Speedy Hire Plc

(“Speedy”, “the Company” or “the Group”)

22 June 2023

Unaudited results for the year ended 31 March 2023

Strong foundations, launching our new growth strategy, Velocity

Speedy Hire Plc, the UK and Ireland’s leading provider of tools, specialist equipment and services, announces its unaudited preliminary results for the year ended 31 March 2023.

Statutory results

	Year ended 31 March 2023 (£m)	Year ended 31 March 2022 (£m)	Change %
Revenue	**440.6**	386.8	*13.9*
Operating profit	**3.8**	31.6	*(88.0)*
Profit before tax	**1.8**	29.1	*(93.8)*
Basic earnings per share (pence)	**0.25**	4.13	*(93.9)*

Underlying results

	Year ended 31 March 2023 (£m)	Year ended 31 March 2022 (£m)	Change %
Revenue (excluding disposals)[0]	**434.3**	381.7	*13.8*
EBITDA[1]	**103.7**	99.3	*4.4*
Adjusted profit before tax[1]	**32.1**	30.1	*6.6*
Adjusted earnings per share (pence)[2]	**5.25**	4.24	*23.8*

Other measures

	Year ended 31 March 2023 (£m)	Year ended 31 March 2022 (£m)	Change
Free cash in/(out) flow[3]	**10.6**	(18.5)	*£29.1m*
Net debt[4]	**92.4**	67.5	*£24.9m*
Return on Capital Employed[5]	**14.5%**	13.6%	*0.9pp*
Dividend for the year (pence per share)	**2.60**	2.20	*18.2%*

Highlights

Financial highlights

- Strong revenue growth of 13.9%
    - Record year in Customer Solutions (previously branded Partnered Services)
- Adjusted profit before tax up 6.6% and adjusted earnings per share up 23.8%
- Profit before tax of £1.8m significantly impacted by the £20.4m asset write off in the year, resulting in basic EPS of 0.25pps
- Significant free cash flow of £10.6m (FY2022: outflow of £18.5m) driven by improved working capital management
- Net debt at £92.4m after spending £24m in year completing the share buyback, leverage[6] of 1.3x

Operational highlights

- New five year transformation and growth strategy ‘Velocity’ launched with clear focus on revenue growth and margin improvement
- Trade and retail opportunity enhanced through new arrangements with B&Q

- Target to be net zero business by 2040, 10 years before the government target

Outlook

- Recent key contract wins and extensions, as well as strong pipeline, gives confidence in meeting our expectations for the coming year
- We remain vigilant to the continuing challenges of the macro-economic climate
- Capital Markets Event to be held on 11 July 2023 at Speedy's Innovation Centre in Milton Keynes

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

"I am pleased to report results that reflect the strong performance we have achieved this year. We are excited about executing on our new growth strategy, Velocity, which provides clear direction for the business and we expect it to deliver long term benefits to our customers, our people and our investors. We have made an encouraging start to FY2024 with a strong pipeline of new customer and project based opportunities."

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Notes:

Explanatory notes:
[0] See note 2
[1] See note 9
[2] See note 7
[3] Free cash flow: net cash flow before movement in loan balances and returns to shareholders
[4] See note 13
[5] 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 debt[3]), for the last 12 months. See note 9
[6] Leverage: Net debt[3] covered by EBITDA[1]. This metric excludes the impact of IFRS 16.
[7] Before exceptional items (see note 4)

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, industrial, and support services markets, as well as to local trade, and retail. The Group provides complementary support services through the provision of training, asset management and compliance services. Speedy is certified nationally to ISO50001, ISO9001, ISO14001, ISO17020, ISO27001 and ISO45001. The Group operates from c.180 fixed sites and selected B&Q stores across the UK and Ireland together with a number of on-site facilities at client locations and through a joint venture in Kazakhstan.

Overview

The results we are reporting today demonstrate the strength and resilience of our business model in generating year on year profitable growth during what has been a challenging time for the UK economy. We continue to maintain a strong balance sheet, we have invested significantly in innovative, market leading sustainable products and have concluded a £30 million share buyback programme launched in the prior year. Since his appointment on 1 October our new CEO Dan Evans has developed an ambitious new growth strategy which has been launched under the name 'Velocity' and aims to position the Group at the forefront of the industry in the years ahead.

