also maintained investment in our Velocity Strategy. The Group has a promising pipeline of opportunities to deliver revenue growth in the second half and beyond and we will continue our strategic investment in growth initiatives including Transformation, Trade and Retail and ESG.

Whilst the macroeconomic outlook is uncertain and inflationary pressures remain high, the business is resilient and well positioned to manage these challenging market conditions. As in prior years, the Group expects a strong second half weighting to its hire revenues and profits, as the winter programmes commence and new contracts extended and won fully mobilise in the period, including those communicated at year end. We expect to see the benefits of our investments in our Velocity strategy including operational efficiency and supply chain optimisation, in the second half and beyond.

The Board remains confident of delivering results for the full year, albeit at the lower end of its expectations.

Dan Evans
Chief Executive

Interim condensed consolidated income statement

	Note	**Six months ended 30 September 2023**	Six months ended 30 September 2022	Year ended 31 March 2023 Before exceptional items	Year ended 31 March 2023 Exceptional items[1]	Year ended 31 March 2023 Total
		£m	£m	£m	£m	£m
Revenue	*3*	**208.5**	214.8	440.6	-	440.6
Cost of sales		**(95.8)**	(97.9)	(201.2)	(20.4)	(221.6)
Gross profit		**112.7**	116.9	239.4	(20.4)	219.0
Distribution and administrative costs		**(101.4)**	(102.1)	(203.1)	(8.1)	(211.2)
Impairment losses on trade receivables		**(1.9)**	(1.9)	(4.0)	-	(4.0)
Operating profit		**9.4**	12.9	32.3	(28.5)	3.8
Share of results of joint venture		**1.9**	3.9	6.6	-	6.6
Profit from operations		**11.3**	16.8	38.9	(28.5)	10.4
Financial expense	*5*	**(5.7)**	(3.6)	(8.6)	-	(8.6)
Profit before taxation		**5.6**	13.2	30.3	(28.5)	1.8
Taxation	*6*	**(1.4)**	(2.4)	(6.5)	5.9	(0.6)
Profit for the financial period		**4.2**	10.8	23.8	(22.6)	1.2
Earnings per share						
- Basic (pence)	*7*	**0.91**	2.13			0.25
- Diluted (pence)	*7*	**0.91**	2.07			0.24
Non-GAAP performance measures (continuing operations)						
EBITDA before exceptional items[2]	*9*	**46.2**	47.4			102.0
Adjusted profit before tax[2]	*9*	**5.9**	13.4			30.7
Adjusted earnings per share (pence)[3]	*7*	**0.98**	2.19			4.96
Adjusted diluted earnings per share (pence)[3]	*7*	**0.97**	2.13			4.92

[1] See note 4.

[2] See notes 9 and 19.

[3] See notes 7 and 19.

All activities in each period presented related to continuing operations.

Interim condensed consolidated statement of comprehensive income

	Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023
	£m	£m	£m
Profit for the financial period	**4.2**	10.8	1.2
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges	**0.8**	1.7	0.2
- Exchange difference on retranslation of foreign operations	**(0.1)**	2.2	0.5
- Tax on items	**-**	(0.2)	-
Other comprehensive income, net of tax	**0.7**	3.7	0.7
Total comprehensive income for the financial period	**4.9**	14.5	1.9

Interim condensed consolidated balance sheet

	Note	**30 September 2023 £m**	30 September 2022 Restated* £m	31 March 2023 Restated* £m
ASSETS				
Non-current assets				
Intangible assets	*10*	**24.1**	25.4	25.0
Investment in joint venture		**8.4**	10.2	9.2
Property, plant and equipment				
- Land and buildings	*11*	**14.3**	13.9	13.9
- Hire equipment	*11*	**200.1**	234.4	207.9
- Other	*11*	**15.2**	16.3	15.9
Right of use assets	*12*	**83.4**	80.5	83.2
Deferred tax assets		**-**	1.5	-
		345.5	382.2	355.1
Current assets				
Inventories		**12.5**	12.3	12.7
Trade and other receivables		**108.4**	117.0	106.0
Cash	*13*	**1.8**	0.9	1.1
Current tax asset		**1.2**	1.1	0.3
Derivative financial assets	*14*	**1.5**	2.2	1.2
		125.4	133.5	121.3
Total assets		**470.9**	515.7	476.4
LIABILITIES				
Current liabilities				
Borrowings	*13*	**(0.8)**	(1.5)	(1.3)
Lease liabilities	*13*	**(20.0)**	(20.4)	(22.1)
Trade and other payables		**(89.0)**	(107.9)	(88.6)
Derivative financial liabilities	*14*	**-**	-	(0.6)
Provisions		**(7.5)**	(7.2)	(9.3)
		(117.3)	(137.0)	(121.9)
Net current assets/(liabilities)		**8.1**	(3.5)	(0.6)
Non-current liabilities				
Borrowings	*13*	**(90.6)**	(86.1)	(92.2)
Lease liabilities	*13*	**(66.6)**	(62.3)	(64.0)
Provisions		**(7.0)**	(6.7)	(6.3)
Deferred tax liabilities		**(7.5)**	(11.8)	(7.4)
		(171.7)	(166.9)	(169.9)
Total liabilities		**(289.0)**	(303.9)	(291.8)
Net assets		**181.9**	211.8	184.6
EQUITY				
Share capital		**25.8**	25.8	25.8
Share premium		**1.9**	1.9	1.9
Capital redemption reserve		**0.7**	0.7	0.7
Merger reserve		**1.0**	1.0	1.0
Hedging reserve		**1.1**	1.8	0.3
Translation reserve		**(1.4)**	0.4	(1.3)
Retained earnings		**152.8**	180.2	156.2
		181.9	211.8	184.6

*See note 19.

