

Speedy Hire Plc

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

Results for the year ended 31 March 2022

Strong performance in line with strategic goals

Speedy, the UK's leading tools and equipment hire services company, operating across the construction, infrastructure and industrial markets, announces results for the year ended 31 March 2022.

Commenting on the results Russell Down, Chief Executive, said:

"I am pleased to report results that reflect the strong performance we have achieved this year. We have continued to progress our strategic goals by taking market share, developing a first class digital customer experience, prioritising our people and leading on ESG. This performance is testament to the hard work and dedication of all my colleagues."

"We have made an encouraging start to FY2023 with volume growth and price increases more than offsetting cost pressures. Against a backdrop of positive end-markets and our unique leading service and ESG customer propositions, the Board remains confident that we will meet its FY2023 expectations."

Underlying results – continuing operations

	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 (£m)	Change %
Revenue (excluding disposals)	381.7	328.1	16.3
Adjusted operating profit ¹	32.6	21.7	50.2
Adjusted profit before tax ¹	30.1	17.5	72.0
Adjusted earnings per share (pence) ²	4.24	2.68	58.2

Statutory results

	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 (£m)	Change %
Revenue	386.8	332.3	16.4
Operating profit	31.6	12.5	152.8
Profit before tax	29.1	8.3	250.6
Basic earnings per share (pence)	4.13	1.82	126.9

Other measures

	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 (£m)	Change %
Net debt ³	67.5	33.2	(103.3)
Return on Capital Employed ⁴	13.1%	8.4%	4.7pp
Dividend for the year (pence per share)	2.20	1.40	57.1

Group highlights

- Significant revenue and profit growth:
 - Year on year revenue growth with strong performance in hire up 17.9% (H1: 31.8%; H2: 6.8%)
 - Adjusted profit before tax from continuing operations ahead of FY2021 and FY2020
 - Increased market activity with a number of new contracts and renewals with key customers including Costain, the Home Office, MGroup and Redrow Homes
 - Further improvement in asset utilisation, up to 57.0% on enlarged hire fleet
 - Strong performance from our JV in Kazakhstan
 - Recommended final dividend of 1.45p; total dividend for the year 2.20p represents c.50% of adjusted EPS
- Strong balance sheet and investment in capex:
 - Significant investment in hire fleet of £68.4m to satisfy customer demand
 - Cash and facility headroom of £110.8m (31 March 2021: £142.3m)
 - Net debt³ at £67.5m (31 March 2021: £33.2m), with leverage⁵ of 0.9x (31 March 2021: 0.5x)
 - Share buyback programme of up to £30m commenced in January 2022 reflecting the Group's cash generative ability and strong balance sheet
- Further strategic and operational progress:
 - Investment in developing a Retail business in partnership with B&Q; now in 36 stores and on diy.com
 - Enhanced our omni-channel customer proposition offering the choice of online, app, phone, depot and B&Q store
 - Costs tightly controlled; prior year efficiency initiatives reinvested in growth priorities
 - Science based targets set to provide clear pathway to net zero emissions by 2050
 - Modernising our depot footprint with the new carbon neutral Innovation Centre in Milton Keynes acting as a blueprint for our network plans
- Current trading and outlook:
 - Encouraging start to FY2023 with underlying revenue up c.8%
 - Volume growth and pricing initiatives are more than offsetting inflationary cost pressures
 - Key end markets expected to deliver growth through demand-driven volume improvements, particularly from major infrastructure and energy projects including HS2 and nuclear
 - The Board remains confident of achieving its FY2023 expectations

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Notes:**Explanatory notes:**

¹ See note 9

² See note 7

³ See note 13

⁴ Return on Capital Employed: Profit before tax, interest, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt³), for the last 12 months.

⁵ Leverage: Net debt³ covered by EBITDA¹. This metric excludes the impact of IFRS 16.

Inside Information: This announcement contains inside information.

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.200 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.

Chairman's statement

Overview

The results we are reporting today show significant year on year profit growth. In addition, I am pleased to report that both revenue and adjusted profit before tax on continuing operations are ahead of FY2020, the last full year pre-COVID-19. We have a strong balance sheet and have invested significantly in the innovative, market leading sustainable products that our customers demand while launching a share buyback programme during the year.

Results

Group revenue increased by 16.4% to £386.8m (FY2021: £332.3m) with a number of new contract wins and renewals reflecting our market leading customer service proposition. Our partnership with B&Q was formalised during the year growing our market share with trade and retail customers both in stores and through their website, diy.com.

The Group sold its operations in the Middle East in March 2021, continuing to operate internationally through a joint venture in Kazakhstan. Share of profits increased to £3.2m (FY2021: £1.2m), as a result of increased activity following new contract awards.

We have invested c.£70m in our hire fleet this year to meet increased demand and to mitigate the effect of increased supplier lead times. Notwithstanding the increased investment utilisation rates have increased to 57.0% and our net debt / EBITDA remains low.

We have enhanced our ESG proposition following the appointment of an ESG Director in April 2021. Our new strategy 'The decade to deliver' sets out plans to reduce our carbon footprint, as well as helping our customers reduce their environmental impact through the operation of a sustainable fleet of hire assets.

Dividend

In line with our capital allocation policy we will continue to invest in organic growth and acquisitions whilst maintaining regular returns to shareholders. Following a review of the medium-term capital needs of the Group the Board implemented a £30 million share buyback programme in January 2022. To date c£10m of shares have been purchased under this programme.

The Board is pleased with the strong performance of the business and has therefore recommended a final dividend of 1.45pps for the year (FY2021: 1.40pps). If approved at the forthcoming Annual General Meeting the dividend will be paid on 23 September 2022 to shareholders on the register at close of business on 12 August 2022.

Board and people

As previously announced, Russell Down has advised the Board of his intention to retire. Russell will remain with the business until a successor is in place, to ensure a smooth and orderly transition. The recruitment process for a replacement is underway.

I would like to thank Russell both personally and on behalf of the Board for his significant contribution as Chief Executive over the last seven years. Under his leadership, the business has been transformed and is now well positioned for future growth with an ambitious management team. We wish him well for the future.

Carol Kavanagh joined the Board and Remuneration Committee on 1 June 2021 as an Independent Non-executive Director. After allowing time for Carol to settle into her role, Rhian Bartlett stepped down from the Remuneration Committee on 16 November 2021 in keeping with the Company's current policy of staffing its Board Committees with three Independent Non-executive Directors.

During March 2022 the Board agreed to set up a new Sustainability Committee to assist the Board in its oversight of the Group's ESG strategy including the Group's performance in reducing its carbon footprint.

On behalf of the Board I would like to take this opportunity to thank all of my colleagues for their continued hard work and dedication, which has enabled our performance over the last year.

Future

I am pleased with the Group's performance this year and that revenues are now ahead of the pre-COVID-19 period. We have a strong market position allowing us to take advantage of positive end markets and deliver continued sustainable growth. The Board looks forward with confidence for the year ahead.

David Shearer

Chairman

Chief Executive's statement

Overview

I am pleased with the results that we have reported today which are in line with our expectations. Our revenue and profits have grown significantly, demonstrating the strength of our customer value proposition.

Revenues have recovered post COVID-19 and for the UK and Ireland business are now ahead of the year ended 31 March 2020. Total revenue is 16.4% ahead of FY2021 reflecting increased market activity and new customer wins and renewals.

Whilst the macro-economic environment is uncertain, our end markets are positive with significant growth projected in major infrastructure and energy projects including HS2 and nuclear. Our rail business has continued to expand through winning market share from new and existing customers on HS2, CP6 and more widely. In the housebuilding market we continued to see strong demand and growth in the year.

The Group has implemented price increases, following product and customer reviews, to offset inflationary cost pressures on both overheads and new equipment purchases. We have improved our governance and reporting in this area which will facilitate improved margins and the ability to implement more dynamic pricing models.

Our investment in developing a retail business in partnership with B&Q has continued. We were pleased to formalise an agreement with B&Q in September 2021 and now have a presence in 36 of their stores and online at B&Q's website, diy.com.

Asset utilisation was 57.0% after significant investment in the Group's hire fleet to satisfy customer demand and mitigate longer supply chain lead times. The strength of our supply chain relationships and advanced planning using artificial intelligence have been key to achieving strong asset utilisation rates on our enlarged hire fleet.

Service revenues increased by 13.7% with particularly strong performance in our rehire business which had a record year. Following the phasing out of red diesel supplies to the construction industry we have also seen strong growth in our fuel management business and particularly for HVO fuel which now accounts for 12.3% (FY2021: 1.3%) of our fuel sales.

The Group sold its Middle East equipment fleet, stock and other fixed assets to its principal customer, ADNOC, in March 2021. The Group entered into a Transitional Services Agreement with ADNOC, which was extended until 30 September 2021, to support the transfer of the assets, during which time the Group's c.600 UAE-based employees' contracts were terminated and all colleagues offered re-employment by ADNOC. Actions are now underway to liquidate our trading entities in the region.

We are continuing to trade internationally through a joint venture in Kazakhstan. During the year the JV has performed well with increased activity levels and contract wins. A new temporary power contract, which is expected to run throughout 2022, has increased revenue and profits significantly. Share of profits from the JV increased to £3.2m (FY2021: £1.2m).

Financing and liquidity

The business generated operating cash flow of £28.6m (FY2021: £72.9m) reflective of increased capital expenditure. At 31 March 2022 net debt, excluding IFRS16 lease liabilities, increased to £67.5m (2021: £33.2m). The Group has significant headroom against its committed banking facilities of £180m; leverage at 31 March 2022 was 0.9 times.

Share buyback

The Board reviewed the capital allocation policy and medium-term capital needs of the Group in January 2022 and considered that a £30 million share buyback programme was appropriate. The buyback reflects the cash generative ability of the Group and its strong balance sheet with significant facility headroom. To date c.£10m of shares have been purchased under this programme.