Results

Group revenue increased by 13.9% to £440.6m (FY2022: £386.8m) with adjusted PBT up 6.6%, contributing to a 24% increase in adjusted EPS. We have achieved a number of new contract wins and renewals, reflecting our market leading customer service proposition. Our partnership with B&Q has been extended to launch tool hire on both diy.com and trade-point.co.uk in 2023, providing home delivery tool hire digitally in-store from over 300 B&Q stores nationwide to a wide ranging customer base.

The Group continues to operate internationally through a joint venture in Kazakhstan. Our share of profits increased to £6.6m (FY2022: £3.2m) resulting from a continuation of a significant contract win in FY2022.

We have invested c.£52.1m in our hire fleet, ensuring it is commercially the right investment to support our strategy. Using data and analytics to target products that our customers require, just over half of that investment was placed in sustainable products to meet increased demand.

The Group announced on 8 February 2023 it had identified a shortfall in the quantity of non-itemised assets of c.£20.4m, recognised as an exceptional cost in the year. The investigation into the causes was completed and the findings announced on 18 May 2023, concluding that the issue had resulted from problems with the Company's controls and accounting procedures for non-itemised assets over a number of years, and in particular the reconciliation of such counts to the Group's fixed asset register. The investigation concluded it was not the result of underlying systemic fraud perpetrated by the Company's staff or third parties. In addition to corrective actions and new controls implemented by management, the Board has agreed a remedial plan to further strengthen the financial control environment for managing non-itemised assets and to provide assurance for the relevant accounting values, which remains in progress.

We have launched our ESG roadmap and enhanced our proposition by setting a target of becoming a net zero carbon business by 2040, ten years ahead of the Government's target and supported by science based targets. Our ESG strategy 'The Decade to Deliver' is already demonstrating a positive impact on reducing our carbon footprint, while enabling our customers to make choices that reduce their environmental impact through increasing our percentage of sustainable products for hire.

Dividends and returns to shareholders

In view of the continuing strong performance of the business and with confidence in the future, the Board has recommended a final dividend of 1.80pps for the year (FY2022: 1.45pps), making the full year dividend 2.60pps (FY2022: 2.20pps) and an increase of 18% on the prior year. If approved at the forthcoming Annual General Meeting the dividend will be paid on 22 September 2023 to shareholders on the register at close of business on 11 August 2023.

The Group completed its £30 million share buyback programme on 8 March 2023. In line with the capital allocation policy we will continue to prioritise investment in organic growth and maintaining regular returns to shareholders, whilst remaining open to potential bolt on acquisition opportunities with a strong strategic rationale. In view of the new growth strategy which has been implemented there is presently no plan to engage in a further share buyback programme, but the Board will continue to keep this under review.

Board and people

During the year I was pleased to welcome Dan Evans as Chief Executive. Dan was formerly Chief Operating Officer, responsible for the Group's operational performance in the UK and Ireland including sales, business development and marketing, and has been with Speedy for over 14 years. Dan knows our customers and operations very well and performed exceptionally as Chief Operating Officer. Under his leadership he has led the development of our exciting new strategy 'Velocity' and I look forward to working closely with him as the business delivers on its growth ambitions.

On 1 November 2022 James Bunn stepped down as Chief Financial Officer ("CFO") to pursue an opportunity in an unrelated sector. The Board appointed an external head-hunter to start the process to find a permanent successor and in the intervening period was pleased to announce the appointment of Paul Rayner who assumed the role of interim CFO with effect from 1 November 2022, for a period of up to 12 months. This allows time for the Board to complete the recruitment process. After undertaking a comprehensive search process, the Board offered Paul the role on a permanent basis and he will join the Board as CFO with effect from 1 July 2023. Paul is an experienced CFO and since joining the business as interim he has established strong relationships with the Board, Dan Evans and the senior team and has worked closely with them in the development of the Velocity strategy. I am delighted that he has accepted the position and look forward to continuing to work with him.

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

Future

We have a resilient business model with an ambitious growth strategy, Velocity, which positions the Group strongly to accelerate sustainable profitable growth despite the challenging macro-economic environment. The continued capital investment in recent years and a robust balance sheet will allow the business to capitalise on market opportunities and the Board looks forward with confidence to the year ahead.

David Shearer

Chairman

Overview and results

I am pleased to present our results for the financial year ended 31 March 2023. Growth in our revenue and underlying profits demonstrate the strength and resilience of our business, and the value our unique hire and services proposition delivers to customers in an uncertain and fast changing macro-economic environment.