Interim condensed consolidated statement of changes in equity

	Share Capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2022 reported	25.9	1.8	0.6	1.0	0.1	(1.8)	198.8	226.4
Restatement*	-	-	-	-	-	-	(10.0)	(10.0)
At 1 April 2022 restated*	25.9	1.8	0.6	1.0	0.1	(1.8)	188.8	216.4
Profit for the period	-	-	-	-	-	-	10.8	10.8
Other comprehensive income	-	-	-	-	1.7	2.2	(0.2)	3.7
Total comprehensive income	-	-	-	-	1.7	2.2	10.6	14.5
Dividends	-	-	-	-	-	-	(7.1)	(7.1)
Equity-settled share-based payments	-	-	-	-	-	-	0.6	0.6
Purchase of own shares for cancellation or placement in treasury	(0.1)	-	0.1	-	-	-	(12.6)	(12.6)
Tax on items taken directly to equity	-	-	-	-	-	-	(0.1)	(0.1)
Issue of shares under the Sharesave Scheme	-	0.1	-	-	-	-	-	0.1
At 30 September 2022 restated*	25.8	1.9	0.7	1.0	1.8	0.4	180.2	211.8
Profit for the period	-	-	-	-	-	-	(9.5)	(9.5)
Other comprehensive income	-	-	-	-	(1.5)	(1.7)	0.2	(3.0)
Total comprehensive income	-	-	-	-	(1.5)	(1.7)	(9.3)	(12.5)
Dividends	-	-	-	-	-	-	(3.8)	(3.8)
Equity-settled share-based payments	-	-	-	-	-	-	0.5	0.5
Purchase of own shares for cancellation or placement in treasury	-	-	-	-	-	-	(11.4)	(11.4)
At 31 March 2023	25.8	1.9	0.7	1.0	0.3	(1.3)	156.2	184.6
Profit for the period	-	-	-	-	-	-	4.2	4.2
Other comprehensive income	-	-	-	-	0.8	(0.1)	-	0.7
Total comprehensive income	-	-	-	-	0.8	(0.1)	4.2	4.9
Dividends	-	-	-	-	-	-	(8.2)	(8.2)
Equity-settled share-based payments	-	-	-	-	-	-	0.6	0.6
At 30 September 2023	**25.8**	**1.9**	**0.7**	**1.0**	**1.1**	**(1.4)**	**152.8**	**181.9**

*See note 19.

Interim condensed consolidated statement of cash flows

	Note	**Six months ended 30 September 2023 £m**	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Cash generated from operating activities				
Profit before tax		**5.6**	13.2	1.8
Net financial expense		**5.7**	3.6	8.6
Amortisation		**1.0**	0.9	1.8
Depreciation		**34.6**	34.5	69.6
Share of profit from joint venture		**(1.9)**	(3.9)	(6.6)
Termination of lease contracts		**(0.1)**	0.1	(0.4)
Loss / (profit) on disposal of hire equipment		**1.2**	(0.8)	(1.7)
Exceptional write-off	*4*	**-**	-	20.4
Profit on disposal of non-hire equipment		**-**	(0.1)	-
Decrease/(increase) in inventories*		**0.2**	(4.2)	(4.6)
(Increase)/decrease in trade and other receivables*		**(1.3)**	(11.6)	1.5
(Decrease)/increase in trade and other payables*		**(2.1)**	8.9	(3.5)
(Decrease)/increase in provisions		**(1.1)**	(1.0)	0.7
Equity-settled share-based payments		**0.6**	0.6	1.1
Cash generated from operations before changes in hire fleet		**42.4**	40.2	88.7
Purchase of hire equipment		**(16.0)**	(25.1)	(54.2)
Proceeds from planned sale of hire equipment*		**2.0**	2.4	6.3
Proceeds from customer loss/damage of hire equipment*		**5.1**	5.0	11.1
Cash generated from operations		**33.5**	22.5	51.9
Interest paid		**(5.7)**	(4.6)	(8.4)
Tax paid		**(2.3)**	(2.8)	(3.1)
Net cash flow from operating activities		**25.5**	15.1	40.4
Cash flow used in investing activities				
Purchase of non-hire property, plant and equipment		**(4.8)**	(3.9)	(8.7)
Capital expenditure on IT development*		**(0.2)**	(0.4)	(0.9)
Proceeds from sale of non-hire property, plant and equipment		**0.1**	0.6	0.6
Dividends and loan repayments from joint venture		**2.7**	2.3	5.6
Net cash flow used in investing activities		**(2.2)**	(1.4)	(3.4)
Net cash flow before financing activities		**23.3**	13.7	37.0
Cash flow from financing activities				
Payments for the principal element of leases		**(12.7)**	(13.1)	(26.5)
Drawdown of loans		**263.2**	295.2	595.6
Repayment of loans		**(264.4)**	(277.7)	(572.3)
Proceeds from the issue of Sharesave Scheme shares		**-**	0.1	0.1
Purchase of own shares for cancellation or placement in treasury		**-**	(12.6)	(24.0)
Dividends paid		**(8.2)**	(7.1)	(10.9)
Net cash flow from financing activities		**(22.1)**	(15.2)	(38.0)
Increase/(decrease) in cash and cash equivalents		**1.2**	(1.5)	(1.0)
Cash and cash equivalents at the start of the period		**(0.2)**	0.9	0.8
Cash and cash equivalents at the end of the period		**1.0**	(0.6)	(0.2)
Analysis of cash and cash equivalents				
Cash	*13*	**1.8**	0.9	1.1
Bank overdraft	*13*	**(0.8)**	(1.5)	(1.3)
		1.0	(0.6)	(0.2)

*Prior period restated to present working capital movements separately, to split proceeds from the disposal of hire equipment between planned and customer loss/damage, and to separate capital expenditure on IT development from other purchases of non-hire property, plant and equipment.

1 Accounting policies

Speedy Hire Plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company for the six months ended 30 September 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

The financial statements of the Group for the year ended 31 March 2023 are available from the Company's registered office, or from the website: www.speedyservices.com.

Basis of preparation

These interim condensed consolidated financial statements have been prepared under the historical cost convention, with the exception of certain financial assets and liabilities (including derivative instruments) which are measured at fair value through profit or loss.

The Directors consider the going concern basis of preparation for the Group and Company to be appropriate for the following reasons.

The Group's £180m asset based finance facility was entered into in July 2021 on a three year tenure. On 26 May 2023 options for a further two one-year extensions were exercised and the facility now terminates in July 2026. There are no prior scheduled repayment requirements. The additional uncommitted accordion of £220m remains in place through to July 2026. Cash and facility headroom as at 30 September 2023 was £70.5m (31 March 2023: £83.5m) based on the Group's eligible hire equipment and trade receivables.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment covering at least 12 months from the date on which these interim condensed consolidated financial statements were authorised for issue, which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant requirements set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of current and future market conditions on projected revenues and an assessment of the net capital investment required to support those expected level of revenues.