Results

Results and commentary are presented on a continuing operations basis unless otherwise noted, reflecting the disposal of the Middle East business in March 2021 which was treated as discontinued. Revenue increased by 16.4% to £386.8m (FY2021: £332.3m) reflecting a strong performance in core and partnered services hire and an improved H2 performance in services. Group revenues, excluding disposals, increased by 16.3% to £381.7m (FY2021: £328.1m).

Adjusted profit before tax increased 72.0% to £30.1m (FY2021: £17.5m). Adjusted earnings per share were 4.24 pence (FY2021: 2.68 pence). Profit before tax increased to £29.1m (FY2021: £8.3m).

The Group has a 45% share in a joint venture in Kazakhstan servicing the oil and gas market. Share of profits increased to £3.2m (FY2021: £1.2m), following new contract wins and the resultant increase in activity.

Dividend

The Board is committed to a progressive dividend policy with a pay-out ratio of between 33% and 50% of underlying profit after tax.

The Board is pleased with the performance of the business and given its strong balance sheet has recommended a final dividend of 1.45pps for the year ended 31 March 2022 (FY2021: 1.40pps). The full year dividend will amount to 2.20pps which represents c.50% of adjusted EPS (FY2021: 1.40pps).

Strategy and operational review

Our vision is to inspire and innovate the future of hire. As the UK and Ireland's leading provider of tools, specialist equipment and services, we provide exceptional customer experience, accelerating mutual success with our customers working towards a sustainable future.

We serve approximately 57,000 customers in the UK and Ireland, including 88 of the UK's 100 largest contractors. Our customers include major infrastructure contractors, housebuilders, industrials, SMEs, and consumers. During the year we have won and extended major contracts with large contractors operating nationally including Costain, the Home Office, MGroup and Redrow Homes whilst also growing our retail business in partnership with B&Q. We are further penetrating our addressable markets through cross-selling products and services to achieve a higher share of wallet. Customer service is key to our value proposition, driving retention and loyalty whilst increasing market share.

The Group implemented price increases in April 2022 on list prices and new contract renewals to offset the effects of cost inflation on both overheads and new equipment purchases. Customers have largely been receptive to the price increases which will take effect as framework contracts and hire contracts are renewed.

We have increased our share of the SME market through continued growth in our Customer Relationship Centre (CRC) in South Wales. Our partnership with B&Q has been extended to 36 B&Q stores across the UK, and with the launch of our B2C website we are bringing the hire proposition to consumers through a significant national marketing campaign. The in-store B&Q outlets give retail and trade customers the option to hire tools and equipment from Speedy as part of their B&Q shopping experience enabling customers to order and collect Speedy products seven days a week for the first time. Hiring a wide range of tools and equipment enables homeowners to be more confident and ambitious with their DIY and provides them with a convenient and accessible way of completing improvement projects where buying bigger ticket DIY tools may not be feasible. To maximise sales opportunities, the Speedy concessions are located next to the TradePoint areas so as to promote the option of hire to both retail and trade customers.

Our customers' key priorities are quality, availability, speed and a first class customer experience. We offer an industry leading guaranteed four-hour delivery service on our most popular products nationally. This unique customer value proposition is driven by our service-led culture and is made possible by the strategic investment we have made in the tools and equipment our customers demand, and the back-end digital systems and processes that enable it. During the year we invested £10 million in new products for our four-hour guaranteed delivery promise, to meet rising customer demand for quick site deliveries. The investment added 25,000 new assets to the Company's most popular products.

We have enhanced our omni-channel proposition, which enables customers to trade in the way it suits them; online, on the app, by phone, in-store or through our retail concessions within selected B&Q stores, providing an industry leading and unique set of trading channels. The developments we have made in the last year within digital, on-boarding and customer experience have made it easier to do business with us. We have introduced an online availability checker which enables customers to check availability on a product before going through the checkout process and makes it easier for them to see if the products they want to hire are located nearby for collection. The results include both Speedy Service Centres, as well as our retail locations in B&Q. For customers with a MySpeedy account, we have made significant back-end technical improvements which enable customers to combine our digital ordering process with their own internal approval processes to submit approved orders. These developments are attracting and retaining customers whilst reducing the overall cost-to-serve. They represent a significant step forward in our web and app functionality. We have recently appointed a Chief Digital Officer and further enhancements are planned in FY2023 to ensure we continue to provide an industry leading digital customer experience.

Our use of artificial intelligence to optimise our asset holdings produces a dynamic forecast. Optimal stocking levels are set to ensure we have the right assets, at the right locations, at the right time to satisfy customer demand in the most efficient way. Artificial intelligence is enabling better decision making to further enhance our utilisation rates and service to customers.

During the year we successfully upgraded our ERP (Enterprise Resource Planning) system, Microsoft AX12, to the cloud based Microsoft Dynamics365. The new system simplifies some of our key business processes and significantly improves the user experience, increasing productivity and improving the customer experience.

Services revenues are less capital intensive, have greater visibility and are more recurring in nature than hire revenues. As a result, they are ROCE enhancing for the Group. Our Services categories consist of: rehire; training; testing, inspection and certification; product and consumable sales; and fuel management services. Services revenue has performed strongly due to our ability to cross-sell our complete customer proposition to larger customers. Our rehire business, Partnered Services, has grown strongly this year and expanded the range of products on offer. We lead the market in the provision of sustainable hydrotreated vegetable oil (HVO) fuel and fuel management services and consequently revenues have increased significantly.

ESG

We are committed to reaching net zero emissions before 2050, aligned to the new SBTi Net Zero Standard. During the year we have set science based targets to reduce our Scope 1 and 2 emissions by 50% before 2030. Our Scope 3 emissions account for c.90% of our overall carbon footprint, largely due to emissions from customer use of our hired assets. During FY2023 we will undertake science based modelling to create a pathway for the reduction of our Scope 3 emissions.

Our carbon emissions in the UK and Ireland have reduced from 22,309 tonnes, in the baseline year of 2019, to 16,775 tonnes in FY2022. This reduction has been achieved through the procurement of renewable energy, a more efficient vehicle fleet and the use of HVO fuel in our larger vehicles. This equates to a 23% reduction on a CO2 per employee basis to 4.94 tonnes (2019 continuing operations: 6.45 tonnes).

Our principal carbon emissions are from our vehicle fleet which is used for delivery and collection of hire assets and business travel. We aim to lead the industry in running a low carbon vehicle fleet, with a target of ensuring that the majority of our vehicles are electric or hybrid by 2025. This commitment will play a key role in meeting our carbon reduction targets, and the commitment to our customers as a key part of their supply chain.

In the last year we invested in 64 new hybrid transit vans and are trialling a number of additional electric vehicles. We also launched the first all-electric 27 tonne vehicle used in the construction industry to deliver our powered access products.

Our company car list now comprises entirely electric and hybrid vehicles. We have a fleet of c.500 company cars and estimate future savings of up to 260 tonnes of CO2 annually from replacing diesel and petrol models. Our aim is for all company cars to be hybrid or electric by 2023. To support the transition we have continued to install electric vehicle charging points across our UK Regional Service Centre network.

We are modernising our depot footprint and in November 2021 we launched our new Innovation Centre in Milton Keynes. It showcases net-zero equipment and provides an extensive ECO hire range including electric, solar and hydrogen powered technologies. All commercial vehicles operating out of the site are electric or fuelled by HVO, which emits up to 90% less CO2e when compared to diesel, minimising our environmental impact. The centre is powered by 670 solar panels and utilises pioneering bespoke energy efficient lighting and climate control technology. It is also home to a wellbeing and wildflower garden, an 18-metre living wall and beehives made from repurposed hard hats. The site uses furniture, from desks to garden benches, made from recycled materials to help further lower its environmental impact. We have been delighted to welcome many of our major, regional and local customers for site tours to demonstrate its sustainability credentials and inspire our customers with ideas that they have taken back to their businesses. The Innovation Centre acts as a blueprint for our network plans going forward, and adds to the list of larger new Regional Service Centres launched during the year including sites at Reading, Swindon, Doncaster, Leicester, Aberdeen and Edinburgh. The brand new sites also create an improved experience for our colleagues through an enhanced and technically optimised working environment.

In taking action to minimise our carbon footprint we are actively procuring more sustainable assets into our hire fleet including those with solar, hybrid, electric and hydrogen technology. During FY2022 we invested £68.4m in our hire fleet, of which 56% was on sustainable equipment. We anticipate investing a significant proportion of capex during FY2023 in sustainable products in line with customer demand to help drive down carbon emissions.

We have undertaken an initial evaluation of our Scope 3 emissions and during FY2023 will be undertaking further detailed analysis and evaluating strategies with our supply chain to reduce these as quickly as possible.

During FY2022 colleagues raised over £75,000 for charities and community groups, contributing to a range of worthy causes. We supported a colleague led 'As One' challenge to raise money for charity Mind and raise awareness of mental health issues. The distance-based challenge saw Speedy teams collectively run, walk, swim or cycle over 63,000 miles, raising a total of £25,000.

People

We launched our People First strategy during the year that prioritises personal and professional development, wellbeing and equality, diversity and inclusion within the workplace. We have increased the number of graduates and apprentices within the business and are working towards having 5% of our employees on earn and learn programmes within 5 years as part of our commitment to the '5% club'. To recognise the considerable experience and expertise we have within the business, we have also introduced a 'late careers' mentor programme. This ensures the skills we need for the future are retained whilst passing them on to new colleagues.

The Board is committed to supporting colleagues, new and established who are participating in the long-term success of the business.

I have recently advised the Board of my intention to retire. I am proud to have been Chief Executive at Speedy for the last seven years and of all we have achieved during this period. I would like to take this opportunity to thank all of my exceptionally talented colleagues, our customers and suppliers for their support and wish them well for the future.

Summary and outlook

I am pleased to report results that reflect the strong performance we have achieved this year. We have continued to progress our strategic goals by taking market share, developing a first class digital customer experience, prioritising our people and leading on ESG. This performance is testament to the hard work and dedication of all my colleagues.