Revenue increased by 13.9% to £440.6m (FY2022: £386.8m) reflecting a strong performance in core hire and Customer Solutions. This improved performance is the result of new national customer wins and renewals and further penetration into the trade and SME market. Group revenues, excluding disposals, increased by 13.8% to £434.3m (FY2022: £381.7m). Adjusted profit before tax increased 6.6% to £32.1m (FY2022: £30.1m). Adjusted earnings per share were 5.25 pence (FY2022: 4.24 pence). Profit before tax after exceptional items decreased to £1.8m (FY2022: £29.1m).

Whilst the macro-economic environment is challenging, our end markets remain positive, with a strong pipeline of major infrastructure, construction and energy projects including HS2, nuclear new build and decommissioning and the rail network. Our largest customers continue to demand sustainable solutions to complex problems and, as a result, our newly branded Customer Solutions business, combining rehire and our services categories, has experienced record growth during the year, increasing revenues by 27.4%. Customer Solutions reflects the value we offer in providing both core and re-hired products and services seamlessly to customers. We also saw strong growth in our fuel and energy management business, where we proactively promote low-emission HVO fuel which now accounts for 29.9% (FY2022: 12.3%) of our fuel sales.

We have continued to develop our trade and retail business in partnership with B&Q, announcing that we have extended our offering to launch tool hire on both trade-point.co.uk and diy.com in 2023, fulfilled exclusively by Speedy. We also announced that during FY2024 we will be able to extend our service to digitally hire in-store a selected number of products from c.300 B&Q stores nationally.

The Group has implemented price increases to offset inflationary cost pressures on both overheads and new equipment purchases. Our pricing strategy is designed to give customers the very best value for the high-quality products and services we deliver.

Itemised asset utilisation was 54.4% (FY2022: 57.0%) reflecting the targeted investment in the Group's hire fleet to satisfy customer demand and improve availability, whilst also being in place to maximise the strong pipeline of opportunity visible to the Group. As a result of the improved controls around all assets, specifically non itemised, we anticipate being able to give greater detail moving forward.

We are continuing to trade internationally through our 45% share in a joint venture in Kazakhstan which I was pleased to visit in February. During the year the joint venture has performed well. The share of profit increased to £6.6m (FY2022: £3.2m), representing a record performance.

Strategy and operational review

During H2 FY2023 we launched a new strategy into the business that we call 'Velocity', which is designed to accelerate sustainable profitable growth. Velocity provides a clear focus on measurable medium and long-term growth and performance objectives, building on the Simplify, Standardise, Grow programme launched in 2020. The Velocity growth strategy is underpinned by a five-year transformation programme with two defined stages: enable growth through creating foundational improvements across technology and operational efficiency; and deliver growth by becoming the most efficient and sustainable UK hire business.

Our new 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. Our mission, is to be the most efficient and sustainable UK hire business: digital and data driven, optimised through operational excellence, and powered by our people.

We serve approximately 68,000 customers in the UK and Ireland, including a significant number of the UK's 100 largest contractors*. Our customers include major infrastructure contractors working across Highways, Rail, Energy, Harbours and Airports, as well as frameworks in Water and Sewerage (AMP7), Roads (National Highways), Rail (CP6) and Tele-communications. We also serve thousands of regional customers and trade and retail customers through our network of service centres, B&Q stores, by phone and online through our click and collect, or unique 4-hour delivery service. During the year we have won and extended major contracts with large contractors operating nationally including Cadent Gas, Renew Group and Babcock.

We have increased our focus on growing share of the regional customers and trade and retail market. This is achieved through continued growth in our Customer Relationship Centre, a telesales division located in

South Wales primarily geared to activate lapsed and dormant accounts through a targeted approach across the UK, as well as remote customer support for these customers to ensure they enjoy their customer experience.

Our customers' key priorities are quality, availability, speed and a first class customer experience. We are the only company in our sector to offer an industry leading guaranteed four-hour delivery service which is driven by our service-led culture and is made possible by the strategic targeted investment we have made in the tools and equipment our customers need. This unique value proposition is available on our 350 most popular products, and creates a significant differentiator, presenting an enhanced level of value as we amplify our presence in the retail market during FY2024. We expect to develop this proposition and its availability as part of our new strategy.