The Board has considered severe but plausible downside scenarios to the base case, which result in reduced levels of revenue across the Group, whilst also maintaining a consistent cost base. Mitigations applied in these downturn scenarios include a reduction in planned capital expenditure. Despite the significant impact of the assumptions applied in these scenarios, the Group maintains sufficient headroom against its available facility and covenant requirements.

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these interim condensed consolidated financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim condensed consolidated financial statements.

Statement of compliance

These interim condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2023, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006, and any public announcements made by Speedy Hire Plc during the interim reporting period.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023 were approved by the board of directors on 30 June 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was qualified in respect of the Group's property, plant and equipment balance, however did not contain any statement under section 498 of the Companies Act 2006.

These interim condensed consolidated financial statements have been reviewed, not audited.

The interim report was approved by the Board of Directors on 21 November 2023.

Significant accounting policies

Other accounting policies

There have been no new standards or interpretations issued or endorsed by the International Accounting Standards Board (IASB) or IFRIC since the date of the FY2023 year end financial statements that materially impact the Group.

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2023.

The carrying amount of goodwill is tested annually for impairment and, along with other non-financial assets, at each reporting date to the extent that there are any indicators of impairment. Due to the market capitalisation of the Group at 30 September 2023 being below the consolidated net asset position, a full impairment test has been undertaken at the interim reporting date, detail on which can be found in note 10.

Seasonality

In addition to economic factors, revenue is subject to an element of seasonal fluctuation. Whilst construction activity tends to increase in the summer months, the equipment range helps to mitigate the impact, specifically with heating, lighting and power generation products being more in demand during the winter months. Overall, the Directors do not feel that these factors have a material effect on the performance of the Group when comparing first half results to those achieved in the second half.

2 Changes in estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty for the consolidated financial statements for the year ended 31 March 2023 continued to apply.

3 Segmental analysis

The segmental disclosure presented in these interim condensed consolidated financial statements reflects the format of reports reviewed by the ‘chief operating decision-maker’. UK and Ireland business delivers asset management, with tailored services and a continued commitment to relationship management. Corporate items comprise certain central activities and costs that are not directly related to the activity of the operating segment. The financing of the Group’s activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activity of the operating segment, together with net corporate borrowings and taxation.

For the six months ended 30 September 2023

	Hire excluding disposals £m	Services £m	UK and Ireland[1] £m	Corporate items £m	Total £m
Revenue	**125.6**	**80.9**	**208.5**	**-**	**208.5**
Cost of sales	**(28.8)**	**(65.1)**	**(95.8)**	**-**	**(95.8)**
Gross Profit	**96.8**	**15.8**	**112.7**	**-**	**112.7**
Segment result:					
Adjusted EBITDA			**47.0**	**(0.8)**	**46.2**
Depreciation[2]			**(34.4)**	**(0.2)**	**(34.6)**
Loss on disposal			**(1.2)**	**-**	**(1.2)**
Operating profit/(loss) before amortisation			**11.4**	**(1.0)**	**10.4**
Amortisation[2]			**(1.0)**	**-**	**(1.0)**
Operating profit/(loss)			**10.4**	**(1.0)**	**9.4**
Share of results of joint venture			**-**	**1.9**	**1.9**
Profit from operations			**10.4**	**0.9**	**11.3**
Financial expense					**(5.7)**
Profit before tax					**5.6**
Taxation					**(1.4)**
Profit for the financial period					**4.2**
Intangible assets[2]			**18.8**	**5.3**	**24.1**
Investment in joint venture			**-**	**8.4**	**8.4**
Land and buildings			**14.3**	**-**	**14.3**
Hire equipment			**200.1**	**-**	**200.1**
Non-hire equipment			**15.2**	**-**	**15.2**
Right of use assets			**83.4**	**-**	**83.4**
Taxation assets			**-**	**1.2**	**1.2**
Current assets			**116.0**	**6.4**	**122.4**
Cash			**-**	**1.8**	**1.8**
Total assets			**447.8**	**23.1**	**470.9**
Lease liabilities			**(86.6)**	**-**	**(86.6)**
Other liabilities			**(85.7)**	**(17.8)**	**(103.5)**
Borrowings			**-**	**(90.6)**	**(90.6)**
Taxation liabilities			**-**	**(7.5)**	**(7.5)**
Total liabilities			**(172.3)**	**(115.9)**	**(288.2)**

[1] UK and Ireland also includes revenue and costs relating to the disposal of hire assets.

[2] Intangible assets in Corporate items relate to the Group’s ERP system, amortisation is charged to the UK and Ireland segment as this is fundamental to the trading operations of the Group. Depreciation in Corporate items relates to computers and is recharged from the UK and Ireland based on proportional usage.

For the six months ended 30 September 2022 restated[3]

	Hire excluding disposals £m	Services £m	UK and Ireland[1] £m	Corporate items £m	Total £m
Revenue	127.1	85.3	214.8	-	214.8
Cost of sales	(27.1)	(69.5)	(97.9)	-	(97.9)
Gross Profit	100.0	15.8	116.9	-	116.9
Segment result:					
Adjusted EBITDA[3]			48.9	(1.5)	47.4
Depreciation[2]			(34.4)	(0.1)	(34.5)
Profit on disposal			0.9	-	0.9
Operating profit/(loss) before amortisation			15.4	(1.6)	13.8
Amortisation[2]			(0.9)	-	(0.9)
Operating profit/(loss)			14.5	(1.6)	12.9
Share of results of joint venture			-	3.9	3.9
Profit from operations			14.5	2.3	16.8
Financial expense					(3.6)
Profit before tax					13.2
Taxation					(2.4)
Profit for the financial period					10.8
Intangible assets[2]			19.3	6.1	25.4
Investment in joint venture			-	10.2	10.2
Land and buildings			13.9	-	13.9
Hire equipment			234.4	-	234.4
Non-hire equipment			16.3	-	16.3
Right of use assets[3]			80.5	-	80.5
Taxation assets			-	2.6	2.6
Current assets			124.4	7.1	131.5
Cash			-	0.9	0.9
Total assets			488.8	26.9	515.7
Lease liabilities			(82.7)	-	(82.7)
Other liabilities[3]			(116.8)	(5.0)	(121.8)
Borrowings			-	(87.6)	(87.6)
Taxation liabilities			-	(11.8)	(11.8)
Total liabilities			(199.5)	(104.4)	(303.9)

[1] UK and Ireland also includes revenue and costs relating to the disposal of hire assets.