We have made an encouraging start to FY2023 with volume growth and price increases more than offsetting cost pressures. Against a backdrop of positive end-markets and our unique leading service and ESG customer propositions, the Board remains confident that we will meet its FY2023 expectations.

Russell Down

Chief Executive

Financial review

Our financial results for FY2022 demonstrate our strong performance over the year, underpinned by a commitment to excellent customer service. Market conditions remained positive and we delivered growth through demand driven volume improvements and better rates.

Hire revenue has grown throughout the year and was 17.9% ahead of FY2021 and 5.0% ahead of FY2020, which is a more meaningful comparison. We continued to increase our market share, with recent contract wins and renewals. The revenue performance also benefited from our improved digital offering, as well as the enhanced Retail proposition in B&Q stores.

The start to the new financial year has been encouraging, with underlying revenue for the year to date c.8% ahead of the comparative period in FY2022.

Alongside our positive financial performance, we have invested in the hire fleet with capex spend of £68.4m in FY2022. In response to increasing demand from our major customers and in line with our ESG strategy, our investment is focused on carbon efficient ECO products. Focus on asset management using predictive demand tools has further improved utilisation up to 57.0%.

The Group entered FY2022 with net debt at an appropriate level given the significant economic and market uncertainties caused by the COVID-19 pandemic. Increased capital expenditure and the return of dividend payments increased net debt during the year but it remained below the business cycle target of 1.5x leverage. As such, in January 2022 the Company commenced a share buyback programme. Net debt at the end of FY2022 of £67.5m represents 0.9x leverage.

Group financial performance

Results and commentary are presented on a continuing operations basis unless otherwise noted, reflecting the disposal of the Middle East business in March 2021. Comparative amounts in the income statement are to FY2021, which was affected by the COVID-19 pandemic. To aid understanding of the underlying performance, comparison to FY2020 is given where relevant.

Revenue (excluding disposals) for the year to 31 March 2022 increased by 16.3% versus FY2021 to £381.7m and 3.9% versus FY2020. Revenue from disposals was £5.1m (FY2021: £4.2m); total revenue for the year increased by 16.4% to £386.8m (FY2021: £332.3m).

Gross profit was £221.1m (FY2021: £184.9m), an increase of 19.6%. The gross margin increased to 57.2% (FY2021: 55.6%), reflecting the volume and rate increase in hire revenue with a largely fixed depreciation charge, and Service margin impacted by sales mix.

EBITA increased by 50.2% to £32.6m (FY2021: £21.7m) and profit before taxation, amortisation and exceptional costs increased to £30.1m (FY2021: £17.5m), reflecting the strong in year performance versus FY2021 which was impacted by COVID-19.

The share of profit from the joint venture in Kazakhstan increased to £3.2m (FY2021: £1.2m) as result of strong recovery following COVID-19 pandemic and new contract wins.

The Group incurred no exceptional items in the year (FY2021: £8.4m).

After taxation, amortisation and exceptional items, the Group made a profit of £21.6m, compared to of £9.5m in FY2021.

Revenue and margin analysis

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

Revenue and margin by type	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m	Change %
Hire:			
Revenue	243.3	206.4	17.9%
Cost of sales	(54.5)	(50.3)	
Gross profit	188.8	156.1	20.9%
<i>Gross margin</i>	77.6%	75.6%	
Services:			
Revenue	138.4	121.7	13.7%
Cost of sales	(107.8)	(93.5)	
Gross profit	30.6	28.2	8.5%
<i>Gross margin</i>	22.1%	23.2%	

Hire revenue increased by 17.9% compared to FY2021 which was significantly impacted by the national lockdown imposed at the end of March 2020. Revenue showed progressive growth throughout the year and was 5% ahead of the more meaningful corresponding period in FY2020. A number of new and renewed contracts with key customers were secured during the year, reflecting the strength of our market position. The year closed strongly, with hire revenue c.7% ahead of Q4 FY2021 which was less impacted by COVID-19.

Services revenues increased by 13.7% in the year, with a record performance from our rehire business, reflecting an expansion of our product offering. Following the phasing out of red diesel supplies to the construction industry on 1 April 2022, we have seen strong growth in our fuel management business, particularly for HVO fuel. Services revenue for the year was affected by the decision to cease the provision of NVQs and Apprenticeships from July 2021.

The Group implemented price increases in April 2022 to offset the effects of cost inflation on both overheads and new equipment purchases. The price increases will take effect as framework agreements and hire contracts are renewed.

Gross margins increased from 55.6% to 57.2%. Hire margin increased to 77.6% (FY2021: 75.6%) as volumes increased, utilisation improved further and other direct costs remained tightly controlled. Asset utilisation for the year increased to 57.0% on our enlarged hire fleet as a result of the continued use of artificial intelligence and the asset replenishment programme to connect customer demand with asset availability. Services margin was impacted by sales mix with comparably stronger revenue performance in lower margin services such as rehire and fuel and a reduction in higher margin training revenues, reducing overall margin to 22.1% (FY2021: 23.2%).

Overheads

Overheads remain well controlled with the increase versus FY2021 supporting growth across the business. Improvements have been made to simplify and standardise our operating model, including the consolidation of a number of depots into larger customer focused centres. The cost savings from these initiatives have been reinvested in our people, ESG and omni-channel capabilities.

The UK and Ireland headcount increased to 3,554, compared to 3,303 at 31 March 2021 to support business growth initiatives including 162 colleagues are now employed in B&Q stores (31 March 2021: 50).

Inflationary pressures on overheads, particularly salaries, utilities and fuel are expected in FY2023. The Group will continue to control overheads to help reduce the impact of inflation on the Group's performance.

Interest

The Group's net financial expense, including interest on lease liabilities, increased to £5.7m (FY2021: £5.4m) reflecting higher average gross borrowings throughout the year.

Net debt, excluding lease liabilities, as at 31 March 2022 increased to £67.5m (2021: £33.2m), reflecting increased capital expenditure, the return of dividend payments and £6.0m for the recently commenced share buyback programme.

The Group's main bank facilities were renewed in July 2021 for a three year term. Borrowings under the facility are now priced based on SONIA (LIBOR prior to renewal) plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the year, the margin payable on the outstanding debt fluctuated between 1.50% and 2.05% dependent on the weighting of borrowings between receivables and plant and machinery. The effective average margin in the period was 1.73% (FY2021: 1.80%).

The Group utilises interest rate hedges to manage fluctuations in SONIA with varying maturity dates to November 2024. The fair value of these hedges was not material at 31 March 2022.

Taxation

The Group seeks to protect its reputation as a responsible taxpayer, and adopts an appropriate attitude to arranging its tax affairs, aiming to ensure effective, sustainable and active management of tax matters in support of business performance.

The tax charge for the year was £7.7m (FY2021: £2.2m), with an effective tax rate of 26.5% (FY2021: 26.5%). An increase in the UK corporation tax rate to 25% for periods from 1 April 2023 was substantively enacted on 24 May 2021. This rate has been used to calculate the deferred tax assets and liabilities and has resulted in the effective rate of tax for the year being above the current standard rate of 19%. The impact of the rate change is an increase of £2.0m in the net deferred tax liability as at 31 March 2022; excluding the impact of this change in tax rate, the effective rate would be 19.6%.

International segment

Following the disposal of the Middle East business on 1 March 2021, the Group successfully concluded the transitional services arrangement in the year; the Group is in the process of formally winding up its operations in the region.

Earnings per share

At 31 March 2022, 518,220,366 Speedy Hire Plc ordinary shares were outstanding, of which 4,236,422 were held in the Employee Benefits Trust. 11,114,363 shares were re-purchased by 31 March 2022 and cancelled as part of the share buyback programme. Shares repurchased after 6 April 2022 have been placed in Treasury. As at 26 May 2022 19,343,119 shares have been repurchased of which 6,776,342 are held in Treasury, following settlement of the transactions to that date.

Adjusted earnings per share from continuing operations was 4.24 pence (FY2021: 2.68 pence), an increase of 58.2%. Based on a normalised tax rate (excluding the impact on deferred tax of the increase in the UK corporation tax rate) adjusted earnings per share was 4.62 pence. Basic earnings per share was 4.13 pence (FY2021: 1.82 pence).

Capital expenditure and disposals

Total capital expenditure during the year amounted to £82.1m (FY2021: £43.7m), of which £68.4m (FY2021: £36.0m) related to equipment for hire. Our hire fleet investment is biased towards carbon efficient ECO products. The strength of our supply chain relationships and advanced planning have meant that we received assets in a timely manner to support existing demand and growth. Non-hire fleet capital expenditure increased to £13.7m (FY2021: £7.7m) representing the investment in our properties and IT capabilities.

As a result of the increased hire fleet investment during the year, the average age of the fleet remains young in comparison to the industry at 3.6 years. Proceeds from disposal of hire equipment were £13.6m (FY2021: £12.2m).

During the year we further optimised our stockholdings across the network, applying machine learning to inform decisions on returns and asset utilisation, which highlighted those areas requiring investment.

The Group expects to invest further in its hire fleet to support revenue growth in FY2023, albeit at a more normalised level than FY2022. Forward demand planning will continue to help mitigate the potential risk from lead time delays and price inflation.

Balance sheet

The Group continues to maintain a strong balance sheet, which reflects the decisive action taken during COVID-19, proactive management of the asset fleet and effective control over working capital.

Net assets at 31 March 2022 were £226.4m (2021: £220.8m), equivalent to 43.7 (2021: 41.8) pence per share.

Net property, plant and equipment (excluding IFRS 16 right of use assets) was £257.7m as at 31 March 2022 (2021: £233.1m), of which equipment for hire represents 88.0% (2021: 88.9%).

Intangibles increased to £25.9m (2021: £24.7m), due to increased IT development expenditure and in particular the core system update to the latest cloud-based ERP application from Microsoft Dynamics 365.