We have developed our digital proposition, which enables customers to trade online or via our mobile app. In the past year we have increased our digital marketing activity to attract and retain customers who want to trade with us online through a number of new initiatives and promotions around key retail dates such as Black Friday, and new year sales periods. Digital revenue has increased driven by improved online conversion rates through developments that are enhancing the digital buying experience for customers. In addition we significantly increased and retained new accounts online, underpinning our growth ambitions as we move into a digital transformation period.

Our customers increasingly require sustainable products and services that drive down carbon and reduce waste, supporting their commitments to achieving net zero. With our own extensive range of ECO products, alongside the provision of HVO fuel sales and partner products, our Customer Solutions business is perfectly placed to meet that growing demand. Services revenue has performed strongly as a result of being able to combine these services and cross-sell our complete customer proposition to larger customers. By penetrating our addressable markets in this way, we can achieve a higher share of wallet. Customer service is key to this value proposition, driving retention and loyalty whilst increasing market share.

Our operations are increasingly data and Artificial Intelligence driven (AI) driven in support of our strategy to deliver sustainable profitable growth. AI is helping us ensure we have the right products to meet customer demand, in the right place, at the right time, in the most efficient way. To accelerate progress in this area, we have agreed a strategic collaboration with Peak in a 5-year contract. Peak is the market leading AI Platform company and a leader in providing technology and expertise AI adoption in business. Their software drives revenue and profit growth, efficiency, and optimisation across the value chain. The successful use of AI is key in further enhancing our ability to optimise our asset holdings through dynamic forecasting and continuing to achieve strong asset utilisation rates on our hire fleet in association with our logistics and property network.

Creating a modern workplace is a strategic pillar in achieving our growth ambitions and integrating a world-class ERP (Enterprise Resource Planning) system is a foundational building block to enable this. Throughout the past year we have deepened our longstanding and strategic collaboration with Microsoft to upgrade our ERP to the cloud based Microsoft Dynamics 365 Platform. During FY2023 we have made a number of upgrades through the enhanced opportunities this platform presents to us, simplifying some of our key business processes and significantly improving the user experience. This has resulted in increased productivity through efficiency, and in the process improves the customer experience. Our continued collaboration with Microsoft will be a key pillar in enabling our profitable growth ambitions as we accelerate our Velocity strategy over the near term.

Trade and Retail

The trade and retail consumer market represents an attractive opportunity for the business. As an already established hire provider in the trade market, we have identified significant growth opportunities in penetrating this further, growing market share and developing loyalty and repeat purchase. To enable the accelerated growth in these markets, during FY2023 we announced that we will be developing our partnership with TradePoint and B&Q by implementing a national tool and equipment hire offer specifically for these customers. During FY2024 we will extend our service to digitally hire a selected number of products from c.300 B&Q stores nationally. Trade and retail customers will be able to order products at the TradePoint and B&Q tills, meaning they can shop the entire TradePoint or B&Q range and hire the tools and equipment they need at the same time. This low cost-to-serve retail model represents added value for trade and retail customers and an efficient seamless process of fulfilment.

In addition, we will launch tool hire on both trade-point.co.uk and diy.com, hosted by B&Q and fulfilled exclusively by Speedy, exposing our hire proposition to millions of trade and retail customers online. This combined and efficient in-store and digital offering means that Speedy will have a national home delivery service through TradePoint and B&Q. Our aim is to continue to innovate in this space and we will look to expand the in-store offer further with an increased range of in-store products, and potential national Click and Collect opportunities within B&Q locations.

ESG

During the year we upgraded our original commitment of becoming a net zero business by 2050 in pledging to reach that goal by 2040; ten years ahead of the government's target.

Our carbon emissions in the UK and Ireland have reduced by 19.7% from 16,690 tonnes, in FY2022, to 13,397 tonnes in FY2023. This reduction has been achieved through the procurement and organic generation of renewable energy, a more efficient vehicle fleet and the use of HVO fuel in our larger vehicles.

During the year we conducted an industry first London Light Freight River Trial in conjunction with a number of partners including the Cross River Partnership, DEFRA, Port of London Authority and Thames Clippers. By utilising the river Thames for the transportation of freight in the centre of London, the trial's aims were to remove congestion on London's roads and cut the time deliveries spend on the road by 50%.

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 FY2023 we invested £52.1m in our hire fleet, of which 51% was on sustainable equipment. We have a target to ensure that ECO products account for 70% of our itemised equipment fleet by 2027.