[2] Intangible assets in Corporate items relate to the Group's ERP system, amortisation is charged to the UK and Ireland segment as this is fundamental to the trading operations of the Group. Depreciation in Corporate items relates to computers and is recharged from the UK and Ireland based on proportional usage.

[3] See note 19.

For the year ended 31 March 2023 revised[3]

	Hire excluding disposals £m	Services £m	UK and Ireland[1] £m	Corporate items £m	Total £m
Revenue	258.0	176.3	440.6	-	440.6
Cost of sales	(54.8)	(142.9)	(201.2)	-	(201.2)
Gross Profit	203.2	33.4	239.4	-	239.4
Segment result:					
Adjusted EBITDA[3]			103.9	(1.9)	102.0
Depreciation[2]			(69.3)	(0.3)	(69.6)
Profit on disposal			1.7	-	1.7
Operating profit/(loss) before amortisation			36.3	(2.2)	34.1
Amortisation[2]			(1.8)	-	(1.8)
Exceptional items			(25.6)	(2.9)	(28.5)
Operating profit/(loss)			8.9	(5.1)	3.8
Share of results of joint venture			-	6.6	6.6
Profit/(costs) from operations			8.9	1.5	10.4
Financial expense					(8.6)
Profit before tax					1.8
Taxation					(0.6)
Profit for the financial year					1.2
Intangible assets[2]			19.1	5.9	25.0
Investment in joint venture			-	9.2	9.2
Land and buildings			13.9	-	13.9
Hire equipment			207.9	-	207.9
Non-hire equipment			15.9	-	15.9
Right of use assets			83.2	-	83.2
Taxation assets			-	0.3	0.3
Current assets			115.2	4.7	119.9
Cash			-	1.1	1.1
Total assets			455.2	21.2	476.4
Lease liabilities			(86.1)	-	(86.1)
Other liabilities			(98.5)	(7.6)	(106.1)
Borrowings			-	(92.2)	(92.2)
Taxation liabilities			-	(7.4)	(7.4)
Total liabilities			(184.6)	(107.2)	(291.8)

[1] UK and Ireland also includes revenue and costs relating to the disposal of hire assets.

[2] Intangible assets in Corporate items relate to the Group's ERP system, amortisation is charged to the UK and Ireland segment as this is fundamental to the trading operations of the Group. Depreciation in Corporate items relates to computers and is recharged from the UK and Ireland based on proportional usage.

[3] See note 19.

Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Six months ended 30 September 2023		Six months ended 30 September 2022		Year ended 31 March 2023	
	Revenue £m	**Non-current assets[1] £m**	Revenue £m	Non-current assets[1] £m	Revenue £m	Non-current assets[1] £m
UK	**205.0**	**336.5**	210.0	370.4	431.8	345.3
Ireland	**3.5**	**9.0**	4.8	10.3	8.8	9.8
	208.5	**345.5**	214.8	380.7	440.6	355.1

[1] Non-current assets excluding financial instruments and deferred tax assets.

[2] See note 19. Non-current assets as at 30 September 2022 restated for a prior period adjustment to dilapidations.

Revenue by type

Revenue is attributed to the following activities:

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Hire and related activities	**125.6**	127.1	258.0
Services	**80.9**	85.3	176.3
Disposals	**2.0**	2.4	6.3
	208.5	214.8	440.6

Major customer

No one customer represents more than 10% of revenue, reported profit or combined assets of all reporting segments.

4 Exceptional items

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Asset write-off	**-**	-	20.4
Other professional and support costs	**-**	-	1.4
Restructuring costs	**-**	-	6.7
	-	-	28.5

There were no exceptional items for the six months ended 30 September 2023 nor the six months ended 30 September 2022.

The following exceptional items occurred in H2 FY2023:

Asset write-off

During FY2023, the Group undertook a comprehensive count of all hire equipment. As at 31 March 2022, the reported net book value of the Group's hire equipment assets was £226.9m. The Company categorises hire equipment into two groups: those that are individually identifiable by a unique serial number to the asset register ("itemised assets", representing 78%, or £177.0m, of the total reported net book value at 31 March 2022), and other equipment such as scaffolding towers, fencing and non-mechanical plant which does not have a unique serial identifier and is not tracked on an individual asset basis ("non-itemised assets", representing 22%, or £49.9m, of the total reported net book value at 31 March 2022). The comprehensive count covered both itemised and non-itemised assets. Whilst this count validated the previously disclosed net book value of itemised assets, it identified a shortfall in the quantity of non-itemised assets, resulting in a write-off of c.£20.4m in FY2023.

Other professional and support costs

The Board commissioned an external investigation into the issue identified with non-itemised assets, including a review of controls and accounting procedures. The Group has strengthened the control environment for managing its non-itemised asset fleet, including additional counts, increased internal audit focus, enhanced control over purchases and disposals, and new procedures for reconciliation to the fixed asset register, which also incorporate recommendations from the investigation. The associated professional and support fees amounted to £1.4m, which are also presented within exceptional items. These fees include a further £310k of auditor remuneration, specifically in relation to increased work over assets, including additional auditor attendance at asset counts across the business.

Restructuring

An operational efficiency review resulted in restructuring costs and a net depot reduction at the end of March 2023. The cost of these closures and other restructuring costs across the business were £6.7m.

5 Financial expense

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Interest on bank loans and overdrafts	**3.6**	1.7	4.4
Amortisation of issue costs	**0.3**	0.4	0.7
Total interest on borrowings	**3.9**	2.1	5.1
Interest on lease liabilities	**2.3**	1.6	3.5
Other finance income	**(0.5)**	(0.1)	-
	5.7	3.6	8.6

6 Taxation

The corporation tax charge for the six months ended 30 September 2023 is based on an estimated full year effective rate of taxation of 25.0% before exceptional items and amortisation (2022: 17.2% restated*) and 24.4% (2022: 18.2%) after exceptional items and amortisation. This has been calculated by reference to the projected charge for the full year ending 31 March 2024, applying the applicable UK corporation tax rate of 25% (2022: 19%). Deferred tax is provided using the tax rates that are expected to apply to the period in which the liability is settled, based on the tax rates that have been substantively enacted at the balance sheet date.