Right of use assets of £73.3m (2021: £59.1m) and corresponding lease liabilities of £76.7m (2021: £63.2m) have increased in part due to new vehicle leases to support the move to a lower carbon fleet.

Throughout the year the business has continued to focus on cash, in particular customer collections. The successful collaboration between sales and credit control functions, leveraging strong customer relationships, resulted in strong cash collections throughout the year. Gross trade receivables totaled £104.9m at 31 March 2022 (2021: £93.4m). Bad debt provisions were £3.0m as at 31 March 2022 (2021: £3.5m), equivalent to 2.9% of gross trade receivables (2021: 3.8%). The FY2021 provision included specific provisions for the training and international businesses which are no longer required. Debtor days as at 31 March 2022 were 66.6, having returned to a more normal level following a low of 58.9 at March 2021.

Trade payables as at 31 March 2022 were £45.3m (2021: £49.8m). Creditor days were 55.9 (2021: 47.8).

Cash flow and net debt

Cash generation remained strong, with cash generated from operations for the year of £28.6m reflecting increased capital expenditure (FY2021: £72.9m). Free cash flow (being net cash flow before financing activities) decreased to £5.5m (FY2021: £69.7m).

Net debt increased by £34.3m from £33.2m at the beginning of the year to £67.5m at 31 March 2022. Excluding the impact of IFRS 16, leverage increased to 0.9x (FY2021: 0.5x). The Group retained substantial headroom within its bank facility throughout the year with cash and undrawn facility availability of £110.8m as at 31 March 2022 (2021: £142.3m).

The Group's £180m asset based finance facility has been renewed for three years, through to July 2024. In addition, uncommitted options exist for a further two one-year extensions until July 2026. The additional uncommitted accordion of £220m remains in place through to July 2024. The terms of the facility are broadly similar to the expired facility and give the Group headroom with which to support organic growth and acquisition opportunities.

The facility includes quarterly leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. No covenant test was required during the year, and the Group maintained significant headroom against these measures throughout the year.

Dividend

The Board has proposed a final dividend for FY2022 of 1.45 pence per share (FY2021: 1.40 pence per share) to be paid on 23 September 2022 to shareholders on the register on 12 August 2022. The cash cost of this dividend is expected to be c.£7.6m. This takes the total dividend for FY2022 to 2.20 pence per share (FY2021: 1.40 pence per share) following an interim dividend of 0.75 pence per share (FY2021: nil pence per share).

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:

- 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 specialist hire and services businesses consistent with the Group's existing operations;
- Gearing and treatment of excess capital: the Board is committed to maintaining an efficient balance sheet. The Board has adopted a target leverage of 1.5x through the business cycle, although it is prepared to move outside this if circumstances warrant. The Board will continue to review the Group's balance sheet in light of the policy, and medium term investment requirements, and will return excess capital to shareholders if and when appropriate.

During FY2022 the Board reviewed the medium-term capital needs of the Group and as a result commenced a share buyback programme from 28 January 2022, up to a maximum aggregate consideration of £30 million. The programme is expected to continue until the 2022 Annual General Meeting which is to be held on 8 September 2022, when it will be reviewed.

Return on capital

ROCE is a key performance measure for the Group and increased to 13.1%, now exceeding pre-COVID-19 levels for continuing operations (FY2020: 12.4%). We are confident that our strong market position, underpinned by pricing initiatives, operational efficiency and focus on asset management will enable the Group to achieve its ROCE aspirations of c.15% over the medium term.

James Bunn
Chief Financial Officer

The responsibility statement below has been prepared in connection with the Group's full annual report for the year ended 31 March 2022. Certain parts of that report are not included within this announcement.

Directors' Responsibilities Statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The names and functions of the Directors of the Company are:

<u>Name</u>	<u>Function</u>
David Shearer	Chairman
Russell Down	Chief Executive
James Bunn	Chief Financial Officer
David Garman	Senior Independent Director
Rob Barclay	Non-Executive Director
Rhian Bartlett	Non-Executive Director
Shatish Dasani	Non-Executive Director
Carol Kavanagh	Non-Executive Director

Principal risks and uncertainties

The business strategy in place and the nature of the industry in which we operate expose the Group to a number of risks. As part of the risk management framework in place, the Board considers on an ongoing basis the nature, likelihood and potential impact of each of the significant risks it is willing to accept in achieving its strategic objectives.

The Board has delegated to the Audit & Risk Committee responsibility for reviewing the effectiveness of the Group's internal controls, including the systems established to identify, assess, manage and monitor risks. These systems, which ensure that risk is managed at the appropriate level within the business, can only mitigate risk rather than eliminate it completely.

Direct ownership of risk management within the Group lies with the senior management teams. Each individual is responsible for maintaining a risk register for their area of the business and is required to update this on a regular basis. The key items are consolidated into a Group risk register which has been used by the Board to carry out a robust assessment of the principal risks.

The principal risks and mitigating controls in place are summarised below.

Risk	Description and potential impact	Strategy for mitigation
COVID-19 pandemic	<p>Trading performance</p> <p>Whilst the Group performed well during the UK & Ireland lockdown periods, the uncertainty from COVID-19 leads to difficulty in forecasting. Although the restrictions imposed by Government have almost all been lifted, there remains a risk of future restrictions in the event of new variants emerging. There are risks that the people and supply chain risks described for the Group below may also impact our customers' businesses and reduce our ability to achieve revenue targets.</p> <p>People</p> <p>The COVID-19 pandemic has led to shortages in the workforce as a direct result of illness or isolation measures, along with changes in holiday patterns. These factors could result in an inability to effectively service our customers' requirements.</p> <p>Supply chain</p> <p>The supply of goods, services and assets (including the availability of spares) may be disrupted or there may be delays introduced into the supply chains. This may also result in an inability to effectively service our customers' requirements.</p>	<p>We continue to monitor Government guidance and take action to ensure the safety of our colleagues, as we support customers.</p> <p>We have implemented COVID-19 safe ways of working and a flexible working policy for employees who can perform duties from home utilising our secure and robust infrastructure and technology platforms.</p> <p>Speedy operates one of the youngest hire fleets in the industry and is well placed to flex capital expenditure during this period, whilst maintaining customer service.</p> <p>Based on various revenue downturn scenarios, and the measures outlined above, the Board remains confident that the Group can withstand a prolonged period of reduced trading activity, including in the event of a further national lockdown.</p>

<p>Safety, health and environment</p>	<p>Serious injury or death</p> <p>Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public.</p> <p>Environmental hazard</p> <p>The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage.</p>	<p>The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. This is achieved by the Group's health, safety, and environmental teams measuring and promoting employee understanding of, and compliance with, procedures that affect safety and protection of the environment.</p> <p>We maintain systems that enable us to hold appropriate industry recognised accreditations supported by a specialist software platform for managing data and reporting in relation to Health, Safety and Environment.</p> <p>All operatives who handle hazardous substances are trained and provided with appropriate equipment to manage small scale spills. In the case of more serious accidents, we have a contract with a third party specialist who would undertake any clean-up operation as necessary.</p>
<p>Service</p>	<p>Provision of equipment</p> <p>Speedy's commitment is to provide well maintained equipment to its customers on a consistent and dependable basis.</p> <p>Back office services</p> <p>It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation.</p> <p>In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.</p>	<p>We operate an industry leading four-hour service promise under "Trust Speedy to Deliver" which covers a wide range of our assets</p> <p>Our use of personal digital assistants (PDAs) and online based customer feedback system are fully embedded into our business and these are used to improve the on-site customer experience.</p> <p>Speedy liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly. We have introduced a Net Promoter Score metric into our business to drive improvement through dashboard reporting at depot level.</p> <p>During the year we successfully concluded the implementation of a new ERP system; Microsoft Dynamics365. This provides opportunities for future enhancements to customer service by utilising standard and bespoke modules from the system.</p>

Sustainability and climate change	<p>Climate change</p> <p>There is a risk that climate change may impact Speedy's operations or ability to trade. Conversely, there is a risk that Speedy will fail to meet internal or external targets designed to reduce the Group's impact on climate change.</p> <p>This could arise from insufficient target setting, inadequate progress of initiatives, or a failure to capture relevant data accurately.</p> <p>Sustainability</p> <p>There is a risk that the Group's business model may not be sustainable in the long term, for example if assets reliant on fossil fuels are not replaced or if the distribution network continues to be similarly reliant on fossil fuels.</p> <p>The result from either of the above may include loss of customer confidence impacting revenue, or investor and bank confidence leading to difficulty in obtaining future funding.</p>	<p>The Group has built on its strong position of embracing the ESG agenda with the creation of the Board Sustainability Committee to oversee the development of the sustainability and climate change response plan.</p> <p>Robust science-based targets have been set and a director has been appointed to lead the programme, reporting directly to the Chief Executive.</p> <p>Speedy has incorporated hybrid and fully electric vehicles into both the commercial and company car fleets to ensure we continue to reduce our emissions</p> <p>Further details of the risks, opportunities and mitigating actions in relation to sustainability and climate change are detailed in the Taskforce for Climate-Related Financial Disclosures (TCFD) section of the Annual Report and Accounts.</p>
Revenue and trading performance	<p>Competitive pressure</p> <p>The hire market is fragmented and highly competitive. There is a risk that customers can readily change provider, with minimal disruption to their own business activity.</p> <p>There is a risk that the Group does not have an effective route to market for consumer rentals and this could lead to a missed opportunity that is capitalised upon by our competition.</p> <p>There is a risk that cost inflation may reduce margins if customers resist price increases. This risk is higher in a small number of cases where larger customers may be on fixed term agreements with no inflation clause.</p> <p>Reliance on high value customers</p> <p>There is a risk to future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.</p>	<p>The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and addressed where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies.</p> <p>Whilst we develop and maintain strategic relationships with larger customers, no single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME and retail customer base, which helps to mitigate this risk.</p> <p>We have opened 36 concessions within B&Q stores, which allows the Group to directly access a marketplace that represents significant potential for growth. This is supported by a link from B&Q's diy.com website directly to the Speedy consumer online offering. The Group's operational management team includes a managing director dedicated to retail based routes to market.</p> <p>We have made a significant investment in the year to improve our web-based</p>