People

We recognise that our people are the most important component of our business, from developing long term high value relationships with our customers, through to delivering products and services through our network.

Our People First strategy 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 4 years. To enhance our capability to affect this, during the year we were successful in becoming a Youth Verified Business by Youth Group, the UK's largest community of young people, after successfully completing the youth verification challenge.

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

Summary and outlook

I am pleased to report results that reflect the strong performance we have achieved this year. Our new strategy, Velocity, is exciting, provides clear direction and we expect it to deliver long term benefits to our customers, our people and our investors. Our strategic goal is to accelerate sustainable growth, leveraging our leading position in our addressable markets, through innovation, an action focused and ambitious ESG strategy, and developing a first class omni-channel customer experience. I would like to thank our people for their continued hard work and commitment that have enabled us to report this strong performance and develop our new strategy, Velocity, which we look forward to providing more detail on in our upcoming capital markets day.

We have made an encouraging start to FY2024 with a strong pipeline of new customer and project based opportunities. In Peak and Microsoft we are collaborating with experts in their field, to ensure we have the best support available to deliver our strategy. Whilst we acknowledge the continuing challenges of the macro-economic climate, we are excited by the opportunities for success we have in front of us, the key role we play in our customers success and the continued development of our amazing team of people.

Dan Evans

Chief Executive

* Based on figures from Glennigan - largest UK contractors by turnover FY2023.

Financial review

Our financial results for FY2023 demonstrate we have continued to deliver sustainable growth, underpinned by a commitment to excellent customer service. Despite underlying cost pressures and macro-economic uncertainty, revenue grew by 13.9%, with rate increases mitigating the impact of cost inflation.

Hire revenue has grown throughout the year and was 6.0% ahead of FY2022. We continued to increase our market share, with recent major contract wins and renewals.

We have continued to invest in the hire fleet with capex spend of £52.1m in FY2023. 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. A decline in utilisation on itemised assets to 54.4% (FY2022: 57.0%) was mitigated by effective rate increases.

Increased capital expenditure and the completion of the £30m share buyback programme in the year has increased net debt to £92.4m as at 31 March 2023 representing leverage of 1.3 times (FY2022: £67.5m, 0.9x leverage). The Group has benefited from increased dividends from the Kazakhstan JV and has placed an increased focus on cash generation and active working capital management resulting in improved free cash flow for the year to £10.6m, versus a free cash outflow of £18.5m in FY2022.

Group financial performance

Total revenue for the year ended 31 March 2023 increased by 13.9% versus FY2022 to £440.6m; revenue (excluding disposals) increased by 13.8% to £434.3m and revenue from disposals was £6.3m (FY2022: £5.1m).

Gross profit[7] was £239.4m (FY2022: £221.1m), an increase of 8.3%. The gross margin decreased to 54.3% (FY2022: 57.2%), reflecting rate increase in hire revenue offset by the mix impact from increased resale fuel and a strong performance in the Customer Solutions business.

The share of profit from the joint venture in Kazakhstan increased to £6.6m (FY2022: £3.2m), representing a record performance from a continuation of a significant contract win in FY2022.

EBITDA before exceptional items increased by 4.4% to £103.7m (FY2022: £99.3m) and profit before taxation, amortisation and exceptional items increased to £32.1m (FY2022: £30.1m).

The Group incurred exceptional items before taxation of £28.5m (FY2022: nil). Further details are included below.

After taxation, amortisation and exceptional items, the Group made a profit of £1.2m, compared to £21.6m in FY2022.

Revenue and margin analysis

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

Revenue and margin by type	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m	Change %
Hire:			
Revenue	**258.0**	243.3	*6.0%*
Cost of sales[7]	**(54.8)**	(54.5)	
Gross profit	**203.2**	188.8	*7.6%*
Gross margin	***78.8%***	*77.6%*	
Services:			
Revenue	**176.3**	138.4	*27.4%*
Cost of sales	**(142.9)**	(107.8)	
Gross profit	**33.4**	30.6	*9.2%*
Gross margin	***18.9%***	*22.1%*	

Hire revenue increased by 6.0% compared to FY2022 reflecting rate increases and improved damage recovery and delivery charges to customers. A number of new and renewed contracts with key customers were secured during the year, reflecting the strength of our market position. The Group implemented rate increases during FY2023 to offset the effects of cost inflation on both overheads and new equipment purchases. The rate increases take effect as framework agreements and hire contracts are renewed resulting in the benefits of those increases building throughout the year.