*See note 19.

7 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to equity holders of the Company of £4.2m (2022: £10.8m) and the weighted average number of 5 pence ordinary shares in issue and is calculated as follows:

	Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023
Weighted average number of shares in issue (m)			
Number of shares at the beginning of the period	**457.7**	513.6	514.0
Exercise of share options	**-**	-	0.2
Movement in shares owned by the Employee Benefit Trust	**-**	0.1	-
Vested shared not yet exercised	**2.1**	-	2.7
Shares repurchased and subsequently cancelled	**-**	(7.4)	(28.9)
Weighted average for the period – basic number of shares	**459.8**	506.3	488.0
Share options	**2.9**	6.4	3.5
Employee share schemes	**-**	8.4	0.2
Weighted average for the period – diluted number of shares	**462.7**	521.1	491.7
Profit (£m)			
Profit for the period after tax – basic and diluted earnings	**4.2**	10.8	1.2
Intangible amortisation charge (after tax)	**0.3**	0.7	1.8
Exceptional items (after tax)	**-**	-	22.6
Adjusted earnings (after tax)	**4.5**	11.5	25.6
Earnings per share (pence)			
Basic earnings per share	**0.91**	2.13	0.25
Dilutive shares and options	**-**	(0.06)	(0.01)
Diluted earnings per share	**0.91**	2.07	0.24
Adjusted earnings per share (from continuing operations)[1]	**0.98**	2.19	4.96
Dilutive shares and options	**(0.01)**	(0.06)	(0.04)
Adjusted diluted earnings per share[1]	**0.97**	2.13	4.92

[1] Prior periods revised, see note 19.

The total number of shares outstanding at 30 September 2023 amounted to 516,983,637 (30 September 2022: 490,449,192), including 4,106,820 (30 September 2022: 4,215,142) shares held in the Employee Benefit Trust, which are excluded in calculating the earnings per share.

8 Dividends

The aggregate amount of dividend comprises:

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
2022 final dividend (1.45 pence on 489.5m ordinary shares)	**-**	7.1	7.1
2023 interim dividend (0.80 pence on 474.7m ordinary shares)	**-**	-	3.8
2023 final dividend (1.80 pence on 452.9m ordinary shares)	**8.2**	-	-
	8.2	7.1	10.9

Subsequent to the end of the period, the Directors have declared a 0.80 pence per share interim dividend payable (2023 interim dividend: 0.80 pence per share).

9 Non-GAAP performance measures

The Group believes that the measures below provide valuable additional information for users of the financial statements in assessing the Group's performance by adjusting for the effect of exceptional items and significant non-cash depreciation and amortisation. The Group uses these measures for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of the individual divisions within the Group. The measures on a continuing basis are as follows.

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Operating profit	**9.4**	12.9	3.8
Add back: amortisation	**1.0**	0.9	1.8
Add back: exceptional items	**-**	-	28.5
Adjusted operating profit	**10.4**	13.8	34.1
Add back: depreciation	**34.6**	34.5	69.6
Add back: profit or loss on disposal of hire and non-hire equipment[1]	**1.2**	(0.9)	(1.7)
Adjusted EBITDA	**46.2**	47.4	102.0
Profit before tax	**5.6**	13.2	1.8
Add back: amortisation of acquired intangibles[2]	**0.3**	0.2	0.4
Add back: exceptional items	**-**	-	28.5
Adjusted profit before tax	**5.9**	13.4	30.7
Return on capital employed (ROCE)			
Adjusted profit before tax	**5.9**	13.4	30.7
Interest	**5.7**	3.6	8.6
Profit before tax, interest, amortisation and exceptional items	**11.6**	17.0	39.3
Profit for the six months prior	**22.3**	17.9	-
Annualised profit before tax, interest, amortisation and exceptional items[3]	**33.9**	34.9	39.3
Average gross capital employed[4]	**285.0**	279.7	280.5
ROCE	**11.9%**	12.5%	14.0%

[1] See note 19. Prior periods revised to add profit or loss on disposal of hire and non-hire equipment in the calculation of adjusted EBITDA.

[2] See note 19. Prior periods revised to add back only acquired intangible amortisation in the calculation of adjusted profit.

[3] Profit before tax, interest, amortisation and exceptional items for the last 12 months.

[4] Average gross capital employed (where capital employed equals shareholders' funds and net debt) based on a two-point average for the last 12 months.

10 Intangible assets

	Acquired				Internally generated	
	Goodwill	Customer lists	Brands	Total acquired intangibles	IT development	Total intangible assets
	£m	£m	£m	£m	£m	£m
Cost						
At 1 April 2022 restated*	29.9	8.3	2.6	40.8	6.9	47.7
Additions	-	-	-	-	0.4	0.4
At 30 September 2022 restated*	29.9	8.3	2.6	40.8	7.3	48.1
Additions	-	-	-	-	0.5	0.5
Disposals	(12.4)	(5.4)	(1.3)	(19.1)	-	(19.1)
At 31 March 2023	17.5	2.9	1.3	21.7	7.8	29.5
Additions	-	-	-	-	0.1	0.1
At 30 September 2023	**17.5**	**2.9**	**1.3**	**21.7**	**7.9**	**29.6**
Accumulated amortisation						
At 1 April 2022 restated*	12.4	6.8	2.1	21.3	0.5	21.8
Charged in period	-	0.2	-	0.2	0.7	0.9
At 30 September 2022 restated*	12.4	7.0	2.1	21.5	1.2	22.7
Charged in period	-	0.1	0.1	0.2	0.7	0.9
Disposals	(12.4)	(5.4)	(1.3)	(19.1)	-	(19.1)
At 31 March 2023	-	1.7	0.9	2.6	1.9	4.5
Charged in period	-	0.2	0.1	0.3	0.7	1.0
At 30 September 2023	**-**	**1.9**	**1.0**	2.9	**2.6**	**5.5**
Net book value						
At 30 September 2023	**17.5**	**1.0**	**0.3**	18.8	**5.3**	**24.1**
At 31 March 2023	17.5	1.2	0.4	19.1	5.9	25.0
At 30 September 2022	17.5	1.3	0.5	19.3	6.1	25.4

*Prior years restated to eliminate items with nil net book value.