		<p>offering to enable our customers to transact digitally with us, enhancing the ease with which our customers can do business with Speedy.</p>
Project and change management	<p>Acquisitions</p> <p>Our strategy includes value enhancing acquisitions that complement or extend our existing business in specialised markets. There is a risk that suitable targets are not identified, that acquired businesses do not perform to expectations or they are not effectively integrated into the existing Group.</p>	<p>The Group has a defined process for monitoring and filtering potential targets, with input from advisors and other third parties.</p> <p>All potential business combinations are presented to the Board, with an associated business case, for approval.</p> <p>Once a decision in principle is made, a detailed due diligence process covering a range of criteria is undertaken. This will include the use of specialists to supplement the Group's capabilities. The results of due diligence are presented to the Board prior to formal approval being granted.</p> <p>The use of a cross functional project team, including specialists where necessary, will ensure effective integration into the Group. These teams work with a blueprint plan, modified as needed to specifically address any risks identified during the due diligence phase.</p> <p>An established Programme Management Office function has clearly defined governance in place to oversee all change initiatives. During the year this capability has been improved with the adoption of a change management methodology designed to increase the success rate of projects.</p>
People	<p>Employee excellence</p> <p>In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain, develop and motivate employees who possess the right skills for the Group, whilst also demonstrating our commitment to equality, diversity and inclusivity.</p> <p>Labour availability</p> <p>There is a risk that with increased numbers of people leaving the labour market, or salary inflation leading to increased staff turnover, there will be shortages of available employees for the Group, with greater requirements for training.</p>	<p>The combined impacts of COVID-19 and BREXIT has resulted in short term challenges, particularly in the recruitment and retention of drivers and engineers. We have reviewed our reward packages for these colleagues and are actively seeking alternative routes to meet the demand, such as our support for the 5% Club and the Armed Services Covenant.</p> <p>Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group.</p> <p>Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group.</p> <p>The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages,</p>

		including appropriate short and long-term incentive schemes.
Partner and supplier service levels	<p>Supply chain</p> <p>Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment.</p> <p>The COVID-19 pandemic has resulted in some supply chain delays which may increase the likelihood of this risk impacting the Group.</p> <p>It is possible that the war in Ukraine may result in disruption to the supply chain.</p> <p>Partner reputation</p> <p>Significant revenues are generated from our rehire business, where the delivery or performance is effected through a third party partner.</p> <p>Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.</p>	<p>A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners.</p> <p>Where practical, agreements with alternative suppliers are in place for key ranges, diluting reliance on individual suppliers.</p>
Operating costs	<p>Fixed cost base</p> <p>Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.</p> <p>Fuel management</p> <p>As a result of changes in the worldwide fuel supply chain, the Group faces risks of both low supply volumes and inflated prices for fuel.</p> <p>This may impact both our own cost base and our ability to supply fuel to our customers.</p>	<p>The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who manage the estate.</p> <p>We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. This includes a growing number of Electric and hybrid vehicles. Fuel is purchased through agreements controlled by our supply chain processes.</p> <p>The growth of our services offering will help to mitigate this risk as these activities have a greater proportion of variable overheads.</p>

<p>Cyber security and data integrity</p>	<p>IT system availability</p> <p>Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively.</p> <p>Data accuracy</p> <p>The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous or incomplete data there could be a direct impact on the performance of the Group.</p> <p>Data security</p> <p>Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.</p>	<p>Annual and medium-term planning provides visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval.</p> <p>Our successful move to Microsoft's Dynamics365, a cloud based platform, has reduced the likelihood of system unavailability and improved system performance.</p> <p>Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have a dedicated data management team which is responsible for putting in place procedures to maintain accuracy of the information provided by data owners across the business.</p> <p>Mitigations for IT data recovery are described below under business continuity as these risks are linked.</p> <p>We have an established cyber security governance committee which meets regularly to monitor our control framework and reports on a routine basis to the Audit & Risk Committee.</p> <p>Speedy's IT systems are protected against external unauthorised access. These protections are tested regularly by an independent provider. All mobile devices have access restrictions and, where appropriate, data encryption is applied.</p>
<p>Funding</p>	<p>Sufficient capital</p> <p>Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.</p>	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>The £180m asset based finance facility, along with an additional uncommitted accordion of £220m, is available through to July 2024, with two one-year extensions available.</p> <p>We have a defined capital allocation policy. This ensures that the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity.</p>

Economic vulnerability	<p>Economy</p> <p>Any changes in construction/industrial market conditions could affect activity levels and consequently the Group's revenue.</p> <p>As markets change and evolve, there is a risk that the Group strategy will need to be aligned accordingly.</p> <p>There is a risk of recession in the UK which could affect the Group's revenue.</p> <p>Inflation</p> <p>There is a risk of inflationary pressure on both material and employee costs impacting margins that the Group is able to generate, if customers resist price rises or are in existing framework agreements for fixed terms.</p> <p>War</p> <p>There is a risk that a prolonged war in Ukraine, or an increase in hostilities involving more countries, may impact the global economy. This may result in a range of impacts for the Group, including cost inflation, labour availability and disruption to the supply chain.</p>	<p>The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process.</p> <p>Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors. The Board oversees the importance of strategic clarity and alignment, which is seen as essential for the setting and execution of priorities, including resource allocation.</p> <p>Our close relationships with our customers, coupled with the differentiation allows us to adopt a partnership approach to responding to cost inflation.</p> <p>The Group implemented price increases in April 2022 on list prices and new contract renewals to offset the effects of cost inflation on both overheads and new equipment purchases.</p>
Business continuity	<p>Business interruption</p> <p>Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel, could adversely impact current and future trading as customers could readily migrate to competitors.</p> <p>This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.</p> <p>Joint venture</p> <p>The Group's joint venture in Kazakhstan, Speedy Zholdas, may be impacted by Russia's invasion of Ukraine. This may be a direct result of military activity in the wider region, or there may be politically motivated impacts as Kazakhstan has historically maintained strong links with Russia. The main impact that the Group has faced to date has been the impact of fluctuations in exchange rates.</p>	<p>As described in the paragraph above, the Group has continued to operate effectively throughout the COVID-19 pandemic. Management acted promptly in line with our documented plan to establish a crisis management team which co-ordinated the activities required in a rapidly changing environment.</p> <p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p> <p>We continue to monitor the situation in Kazakhstan through regular contact with the expat management team and will take action as may be necessary to ensure the safety of our colleagues.</p>

Asset holding and integrity	Asset range and availability Speedy's business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and returns on deployed capital, demand is balanced with the requirement to hold a range of assets that is optimally utilised.	We regularly monitor the status of our assets and use this information to optimise our asset holdings. This is based on our knowledge of customer expectations of delivery timescales, which vary by asset class. By structuring our depot network accordingly, we can centralise low volumes of holdings of specialist assets. We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market.
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Viability Statement

The Group operates an annual planning process which includes a five year strategic plan and a one year financial budget. These plans, and risks to their achievement, are reviewed by the Board as part of its strategy review and budget approval processes. The Board has considered the impact of the principal risks to the Group's business model, performance, solvency and liquidity as set out above.

The Directors have determined that three years is an appropriate period over which to assess the Viability statement. The strategic plan is based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five. The Group has a £180m asset-based finance facility in place through to July 2024 with uncommitted extension options for a further two years on the same terms. The Strategic Plan assumes the facility will be extended to meet the Group's capital investment and acquisition strategies.

In making this statement, the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in distressed but reasonable scenarios and the effectiveness of any mitigating actions. These scenarios include reduced levels of revenue across the Group and inflationary pressures on the cost base. Mitigations applied in these downturn scenarios include a reduction in planned capital expenditure.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2025.

The going concern statement and further information can be found in Note 1 of the financial statements.

Consolidated Income Statement

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £m	Year ended 31 March 2021 Restated* £m
Revenue	2	386.8	332.3
Cost of sales		(165.7)	(147.4)
Gross profit		221.1	184.9
Distribution and administrative costs		(185.7)	(170.4)
Impairment losses on trade receivables		(3.8)	(2.0)
Analysis of operating profit			
Operating profit before amortisation and exceptional items		32.6	21.7
Amortisation	10	(1.0)	(0.8)
Exceptional items	4	-	(8.4)
Operating profit		31.6	12.5
Share of results of joint venture		3.2	1.2
Profit from operations		34.8	13.7
Financial expense	5	(5.7)	(5.4)
Profit before taxation		29.1	8.3
Taxation	6	(7.7)	(2.2)
Profit for the financial year from continuing operations		21.4	6.1
Profit from discontinued operations, net of tax		0.2	3.4
Profit for the financial year		21.6	9.5
Earnings per share			
- Basic (pence)	7	4.13	1.82
- Diluted (pence)	7	4.07	1.79
Non-GAAP performance measures			
EBITDA before exceptional items	9	99.3	85.3
Adjusted profit before tax	9	30.1	17.5
Adjusted earnings per share (pence)	7	4.24	2.68

* See Note 17

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m
Profit for the financial year	<u>21.6</u>	<u>9.5</u>
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	0.2
- Exchange difference on translation of foreign operations	(0.8)	(1.4)
- Tax on items	<u>(0.2)</u>	<u>-</u>
Other comprehensive income, net of tax	<u>(0.2)</u>	<u>(1.2)</u>
Total comprehensive income for the financial year	<u><u>21.4</u></u>	<u><u>8.3</u></u>