Customer Solutions is our growing and diversified services business which is now led by one managing director. Services revenues increased by 27.4% in the year. 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, in terms of volumes and higher average selling price for both diesel and HVO fuels.

Gross margins[7] decreased from 57.2% to 54.3%, resulting from a shift in sales mix. Hire margin[7] increased to 78.8% (FY2022: 77.6%) through rate increases and diligent control of other direct costs. Asset utilisation on itemised assets for the year decreased to 54.4%. Services margin of 18.9% was impacted by sales mix with comparably stronger revenue performance in lower margin fuel (FY2022: 22.1%).

Overheads

The overheads as disclosed in the income and expenditure account can be further analysed as follows:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Distribution and administrative costs[7]	**203.1**	185.7
Amortisation	**(1.8)**	(1.0)
Underlying Overheads	**201.3**	184.7

Inflationary pressures on overheads, particularly pay increases, utility costs and fuel were experienced as expected, resulting in a 9.0% increase in underlying overheads[7] to £201.3m (FY2022: £184.7m), mitigated by certain cost measures outlined below. To protect against further inflationary increases utility prices have been fixed for the period to September 2024 and fuel hedges are in place on a nine to 12 month rolling basis. Overhead investment to support growth continued, in particular, in trade and retail with a significant marketing campaign in Spring 2022 including TV adverts to bring awareness to consumers of the benefits of hire versus buy.

In the second half of FY2023, an operational review has included further progress in the evolution of the depot network towards larger, more energy efficient low-carbon facilities, located and designed to create a better experience for all customers and an enhanced working environment for our colleagues. This has resulted in a net 20 depot reduction going into FY2024. The cost of these closures, related redundancies and with costs associated with improved logistics across the depot network are estimated to be c.£6.7m and have been taken as an exceptional cost in the financial year. The associated benefits are expected to be in the region of £5m per annum. The cost savings from these initiatives have been reinvested in our people, ESG and omni-channel capabilities.

The headcount decreased to 3,375, compared to 3,554 at 31 March 2022 as a result of the rationalisation of our depot network.

Exceptional items

During FY23, exceptional costs were incurred as follows:

Exceptional costs	**Year ended 31 March 2023 £m**	Year ended 31 March 2022 £m
Asset impairment	**20.4**	-
Other – Legal & Professional	**1.4**	-
Restructuring	**6.7**	-
Total	**28.5**	-

During the final quarter of FY23, the Group undertook a comprehensive count of all hire equipment in preparation for the year end.

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

The Board instigated an investigation into the issue identified with non-itemised assets, including a review of controls and accounting procedures. The investigation into the causes was completed and announced on 18 May 2023, concluding that the issue resulted from problems with the Company's controls and accounting procedures for non-itemised assets over a number of years, and in particular the reconciliation of such counts to the Group's fixed asset register. It was not the result of underlying systemic fraud perpetrated on the Company by its staff or third parties. In addition to corrective action and new controls implemented by management, the Board has agreed a remedial plan to further strengthen the financial control environment for managing non-itemised assets and provide assurance for the relevant accounting values. This includes additional counts of the assets and new procedures for reconciling those against its fixed asset register.

Due to the issues identified in the year and the surrounding control environment, our external auditors will issue a limitation in scope qualification in the Annual Report and Accounts audit opinion in relation to property, plant and equipment as they have been unable to obtain sufficient appropriate audit evidence in relation to these assets. The Group is satisfied that there is no impact on the financing facilities.

As previously announced, as part of the new controls, the asset count at the end of March 2023 did not identify the need to increase the existing provision. The associated professional and other support fees amounted to £1.4m, which are also presented within exceptional items.

Whilst the issue identified is not isolated to FY2023, it is not possible to quantify the financial impact on prior periods, therefore the prior year comparatives are not restated and an exceptional charge is recognised in the year.

An operational efficiency review has resulted in restructure costs and a net 20 depot reduction at the end of March 2023. The cost of these closures, and other restructure costs across the business, are estimated to be c.£6.7m.

Interest and bank borrowings

The Group's net financial expense, including interest on lease liabilities, increased to £8.6m (FY2022: £5.7m) reflecting higher average gross borrowings throughout the year following the share buyback programme and the impact of increased interest rates on borrowings and on lease liabilities.