Analysis of goodwill, customer lists, brands and IT development by cash generating unit:

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Allocated to					
Hire	**16.5**	**0.4**	**0.2**	**4.6**	**21.7**
Services	**1.0**	**0.6**	**0.1**	**0.7**	**2.4**
At 30 September 2023	**17.5**	**1.0**	**0.3**	**5.3**	**24.1**
Allocated to					
Hire	16.5	0.5	0.3	5.4	22.7
Services	1.0	0.7	0.1	0.5	2.3
At 31 March 2023	17.5	1.2	0.4	5.9	25.0

All goodwill has arisen from business combinations and has been allocated to the cash-generating unit (CGU) expected to benefit from those business combinations. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. All intangible assets are held in the UK.

The Group tests goodwill for impairment annually, however consideration is made at each reporting date whether there are indicators that impairment may have occurred, with additional impairment tests performed as necessary. Other assets are assessed at each reporting date for any indicators of impairment and tested if an indicator is identified. The Group's reportable CGUs comprise the UK&I Hire business (Hire) and UK&I Services business (Services), representing the lowest level within the Group at which the associated assets are monitored for management purposes.

It is noted that the market capitalisation of the Group at 30 September 2023 was below the consolidated net asset position – one indicator that an impairment may exist. Based on the full impairment test performed, it is determined that no impairment is required in this regard. At 30 September 2023, the headroom between value in use and carrying value of related assets for the UK and Ireland was £101.1m (31 March 2023: £99.2m) - £48.6m for Hire and £52.6m for Services.

The recoverable amounts of the assets allocated to the CGUs are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth and discount rate, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections from the Board approved FY24 budget, and a subsequent four-year period using the Group's strategic plan, together with a terminal value into perpetuity using long-term growth rates. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's pre-tax weighted average cost of capital, adjusted for risk factors associated with the CGUs and market-specific risks.

The impairment model is prepared in nominal terms. The future cash flows are based on current price terms inflated into future values, using general inflation and any known cost or sales initiatives. The discount rate is calculated in nominal terms, using market and published rates. The pre-tax discount rates and terminal growth rates applied are as follows:

	30 September 2023		31 March 2023	
	Pre-tax discount rate	**Terminal value growth rate**	Pre-tax discount rate	Terminal value growth rate
UK and Ireland	12.0%	2.5%	12.0%	2.5%

A single discount rate is applied to both CGUs as they operate in the same market, with access to the same shared Group financing facility, with no additional specific risks applicable to either CGU.

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. The table below shows the reduction in headroom created by a change in assumptions:

	Reduction in headroom at 30 September 2023 (£m)	
	Revenue growth – 1% decrease	**Pre-tax discount rate – 0.5% increase**
Hire	31.0	19.3
Services	4.7	3.2

There are no reasonable variations in these assumptions that would be sufficient to result in an impairment of either CGU at 30 September 2023. A 2% decline in forecast revenue cash flows for Hire and an 11% decline in forecast revenue cash flows for Services would reduce headroom to nil for each CGU respectively, assuming no cost mitigation plans. The position will be reassessed at the next reporting date.

11 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2022 reported	53.2	422.7	91.7	567.6
Foreign exchange	0.1	1.0	0.3	1.4
Additions	0.8	30.5	3.1	34.4
Disposals	(0.5)	(12.1)	(0.2)	(12.8)
Transfers to inventory	-	(9.0)	-	(9.0)
At 30 September 2022	53.6	433.1	94.9	581.6
Foreign exchange	(0.1)	(1.1)	(0.3)	(1.5)
Additions	2.5	21.6	2.4	26.5
Disposals[1]	(1.5)	(10.1)	(0.4)	(12.0)
Exceptional write-off[2]	-	(33.0)	-	(33.0)
Transfers to inventory	-	(14.6)	-	(14.6)
At 31 March 2023 restated[1]	54.5	395.9	96.6	547.0
Foreign exchange	-	(0.2)	-	(0.2)
Additions	2.4	17.6	2.4	22.4
Disposals	(1.1)	(22.9)	(4.4)	(28.4)
Transfers to inventory	-	(9.0)	-	(9.0)
At 30 September 2023	**55.8**	**381.4**	**94.6**	**531.8**
Accumulated depreciation				
At 1 April 2022	37.6	195.8	76.5	309.9
Foreign exchange	0.1	0.5	-	0.6
Charged in period	2.2	16.9	2.1	21.2
Disposals	(0.2)	(7.7)	-	(7.9)
Transfers to inventory	-	(6.8)	-	(6.8)
At 30 September 2022	39.7	198.7	78.6	317.0
Foreign exchange	(0.1)	(0.3)	-	(0.4)
Charged in period	2.2	17.0	2.6	21.8
Disposals[1]	(1.2)	(4.2)	(0.5)	(5.9)
Exceptional write-off[2]	-	(12.6)	-	(12.6)
Transfers to inventory	-	(10.6)	-	(10.6)
At 31 March 2023 restated[1]	40.6	188.0	80.7	309.3
Charged in period	2.1	16.8	2.8	21.7
Disposals	(1.2)	(16.7)	(4.1)	(22.0)
Transfers to inventory	-	(6.8)	-	(6.8)
At 30 September 2023	**41.5**	**181.3**	**79.4**	**302.2**
Net book value				
At 30 September 2023	**14.3**	**200.1**	**15.2**	**229.6**
At 31 March 2023	13.9	207.9	15.9	237.7
At 30 September 2022	13.9	234.4	16.3	264.6

[1] Disposals in the six months to 31 March 2023 incorrectly included an element of the Exceptional write-off. This has been restated to correctly present cost and accumulated depreciation.

[2] See note 4.

The net book value of land and buildings is made up of improvements to short leasehold properties.

Of the £200.1m (2022: 234.4m) net book value of hire equipment, £29.8m (2022: £55.0m) relates to non-itemised assets.

The net book value of other - non-hire equipment - comprises fixtures, fittings, office equipment and IT equipment. Software with a net book value of £7.3m (2022: £7.1m) is also included in other property, plant and equipment.