Consolidated Balance Sheet

at 31 March 2022

	Note	31 March 2022 £m	31 March 2021 Restated* £m
ASSETS			
Non-current assets			
Intangible assets	10	25.9	24.7
Investment in joint venture		7.8	6.2
Property, plant and equipment			
Hire equipment	11	226.9	207.2
Non-hire equipment	11	30.8	25.9
Right of use assets	12	73.3	59.1
Deferred tax asset		1.7	2.1
		<u>366.4</u>	<u>325.2</u>
Current assets			
Inventories		8.1	8.2
Trade and other receivables		108.7	93.3
Cash	13	2.5	11.7
Current tax asset		-	1.1
		<u>119.3</u>	<u>114.3</u>
Total assets		<u>485.7</u>	<u>439.5</u>
LIABILITIES			
Current liabilities			
Borrowings	13	(1.7)	(0.5)
Lease liabilities	14	(20.6)	(16.7)
Current tax creditor		(1.0)	-
Trade and other payables		(96.6)	(95.8)
Provisions	15	(2.8)	(3.1)
		<u>(122.7)</u>	<u>(116.1)</u>
Non-current liabilities			
Borrowings	13	(68.3)	(44.4)
Lease liabilities	14	(56.1)	(46.5)
Provisions	15	(1.2)	(2.9)
Deferred tax liability		(11.0)	(8.8)
		<u>(136.6)</u>	<u>(102.6)</u>
Total liabilities		<u>(259.3)</u>	<u>(218.7)</u>
Net assets		<u>226.4</u>	<u>220.8</u>
EQUITY			
Share capital	16	25.9	26.4
Share premium		1.8	1.3
Capital redemption reserve		0.6	-
Merger reserve		1.0	1.0
Hedging reserve		0.1	(0.7)
Translation reserve		(1.8)	(1.0)
Retained earnings		198.8	193.8
Total equity		<u>226.4</u>	<u>220.8</u>

* See Note 17

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained Earnings Restated* £m	Total Equity Restated* £m
At 1 April 2020 Reported	26.4	0.8	-	1.0	(0.9)	0.4	182.2	209.9
Restatement*	-	-	-	-	-	-	1.6	1.6
At 1 April 2020 Restated*	26.4	0.8	-	1.0	(0.9)	0.4	183.8	211.5
Total comprehensive income	-	-	-	-	0.2	(1.4)	9.5	8.3
Equity-settled share-based payments	-	-	-	-	-	-	0.5	0.5
Issue of shares under the Sharesave Scheme	-	0.5	-	-	-	-	-	0.5
At 31 March 2021 Restated*	26.4	1.3	-	1.0	(0.7)	(1.0)	193.8	220.8
Total comprehensive income	-	-	-	-	0.8	(0.8)	21.4	21.4
Dividends	-	-	-	-	-	-	(11.3)	(11.3)
Equity-settled share-based payments	-	-	-	-	-	-	1.2	1.2
Purchase and cancellation of shares	(0.6)	-	0.6	-	-	-	(6.2)	(6.2)
Tax on items taken directly to equity	-	-	-	-	-	-	(0.1)	(0.1)
Issue of shares under the Sharesave Scheme	0.1	0.5	-	-	-	-	-	0.6
At 31 March 2022	25.9	1.8	0.6	1.0	0.1	(1.8)	198.8	226.4

*See Note 17

Consolidated Cash Flow Statement

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £m	Year ended 31 March 2021 Restated* £m
Cash generated from operating activities			
Profit before tax including discontinued operations		29.3	12.3
Financial expense		5.7	5.9
Amortisation	10	1.0	0.8
Depreciation		66.7	68.1
Share of profit from joint venture		(3.2)	(1.2)
Termination of lease contracts		(0.2)	(4.1)
(Profit)/Loss on disposal of hire equipment		(0.5)	1.0
Loss on disposal of non-hire equipment		0.1	0.5
Decrease in inventories		0.1	0.5
(Increase)/decrease in trade and other receivables		(15.5)	9.3
Increase in trade and other payables		3.8	3.6
Decrease in provisions	15	(2.0)	(1.1)
Translation reserve recycled on disposal of Middle East assets		-	1.0
Equity-settled share-based payments		1.2	0.5
Cash generated from operations before changes in hire fleet		86.5	97.1
Purchase of hire equipment		(71.5)	(36.4)
Proceeds from sale of hire equipment		13.6	12.2
Cash generated from operations		28.6	72.9
Interest paid		(6.0)	(6.0)
Tax paid		(3.0)	(0.8)
Net cash flow from operating activities		19.6	66.1
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment and IT development		(16.0)	(11.2)
Proceeds from sale of non-hire property, plant and equipment		-	0.8
Proceeds from disposal of Middle East assets		-	13.0
Dividends and loan repayments from joint venture		1.9	1.0
Net cash flow from investing activities		(14.1)	3.6
Net cash flow before financing activities		5.5	69.7
Cash flow from financing activities			
Payments for the principal element of leases		(24.6)	(23.6)
Drawdown of loans*		482.6	340.8
Repayment of loans*		(457.2)	(399.0)
Proceeds from the issue of Sharesave Scheme shares		0.6	0.5
Purchase of own shares for cancellation		(6.0)	-
Dividends paid	8	(11.3)	-
Net cash flow from financing activities		(15.9)	(81.3)
Decrease in cash and cash equivalents		(10.4)	(11.6)
Net cash at the start of the financial year	13	11.2	22.8
Net cash at the end of the financial year	13	0.8	11.2
Analysis of cash and cash equivalents			
Cash	13	2.5	11.7
Bank overdraft	13	(1.7)	(0.5)
		0.8	11.2

* See Note 17

1 Accounting policies

Speedy Hire Plc is a company incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group and Parent Company Financial Statements were approved by the Board of Directors on 27 May 2022.

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

Basis of preparation

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

The Group has a £180m asset based finance facility ('the facility') which matures in July 2024 and has no prior scheduled repayment requirements. The total cash and undrawn availability on the facility as at 31 March 2022 was £110.8m (2021: £142.3m) 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 up to 31 May 2023, 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 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 various possible downside scenarios to the base case, which result in reduced levels of revenue across the Group, whilst also reflecting inflationary pressures on the 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 Financial Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

The financial information set out in this final results announcement does not constitute the Group's statutory accounts for the year ended 31 March 2022 or 31 March 2021 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2021 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2022 will be delivered in due course. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Copies of full accounts will be available on the Group's corporate website in due course. Additional copies will be available on request from Speedy Hire Plc, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

Notes to the Financial Statements (continued)

2 Segmental analysis

The segmental disclosure presented in the 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 activities of the operating segments. 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 activities of the operating segments, together with net corporate borrowings and taxation. The Middle East assets were disposed of on 1 March 2021 and are now shown as discontinued operations.

For the year ended 31 March 2022

	UK and Ireland £m	Corporate Items £m	Total £m
Revenue	386.8	-	386.8
Segment result:			
EBITDA before exceptional items	103.3	(4.0)	99.3
Depreciation	(66.4)	(0.3)	(66.7)
Operating profit/(costs) before amortisation and exceptional items	36.9	(4.3)	32.6
Amortisation	(1.0)	-	(1.0)
Operating profit/(costs)	35.9	(4.3)	31.6
Share of results of joint venture	-	3.2	3.2
Trading profit/(costs)	35.9	(1.1)	34.8
Financial expense			(5.7)
Profit before tax			29.1
Taxation			(7.7)
Profit for the financial year from continuing operations			21.4
Profit from discontinued operations, net of tax			0.2
Profit for the financial year			21.6
Intangible assets	19.5	6.4	25.9
Investment in joint venture	-	7.8	7.8
Hire equipment	226.9	-	226.9
Non-hire equipment	30.8	-	30.8
Right of use assets	73.3	-	73.3
Taxation assets	-	1.7	1.7
Current assets	112.7	4.1	116.8
Cash	-	2.5	2.5
Total assets	463.2	22.5	485.7
Lease liabilities	(76.7)	-	(76.7)
Other liabilities	(92.1)	(8.5)	(100.6)
Borrowings	-	(70.0)	(70.0)
Taxation liabilities	-	(12.0)	(12.0)
Total liabilities	(168.8)	(90.5)	(259.3)

Notes to the Financial Statements (continued)

2 Segmental analysis (continued)

For the year ended 31 March 2021

	UK and Ireland £m	Corporate items £m	Total- continuing operations £m	Discontinued operations £m	Total £m
Revenue	332.3	-	332.3	31.3	363.6
Segment result:					
EBITDA before exceptional items	89.5	(4.2)	85.3	5.2	90.5
Depreciation	(63.2)	(0.4)	(63.6)	(1.5)	(65.1)
Operating profit/(costs) before amortisation and exceptional items	26.3	(4.6)	21.7	3.7	25.4
Amortisation	(0.8)	-	(0.8)	-	(0.8)
Exceptional items	(8.4)	-	(8.4)	0.8	(7.6)
Operating profit/(costs)	17.1	(4.6)	12.5	4.5	17.0
Share of results of joint venture	-	1.2	1.2	-	1.2
Trading profit/(costs)	17.1	(3.4)	13.7	4.5	18.2
Financial expense			(5.4)	(0.5)	(5.9)
Profit before tax			8.3	4.0	12.3
Taxation			(2.2)	(0.6)	(2.8)
Profit for the financial year			6.1	3.4	9.5
Intangible assets	20.1	4.6	24.7	-	24.7
Investment in joint venture	-	6.2	6.2	-	6.2
Hire equipment	206.4	0.8	207.2	-	207.2
Non-hire equipment	25.9	-	25.9	-	25.9
Right of use assets	59.1	-	59.1	-	59.1
Taxation assets*	-	3.2	3.2	-	3.2
Current assets	96.5	2.2	98.7	2.8	101.5
Cash	-	11.7	11.7	-	11.7
Total assets	408.0	28.7	436.7	2.8	439.5
Lease liabilities*	(63.2)	-	(63.2)	-	(63.2)
Other liabilities*	(84.5)	(8.8)	(93.3)	(8.5)	(101.8)
Borrowings	-	(44.9)	(44.9)	-	(44.9)
Taxation liabilities	-	(8.8)	(8.8)	-	(8.8)
Total liabilities	(147.7)	(62.5)	(210.2)	(8.5)	(218.7)

*See Note 17

Notes to the Financial Statements (continued)

2 Segmental analysis (continued)

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.