Net debt, excluding lease liabilities, as at 31 March 2023 increased to £92.4m (FY2022: £67.5m), reflecting increased capital expenditure, dividend payments and £24.0m for the recently completed share buyback programme.

The Group's main bank facilities were renewed in July 2021 for a three year term, with options to extend by a further two years. On 26 May 2023 these options were exercised and the facility now expires in July 2026. The additional uncommitted accordion of £220m remains in place through to July 2026. There were no changes to the terms of the facility following the extension facility and it continues to 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.

Borrowings under the facility are now priced based on SONIA 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 1.55% and 2.15% dependent on the weighting of the asset base on which borrowings are based between receivables and plant and machinery. The effective average margin in the period was 1.84% (FY2022: 1.73%).

The Group utilises interest rate hedges to manage fluctuations in SONIA with varying maturity dates to November 2025. The fair value of these hedges was £1.0m at 31 March 2023 (FY2022: £0.4m).

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 £0.6m (FY2022: £7.7m), with an effective tax rate of 28.6% (FY2022: 26.5%). Adjusting for the impact of exceptional items, the effective tax rate for FY2023 was 20.2%. An increase in the UK corporation tax rate to 25% for periods from 1 April 2023 was substantively enacted on 24 May 2021 thereby impacting the FY2022 effective rate; excluding the impact of this change in tax rate, the effective rate for FY2022 would have been 19.6%.

Share buyback

In January 2022 the Board commenced a £30m share buyback programme, which was completed in full on 8 March 2023. Under the programme 67.7m shares have been purchased, of which 12.6m have been cancelled and 55.1m purchased after 6 April 2022 have been placed in Treasury.

At 31 March 2023, 516,983,637 Speedy Hire Plc ordinary shares were outstanding (FY2022: 518,220,366), of which 4,162,452 were held in the Employee Benefit Trust (FY2022: 4,236,422) and 55,146,281 were held in Treasury (FY2022: nil).

Earnings per share

Adjusted earnings per share[7] was 5.25 pence (FY2022: 4.24 pence from continuing operations), an increase of 24%. Basic earnings per share was 0.25 pence (FY2022: 4.13 pence) as a result of the exceptional items in the year.

Capital expenditure and disposals

Total capital expenditure during the year amounted to £60.9m (FY2022: £82.1m), of which £52.1m (FY2022: £68.4m) related to equipment for hire. Our hire fleet investment is biased towards carbon efficient ECO products in line with the increasing relevance of sustainable solutions including customers mandating zero site emissions on some projects. The strength of our supply chain relationships and advanced planning have meant that we mitigated the impact of supply chain pressures. Non-hire fleet capital expenditure of £8.8m (FY2022: £13.7m) represents the investment in our properties and IT capabilities.

Proceeds from disposal of hire equipment were £17.4m (FY2022: £13.6m). The increase driven primarily by improved loss recovery and a divestment in certain powered access equipment in March 2023.

The Group expects to invest further in its hire fleet to support revenue growth in FY2024 with budgeted capex of c.£50m.

Balance sheet

The Group strives to achieve an efficient balance sheet, which reflects the share buyback programme, proactive management of the asset fleet and effective control over working capital.

Net assets at 31 March 2023 were £184.6m (FY2022: £216.4m).

Net property, plant and equipment (excluding IFRS 16 right of use assets) was £237.7m as at 31 March 2023 (FY2022: £257.7m), of which equipment for hire represents 87.5% (FY2022: 88.0%).

Intangibles decreased to £25.0m (FY2022: £25.9m), primarily due to amortisation, offset by continuing IT development expenditure.

Right of use assets of £83.2m (FY2022: £74.2m) and corresponding lease liabilities of £86.1m (FY2022: £76.7m) have increased in part due to new vehicle leases to support the move to a lower carbon fleet and property lease renewals, offset in part by depot closures and consolidations.

The business has increased its 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 particularly in the second half of the year. Gross trade receivables totaled £102.2m at 31 March 2023 (FY2022: £104.9m). Bad debt provisions were £3.2m as at 31 March 2023 (FY2022: £3.0m), equivalent to 3.1% of gross trade receivables (FY2022: 2.9%). Debtor days as at 31 March 2023 were 61, reduced significantly from 67 days at March 2022.