12 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2022 restated*	144.4	55.6	200.0
Additions	1.9	15.3	17.2
Remeasurements	1.7	2.5	4.2
Disposals	(2.3)	(11.4)	(13.7)
At 30 September 2022 restated*	145.7	62.0	207.7
Additions	0.2	12.8	13.0
Remeasurements	2.4	1.0	3.4
Disposals	(3.0)	(11.0)	(14.0)
At 31 March 2023	145.3	64.8	210.1
Additions	1.0	3.9	4.9
Remeasurements	8.9	0.5	9.4
Disposals	(5.4)	(8.0)	(13.4)
At 30 September 2023	**149.8**	**61.2**	**211.0**
Depreciation			
At 1 April 2022	92.3	33.5	125.8
Charged in period	6.8	6.5	13.3
Disposals	(1.9)	(10.0)	(11.9)
At 30 September 2022	97.2	30.0	127.2
Charged in period	6.3	7.0	13.3
Disposals	(3.2)	(10.4)	(13.6)
At 31 March 2023	100.3	26.6	126.9
Charged in period	6.2	6.7	12.9
Disposals	(4.2)	(8.0)	(12.2)
At 30 September 2023	**102.3**	**25.3**	**127.6**
Net book value			
At 30 September 2023	**47.5**	**35.9**	**83.4**
At 31 March 2023	45.0	38.2	83.2
At 30 September 2022	48.5	32.0	80.5

* See note 19.

Land and buildings leases comprise depots and associated ancillary leases such as car parks and yards.

Other leases consist of cars, lorries, vans and forklifts.

13 Borrowings

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Current borrowings			
Bank overdraft	**0.8**	1.5	1.3
Lease liabilities*	**20.0**	20.4	22.1
	20.8	21.9	23.4
Non-current borrowings			
Maturing between two and five years			
- Asset based finance facility	**90.6**	86.1	92.2
- Lease liabilities*	**66.6**	62.3	64.0
	157.2	148.4	156.2
Total borrowings	**178.0**	170.3	179.6
Less: Cash	**(1.8)**	(0.9)	(1.1)
Exclude lease liabilities*	**(86.6)**	(82.7)	(86.1)
Net debt[1]	**89.6**	86.7	92.4

[1] Key performance indicator – excluding lease liabilities.

* See note 19.

Reconciliation of financing liabilities and net debt

	1 April 2023 £m	Non-cash movement £m	Cash flow £m	**30 September 2023 £m**
Bank borrowings	(92.2)	0.3	1.3	**(90.6)**
Lease liabilities	(86.1)	9.9	(10.4)	**(86.6)**
Liabilities arising from financing activities	(178.3)	10.2	(9.1)	**(177.2)**
Cash at bank and in hand	1.1	-	0.7	**1.8**
Bank overdraft	(1.3)	-	0.5	**(0.8)**
Net debt	(178.5)	10.2	(7.9)	**(176.2)**

The Group has a £180m asset based finance facility, which was renewed in July 2021, which is sub divided into:

(a) A secured overdraft facility which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.

(b) An asset based finance facility of up to £175m, based on the Group's itemised hire equipment and trade receivables balance. Cash and facility headroom as at 30 September 2023 was £70.5m (31 March 2023: £83.5m) based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, reduced to the extent that any ancillary facilities are provided, and is repayable in July 2026, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m is in place.

Interest on the facility is now calculated by reference to SONIA (previously LIBOR) applicable to the period drawn, plus a margin of 155 to 255 basis points, depending on leverage and on the components of the borrowing base. During the period, the effective margin was 1.89% (2022: 1.80%).

The facility is secured by fixed and floating charges over the Group's itemised hire fleet assets and trade receivables.

The facility has a Minimum Excess Availability covenant: At any time, 10 per cent of the Total Commitments.

Where availability falls below the Minimum Excess Availability, the financial covenants (below) are required to be tested. Covenants are not required to be tested where availability is above Minimum Excess Availability.

Leverage in respect of any Relevant Period shall be less than or equal to 3:1;

Fixed Charge Cover in respect of any Relevant Period shall be greater than or equal to 2.1:1

14 Fair value measurement of financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks.

Fair value hierarchy
The Group's financial assets and liabilities are principally short-term in nature and therefore their fair value is not materially different from their carrying value. The valuation method for the Group's financial assets and liabilities can be defined as follows in accordance with IFRS 13:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Basis for determining fair values
The following summarises the principal methods and assumptions used in estimating the fair value of Group's financial instruments, in line with the fair value hierarchy above:

a) Derivatives – Broker quotes are used for all interest rate swaps and fuel hedges (Level 1).
b) Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows at a market rate of interest (Level 2).
c) Trade and other receivables and payables – For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.
d) Lease liabilities – not within the scope of IFRS 13; accounted for in accordance with IFRS 16.

Fair value of financial assets and liabilities
The carrying value of the Group's financial assets and financial liabilities at 30 September 2023 are set out below:

	Amortised Cost £m	Fair value through other comprehensive income £m	Total £m
Financial assets			
Trade and other receivables[1]	97.8	-	97.8
Cash[2]	1.8	-	1.8
Derivative financial assets	-	1.5	1.5
	99.6	1.5	101.1
Financial liabilities			
Bank overdraft[2]	(0.8)	-	(0.8)
Borrowings[2]	(90.6)	-	(90.6)
Lease liabilities – Current	(20.0)	-	(20.0)
Lease liabilities – Non-current	(66.6)	-	(66.6)
Trade and other payables[3]	(42.9)	-	(42.9)
Accruals	(23.7)	-	(23.7)
Customer rebates	(12.6)	-	(12.6)
	(257.2)	-	(257.2)

[1] Trade and other receivables excluding prepayments and accrued income

[2] Under the terms of the Group's banking facilities, net indebtedness is permitted up to the net limit of £5m. There have been no changes to the offsetting arrangements in the six months ending 30 September 2023.

[3] Trade and other payables excluding non-financial liabilities.

Impairment reviews did not identify any material impairment of financial assets from carrying values as reported at the balance sheet date and, as such, no material impairments are included in the interim condensed consolidated statement of profit or loss.

15 Contingent liabilities

In the normal course of business, the Company has given parental guarantees in support of the contractual obligations of Group companies on both a joint and a several basis.

The Directors do not consider any provision is necessary in respect of the guarantees.

16 Related party disclosures

There has been no significant change to the nature and size of related party transactions, including the remuneration provided to the key management, from that disclosed in the FY2023 Annual Report.