	Year ended 31 March 2022		Year ended 31 March 2021	
	Revenue £m	Total assets £m	Revenue £m	Total assets £m
UK	376.5	472.6	323.6	423.7
Ireland	10.3	13.1	8.7	13.4
	<u>386.8</u>	<u>485.7</u>	<u>332.3</u>	<u>437.1</u>

Revenue and assets relating to discontinued operations were based in the Middle East.

Revenue by type

Revenue is attributed to the following activities:

	2022 £m	2021 £m
Hire and related activities	243.3	206.4
Services	138.4	121.7
Disposals	5.1	4.2
	<u>386.8</u>	<u>332.3</u>

Major customers

No one customer represents more than 10% of revenue, reported profit or combined assets of the Group.

3 Discontinued operations

During the year ended 31 March 2021, the Group sold the assets relating to its Middle East operations. The transaction comprised of the disposal of its equipment fleet, stock and other fixed assets relating to its Middle East business to its principal customer ADNOC Logistics and Services LLC ('ADNOC'), for a consideration of \$18m. At the date of sale, this translated to proceeds of £13.0m, on which a pre-tax gain of £0.8m was recognised. The attributable tax was £0.2m, resulting in a gain after tax of £0.6m.

As part of this sale, a transitional services agreement was agreed for the first half of the year ended 31 March 2022, resulting in a profit from discontinued operations during the year of £0.2m.

Notes to the Financial Statements (continued)

4 Exceptional items

There are no exceptional items for the year ended 31 March 2022.

During the year ended 31 March 2021, exceptional administrative items of £8.4m were incurred in relation to continuing operations.

Action was taken to manage the Group's cost base following the COVID-19 pandemic, and consequently the network was restructured. A number of depots were closed and the consolidation of depots took place to create larger, customer focused service centres. As a result, £5.6m of property related costs and £1.9m of redundancy costs was incurred during the year ended 31 March 2021.

The training business, Geason, which was acquired in December 2018, was subject to an assurance visit from a funding agency in early 2020, and a subsequent claim was received for amounts overpaid. The claim was settled in October 2020, within the provision held at 31 March 2020. During the year ended 31 March 2021, an additional provision was made for £0.9m to cover legal and other costs.

5 Financial expense

	2022 £m	2021 £m
Interest on bank loans and overdrafts	2.6	2.6
Amortisation of issue costs	0.6	0.4
Total interest on borrowings	3.2	3.0
Interest on lease liabilities	2.5	2.4
Financial expense	5.7	5.4

6 Taxation

	2022 £m	2021 £m
Tax charged in the Income Statement from continuing operations:		
Current tax		
UK corporation tax on profit at 19% (2021: 19%)	4.9	1.2
Adjustment in respect of prior years	0.5	(0.7)
Deferred tax		
UK deferred tax at 25% (2021: 19%)	0.9	1.0
Adjustment in respect of prior years	(0.6)	0.7
Effect of change in rates	2.0	-
Total deferred tax	2.3	1.7
Total tax charge from continuing operations	7.7	2.2
Tax charged in other comprehensive income:		
Deferred tax on effective portion of changes in fair value of cash flow hedges	0.2	-
Tax charged in equity:		
Deferred tax	0.1	-

Notes to the Financial Statements (continued)

6 Taxation (continued)

The adjusted tax rate of 26.2% (2021: 19.4%) is higher than the standard rate of UK corporation tax of 19% (2021: 19%). The tax charge in the Income Statement for the year of 26.5% (2021: 26.5%) is higher than the standard rate of corporation tax in the UK and is explained as follows:

	2022 £m	2021 £m
Profit before tax	29.1	8.3
Accounting profit multiplied by the standard rate of corporation tax at 19% (2021: 19%)	5.5	1.6
Expenses not deductible for tax purposes	0.7	0.8
Share-based payments	0.2	-
Share of joint venture income already taxed	(0.6)	(0.2)
Change in deferred tax rate	2.0	-
Adjustment to tax in respect of prior years	(0.1)	-
Tax charge for the year reported in the Income Statement	7.7	2.2

An increase in the tax rate to 25% was substantively enacted on the 24 May 2021, consequently this rate has been used to calculate the deferred tax assets and liabilities and has resulted in the increased effective rate of taxation. The impact of the rate change is that the net deferred tax liabilities have increased by £2.0m. Excluding the impact of the change, the effective rate of taxation would be 19.6%.

Notes to the Financial Statements (continued)

7 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £21.6m (2021: £9.5m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	2022	2021
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	523.8	521.3
Exercise of share options	0.4	0.3
Movement in shares owned by the Employee Benefit Trust	0.1	0.8
Shares repurchased and subsequently cancelled	(1.0)	-
	<u>523.3</u>	<u>522.4</u>
Weighted average for the year – basic number of shares	523.3	522.4
Share options	5.7	6.5
Employee share scheme	0.8	0.6
	<u>529.8</u>	<u>529.5</u>
	2022	2021
Profit (£m)		
Profit for the period after tax – basic earnings	21.6	9.5
Intangible amortisation charge (after tax)	0.8	0.6
Exceptional items (after tax)	-	7.3
Profit from discontinued operations (after tax)	(0.2)	(3.4)
	<u>22.2</u>	<u>14.0</u>
Adjusted earnings (from continuing operations after tax)		
	<u>22.2</u>	<u>14.0</u>
Earnings per share (pence)		
Basic earnings per share*	4.13	1.82
Dilutive shares and options	(0.06)	(0.03)
	<u>4.07</u>	<u>1.79</u>
Diluted earnings per share*		
	<u>4.07</u>	<u>1.79</u>
Adjusted earnings per share (from continuing operations)	4.24	2.68
Dilutive shares and options	(0.06)	(0.03)
	<u>4.18</u>	<u>2.65</u>
Adjusted diluted earnings per share (from continuing operations)		
	<u>4.18</u>	<u>2.65</u>

Total number of shares outstanding at 31 March 2022 amounted to 518,220,366 (2021: 528,180,280), including 4,236,422 (2021: 4,413,516) shares held in the Employee Benefit Trust, which are excluded in calculating earnings per share.

* Basic and diluted EPS include amounts relating to discontinued operations of 0.04p (FY21: 0.65p) and 0.04p (FY21: 0.64p) respectively.

Notes to the Financial Statements (continued)

8 Dividends

The aggregate amount of dividend paid in the year comprises:

	2022 £m	2021 £m
2021 final dividend (1.40 pence on 522.9m ordinary shares)	7.3	-
2022 interim dividend (0.75 pence on 524.2m ordinary shares)	4.0	-
	<u>11.3</u>	<u>-</u>

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 1.45 pence (2021: 1.40 pence) per share, bringing the total amount payable in respect of the 2022 year to 2.20 pence (2021: 1.40 pence), to be paid on 23 September 2022 to shareholders on the register on 12 August 2022.

The Employee Benefit Trust, established to hold shares for the Performance Share Plan and other employee benefits, waived its right to the interim dividend. At 31 March 2022, the Trust held 4,236,422 ordinary shares (2021: 4,413,516).

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.

	2022 £m	2021 £m
Operating profit	31.6	12.5
Add back: amortisation	1.0	0.8
Add back: exceptional items	-	8.4
Adjusted operating profit	<u>32.6</u>	<u>21.7</u>
Add back: depreciation	66.7	63.6
EBITDA before exceptional items	<u>99.3</u>	<u>85.3</u>
Profit before tax	29.1	8.3
Add back: amortisation	1.0	0.8
Add back: exceptional items	-	8.4
Adjusted profit before tax	<u>30.1</u>	<u>17.5</u>

Notes to the Financial Statements (continued)

10 Intangible fixed assets

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Cost					
At 1 April 2020	126.3	45.1	7.0	1.2	179.6
Additions	-	-	-	3.5	3.5
At 31 March 2021	126.3	45.1	7.0	4.7	183.1
Additions	-	-	-	2.2	2.2
At 31 March 2022	126.3	45.1	7.0	6.9	185.3
Amortisation					
At 1 April 2020	108.8	41.8	5.9	-	156.5
Charged in year	-	0.4	0.4	-	0.8
Impairment	-	1.1	-	-	1.1
At 31 March 2021	108.8	43.3	6.3	-	158.4
Charged in year	-	0.3	0.2	0.5	1.0
At 31 March 2022	108.8	43.6	6.5	0.5	159.4
Net book value					
At 31 March 2022	17.5	1.5	0.5	6.4	25.9
At 31 March 2021	17.5	1.8	0.7	4.7	24.7
At 31 March 2020	17.5	3.3	1.1	1.2	23.1

The remaining amortisation period of each category of intangible fixed asset is the following; Customer lists 1-5 years (2021: 2-6 years), Brands 5 years (2021: 6 years) and IT development 6 years.

Goodwill is not tax-deductible.

All goodwill has arisen from business combinations. On transition to IFRS, the balance of goodwill as measured under UK GAAP was allocated to the cash-generating unit (CGU). These are independent sources of income streams, and represent the lowest level within the Group at which the associated goodwill is monitored for management purposes. The Group's reportable CGUs comprise of a single UK and Ireland CGU. All intangible assets are held in the UK. Goodwill arising on business combinations after 1 April 2004 has been allocated to the CGU that is 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.

The recoverable amounts of the assets allocated to the CGU 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 FY2023 budget, and a subsequent four-year period using the Group's business plan, together with a terminal value 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 CGU and market-specific risks.

During the year ended 31 March 2021, the Training CGU was affected by market conditions due to COVID-19 and the impact social distancing had on the delivery of courses. The recoverable amount of the CGU was considered £nil and the goodwill and intangible assets associated with the training business were fully impaired, which resulted in an impairment of £1.1m in the year. During the year ended 31 March 2022, the Geason business has been closed.

Notes to the Financial Statements (continued)

10 Intangible fixed assets (continued)

The pre-tax discount rates and terminal growth rates applied are as follows:

	31 March 2022		31 March 2021	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK and Ireland	<u>11.4%</u>	<u>2.5%</u>	<u>12.3%</u>	<u>2.5%</u>

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. At 31 March 2022, the headroom between value in use and carrying value of related assets for the UK and Ireland was £52.8m (2021: £27.6m). The increase in headroom is principally due to the decrease in discount rate at 31 March 2022 compared with previous years. There are no reasonable variations in these assumptions that would result in an impairment.

11 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 2020	54.8	408.1	83.1	546.0
Foreign exchange	(0.5)	(1.1)	0.6	(1.0)
Additions	1.7	36.0	6.0	43.7
Disposals	(5.4)	(46.0)	(1.2)	(52.6)
Transfers to inventory	-	(10.4)	-	(10.4)
At 31 March 2021	50.6	386.6	88.5	525.7
Foreign exchange	-	(1.0)	(0.3)	(1.3)
Additions	6.1	68.4	7.6	82.1
Disposals	(3.5)	(15.8)	(4.1)	(23.4)
Transfers to inventory	-	(15.5)	-	(15.5)
At 31 March 2022	<u>53.2</u>	<u>422.7</u>	<u>91.7</u>	<u>567.6</u>
Depreciation				
At 1 April 2020	36.5	181.0	70.9	288.4
Foreign exchange	(0.3)	(0.6)	-	(0.9)
Charged in year	3.6	33.7	6.1	43.4
Disposals	(3.2)	(27.4)	(0.4)	(31.0)
Transfers to inventory	-	(7.3)	-	(7.3)
At 31 March 2021	36.6	179.4	76.6	292.6
Foreign exchange	-	(0.1)	(0.2)	(0.3)
Charged in year	3.9	35.2	4.1	43.2
Disposals	(2.9)	(7.2)	(4.0)	(14.1)
Transfers to inventory	-	(11.5)	-	(11.5)
At 31 March 2022	<u>37.6</u>	<u>195.8</u>	<u>76.5</u>	<u>309.9</u>
Net book value				
At 31 March 2022	<u>15.6</u>	<u>226.9</u>	<u>15.2</u>	<u>257.7</u>
At 31 March 2021	<u>14.0</u>	<u>207.2</u>	<u>11.9</u>	<u>233.1</u>
At 31 March 2020	<u>18.3</u>	<u>227.1</u>	<u>12.2</u>	<u>257.6</u>

The net book value of land and buildings comprises improvements to short leasehold properties. Included within depreciation charged in the year is £nil (2021: £1.0m) relating to exceptional impairments (see Note 4). An impairment review has been completed during the year on the basis set out in Note 10.

Notes to the Financial Statements (continued)

12 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2020	127.8	51.9	179.7
Foreign exchange	(0.6)	-	(0.6)
Additions	13.7	8.9	22.6
Disposals	(9.6)	(12.6)	(22.2)
At 31 March 2021	131.3	48.2	179.5
Additions	6.6	15.9	22.5
Remeasurements	12.8	5.7	18.5
Disposals	(7.2)	(14.2)	(21.4)
At 31 March 2022	143.5	55.6	199.1
Depreciation			
At 1 April 2020	80.6	34.4	115.0
Foreign exchange	(0.4)	-	(0.4)
Charged in year	13.3	11.4	24.7
Disposals	(6.9)	(12.0)	(18.9)
At 31 March 2021	86.6	33.8	120.4
Charged in year	12.2	11.3	23.5
Disposals	(6.5)	(11.6)	(18.1)
At 31 March 2022	92.3	33.5	125.8
Net book value			
At 31 March 2022	51.2	22.1	73.3
At 31 March 2021	44.7	14.4	59.1
At 31 March 2020	47.2	17.5	64.7

For the year ended 31 March 2021, included within depreciation charged is £2.0m relating to exceptional impairments (see Note 4).

Notes to the Financial Statements (continued)

13 Borrowings

	2022 £m	2021 Restated* £m
Current borrowings		
Bank overdraft	1.7	0.5
Lease liabilities*	20.6	16.7
	<u>22.3</u>	<u>17.2</u>
Non-current borrowings		
Maturing between two and five years		
- Asset based finance facility	68.3	44.4
- Lease liabilities	56.1	46.5
	<u>124.4</u>	<u>90.9</u>
Total borrowings	146.7	108.1
Less: cash	(2.5)	(11.7)
Exclude lease liabilities*	(76.7)	(63.2)
Net debt	<u>67.5</u>	<u>33.2</u>

*See Note 17

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 hire equipment and trade receivables balance. The cash and undrawn availability of this facility as at 31 March 2022 was £110.8m (2021: £142.3m), 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 2024, with no prior scheduled repayment requirements. Uncommitted options exist for a further two one-year extensions until July 2026. An additional uncommitted accordion of £220m is in place.

Interest on the facility is 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 year, the effective margin was 1.73% (2021: 1.80%).

The facility is secured by fixed and floating charges over the Group's assets.

Analysis of consolidated net debt

	31 March 2021 £m	Non-cash movement £m	Cash flow £m	31 March 2022 £m
Cash at bank and in hand	11.7	-	(9.2)	2.5
Bank overdraft	(0.5)	-	(1.2)	(1.7)
Bank borrowings	(44.4)	0.6	(24.5)	(68.3)
	<u>(33.2)</u>	<u>0.6</u>	<u>(34.9)</u>	<u>(67.5)</u>

Cash flow relating to bank borrowings includes £0.9m of fees paid in respect of the refinancing of the facility during the year.

Notes to the Financial Statements (continued)

14 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 2020 Restated*	52.7	17.6	70.3
Foreign exchange	(0.1)	-	(0.1)
Additions	13.7	8.9	22.6
Repayments	(14.2)	(12.0)	(26.2)
Unwinding of discount rate	2.0	0.6	2.6
Terminations	(5.3)	(0.7)	(6.0)
At 31 March 2021 Restated*	48.8	14.4	63.2
Additions	6.6	15.9	22.5
Remeasurements	12.8	5.7	18.5
Repayments	(15.0)	(12.1)	(27.1)
Unwinding of discount rate	1.9	0.6	2.5
Terminations	(1.9)	(1.0)	(2.9)
At 31 March 2022	53.2	23.5	76.7

Included within terminations in the year ended 31 March 2021 is £3.7m relating to exceptional terminations of property leases (see Note 4).

Amounts payable for lease liabilities (discounted at the incremental borrowing rate of each lease) fall due as follows:

	2022 £m	2021 Restated* £m
Payable within one year*	20.6	16.7
Payable in more than one year	56.1	46.5
At 31 March	76.7	63.2

* See Note 17

Notes to the Financial Statements (continued)

15 Provisions

	Dilapidations £m	Training provision £m	Total £m
At 1 April 2020	4.1	3.0	7.1
Created in the year	3.2	0.9	4.1
Provision utilised in the year	(2.5)	(2.7)	(5.2)
At 31 March 2021	4.8	1.2	6.0
Provision utilised in the year	(1.5)	(0.5)	(2.0)
At 31 March 2022	3.3	0.7	4.0

Of the £4.0m provision at 31 March 2022 (2021: £6.0m), £2.8m (2021: £3.1m) is due within one year and £1.2m (2021: £2.9m) is due after one year. The dilapidations provision is calculated based on estimated dilapidations at current market rates. The total liability is discounted to current values. The movement in the year is a part settlement of these costs from properties exited.

In April 2020 Speedy were notified that a funding agency was seeking repayment of £2.6m from Geason Training. In the year ended 31 March 2020, £3.0 million was provided as an exceptional charge. The claim was settled in October 2020 within the provision held. An additional provision was recognised in 2021 for £0.9m in relation to legal and other costs. The movement in the year is a part settlement of those costs.

16 Share capital

	2022		2021	
	Number m	Amount £m	Number m	Amount £m
Allotted, called-up and fully paid				
At 1 April (ordinary shares of 5 pence each)	528.2	26.4	526.8	26.4
Exercise of Sharesave Scheme options	1.1	0.1	1.4	-
Purchase and cancellation of own shares	(11.1)	(0.6)	-	-
Total	518.2	25.9	528.2	26.4

In January 2022 the Company commenced a share buyback programme. By resolutions passed at the 9 September 2021 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 52,831,110 of its ordinary shares. In the year ended 31 March 2022, a total of 11,114,363 ordinary shares were purchased and cancelled. A further 401,186 shares were acquired immediately prior to the year ended 31 March 2022 and cancelled in April 2022.

The average price paid was 54p with a total consideration (inclusive of all costs) of £6.2m. 11,114,363 shares purchased were cancelled, nil held in treasury and 401,186 held pending cancellation.

During the year, 1.1m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2021: 1.4m).

Notes to the Financial Statements (continued)

17 Prior year adjustments

On transition to IFRS 16 in FY20 the lease liabilities were overstated and accruals understated. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2020 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 31 March 2021 is as follows:

	Reported £m	Adjustment £m	Restated £m
Assets			
Deferred tax asset	2.5	(0.4)	2.1
Liabilities			
Lease liability	(65.8)	2.6	(62.3)
Accruals	(35.9)	(0.6)	(36.5)
	(101.7)	2.0	(98.8)
Net assets	219.2	1.6	220.8
Equity			
Retained earnings as at 1 April 2020	182.2	1.6	183.8
Retained earnings as at 31 March 2021	192.2	1.6	193.8

Impairment losses on trade receivables of £2.0m, as determined in accordance with IFRS 9 Financial Instruments, were previously included in distribution and administration expenses. These are now shown separately on the face of the Income Statement and the comparative amounts restated.

Loan drawdowns and repayments previously shown net in the Cash Flow Statement are now shown separately. The comparative net repayment of £58.2m has been restated to show loan drawdowns of £340.8m and repayments of £399.0m.