17 Principal risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining six months of the 2024 financial year have not changed from those set out on pages 76 to 82 of the Group's 2023 Annual Report, which is available at www.speedyservices.com. These risks and uncertainties include the following:

- Safety, health and environment;
- Service;
- Sustainability and climate change;
- Revenue and trading performance;
- Project and change management;
- People;
- Partner and supplier service levels;
- Operating costs;
- Cyber security and data integrity;
- Funding;
- Economic vulnerability;
- Business continuity; and
- Asset holding and integrity.

18 Post balance sheet events

On 9 October 2023, the Group acquired the entire issued share capital of sustainable power solutions specialist, Green Power Hire Limited ("GPH"), for an enterprise value of £20.2m. The total consideration, which was funded from the Group's existing debt facilities, represented £10m of equity value and assumed debt of £10.2m which was settled at completion. Speedy acquired GPH from its principal shareholder, Russell's (Kirbymoorside) Limited, and four other shareholders.

On 15 November 2023, Speedy and AFC Energy plc (AIM: AFC) ("AFC Energy"), a leading provider of hydrogen powered generator technologies, announced the launch of Speedy Hydrogen Solutions Limited ("SHS"), a 50:50 joint venture company, being a dedicated hydrogen powered generator plant hire business promoting sustainable, zero emission, temporary power solutions designed specifically for the off-grid generation market. AFC and Speedy have agreed to initially jointly fund SHS up to £2.5m each, subject to JV performance, through initial equity subscriptions and subsequent shareholder loans.

19 Prior period adjustment

The Group has previously recognised dilapidation provisions upon exit - or notification of exit - of a leased property, together with an ongoing assessment of property conditions. At 31 March 2023, this was reviewed to assess a more comprehensive view of the future liability on all leases in line with accounting standards, and a change made to prior years.

Dilapidations are now assessed at the earliest point, being the start of the lease or due to an obligating event. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2022, in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There is no impact on the amounts recognised in the income statement.

A summary of the affected accounts and the restatements made as at 30 September 2022 is as follows:

	Reported £m	Adjustment £m	Restated £m
Non-Current Assets:			
Right of use asset	79.6	0.9	80.5
Current liabilities:			
Provisions	(2.1)	(5.1)	(7.2)
Non-current liabilities:			
Provisions	(0.9)	(5.8)	(6.7)
Net assets	221.8	(10.0)	211.8
Equity:			
Retained earnings as at 1 April 2022	198.8	(10.0)	188.8
Retained earnings as at 30 September 2022	190.2	(10.0)	180.2

In addition to this, the presentation of the restated provision at 31 March 2023, between current and non-current liabilities, has been reassessed. Provisions have been classified as current where the end of the lease term is within 12 months of the balance sheet date. A summary of the affected accounts and the restatements made as at 31 March 2023 is as follows:

	Reported £m	Adjustment £m	Restated £m
Current liabilities:			
Provisions	(3.6)	(5.7)	(9.3)
Non-current liabilities:			
Provisions	(12.0)	5.7	(6.3)
Net assets	184.6	-	184.6

The definition of adjusted profit has been amended to profit before tax, amortisation of acquired intangible assets and exceptional items. This is a change from all intangible asset amortisation having been previously added back in the calculation of adjusted profit. Prior period comparatives have been revised for both the six months ended 30 September 2022 (from £14.1m to £13.4m) and the year ended 31 March 2023 (from £32.1m to £30.7m) for consistency.

The definition of adjusted EBITDA has been amended to operating profit before depreciation, amortisation and exceptional items, where depreciation includes the net book value of hire and non-hire equipment disposals, less the proceeds on those disposals (profit or loss on disposal). Adjusted EBITDA has been revised for both the six months ended 30 September 2022 (from £48.3m to £47.4m) and the year ended 31 March 2023 (from £103.7m to £102.0m) for consistency.

Both these measures have been revised to more accurately reflect the underlying performance of the business.

Statement of directors' responsibilities

The directors confirm that these interim condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

• an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

• material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Speedy Hire Plc website is the responsibility of the directors; the work carried out by the authors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

The directors of Speedy Hire Plc are listed in the Speedy Hire Plc annual report for 31 March 2023, with the exception of the following change in the period:

- Paul Rayner (appointed 1 July 2023)

A list of current directors is maintained on the Speedy Hire Plc's website: www.speedyservices.com

Dan Evans

Director

21 November 2023

Report on the interim condensed consolidated financial statements

Qualified conclusion

We have reviewed Speedy Hire plc's condensed consolidated interim financial statements (the "interim financial statements") in the FY2024 Interim results of Speedy Hire plc for the 6 month period ended 30 September 2023 (the "period").

Except for any adjustments to the interim financial statements that we might have become aware of had it not been for the situation described in the Basis for qualified conclusion paragraph below, based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Interim condensed consolidated balance sheet as at 30 September 2023;
- the Interim condensed consolidated income statement and Interim condensed consolidated statement of comprehensive income for the period then ended;
- the Interim condensed consolidated statement of cash flows for the period then ended;
- the Interim condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the FY2024 Interim results of Speedy Hire plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for qualified conclusion

The Group had Property, plant and equipment of £237.7m recorded on the balance sheet as at 31 March 2023 and recorded an exceptional asset write-down of £20.4m in the FY23 annual financial statements relating to hire assets that could not be located. As a result of weaknesses in the Group's historical record-keeping, we were unable to satisfactorily complete our testing of assets between physical asset counts and the Group's asset registers as at 31 March 2023. Consequently, we were unable to obtain sufficient appropriate audit evidence in respect of these assets, and we were therefore unable to determine whether any further adjustments were necessary to Property, plant and equipment as at 31 March 2023, and the related asset write-down, depreciation charges and any associated tax impact recorded in the year. Due to the nature of our review procedures, which are substantially less than those that would be performed in an audit, we have been unable to determine if the weaknesses in the Group's historical record-keeping described above have been remediated as at 30 September 2023. Consequently, we were unable to determine whether any further adjustments were necessary to Property, plant and equipment as at 30 September 2023, deprecation and any associated tax impact recorded in the period.

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the FY2024 Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for qualified conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The FY2024 Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the FY2024 Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the FY2024 Interim results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the FY2024 Interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for qualified conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
21 November 2023