Trade payables as at 31 March 2023 were £39.1m (FY2022: £42.8m). Due to a significant improvement in debtor days, the Group improved its creditor days to 37 (FY2022: 56).

In conjunction with its external auditors, the Group has reviewed its position in respect of dilapidation provisions, assessing a more comprehensive view of the future liability on all leases, in line with accounting standards. This change has resulted in an increase in opening provisions of £10.9m, recognised as a restatement of the balance sheet as at 1 April 2021. There is no impact on the amounts presented in the income statement for the current or prior period.

Cash flow and net debt

Cash generation from operations (before changes in hire fleet) for the year of £88.7m represents 85.5% conversion from EBITDA, reflecting greater focus on working capital improvements. Free cash flow (being net cash flow before returns to shareholders and movement in loan balances) increased to £10.6m (FY2022: £18.5m outflow) as cash disciplines across the business are reinforced.

Net debt increased by £24.9m from £67.5m at the beginning of the year to £92.4m at 31 March 2023. Excluding the impact of IFRS 16, leverage increased to 1.3 times (FY2022: 0.9 times). The Group retained substantial headroom within its bank facility throughout the year with cash and undrawn facility availability of £83.5m as at 31 March 2023 (FY2022: £110.8m).

Dividend

The Board has proposed a final dividend for FY2023 of 1.80 pence per share (FY2023: 1.45 pence per share) to be paid on 22 September 2023 to shareholders on the register on 11 August 2023. The cash cost of this dividend is expected to be c.£8.3m. This takes the total dividend for FY2023 to 2.60 pence per share (FY2022: 2.20 pence per share) following an interim dividend of 0.80 pence per share (FY2022: 0.75 pence per share).

Capital allocation policy

The Board's objective is to maximise long term shareholder returns through a disciplined deployment of capital resources, 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.

Paul Rayner
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 2023. 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:

Name	Function
David Shearer	Chairman
Dan Evans	Chief Executive
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**
Safety, health and environment	**Serious injury or death** 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. **Environmental hazard** 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.	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. All management grade employees are enrolled on safety related training courses and are expected to champion safety awareness within the Group's culture. 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. 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.
Service	**Provision of equipment** Speedy's commitment is to provide well maintained equipment to its customers on a consistent and dependable basis. **Back office services** It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation. 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.	We operate an industry leading four-hour service promise which covers a wide range of our assets. Our use of personal digital assistants (PDAs) is fully embedded into our business and these are used to improve the on-site customer experience. 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.
Sustainability and Climate Change	**Climate change** There is a risk that climate change may impact Speedy's operations or ability to	The Board has created the Sustainability Committee to oversee the development

	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. This could arise from insufficient target setting, inadequate progress of initiatives, or a failure to capture relevant data accurately. **Sustainability** There is a risk that the Groups 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. 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.	of the sustainability and climate change response plan. The Group has set industry leading science-based targets to measure its progress against. 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.
Revenue and trading performance	**Competitive pressure** 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. 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. 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. **Reliance on high value customers** 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. **Bids and Tenders** There is a risk to future revenue growth if the Group is unsuccessful in its ambition to win new contracts using innovative solutions that appropriately balance the available reward with potential increases in risk.	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. 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. The Group's operational management team includes a managing director dedicated to retail based routes to market. We have a team dedicated to responding to bids and tenders, with a clear approval process to ensure opportunities are maximised.
Project and change management	**Acquisitions** 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.	The Group has a defined process for monitoring and filtering potential targets, with input from advisors and other third parties. All potential business combinations are presented to the Board, with an associated business case, for approval. Once a decision in principle is made, a detailed due diligence process covering a

	Transformation The Velocity strategy represents an ambition to transform the Group. There are risks that this might be unsuccessful in respect of new initiatives or that the transformation activity may distract from or harm our established businesses.	range of criteria is undertaken. This will include the use of specialists to supplement the Groups capabilities. The results of due diligence are presented to the Board prior to formal approval being granted. We have strengthened the capability of the Group to manage this transformation with the appointment of a dedicated transformation director who reports directly to the Chief Digital Officer. The Transformation Office will operate with clearly defined governance structures, sponsored by the executive team. This process is designed to mitigate risk and increase the success rate of the programme.
People	**Colleague excellence** In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain, develop and motivate colleagues who possess the right skills for the Group, whilst also demonstrating our commitment to diversity, equality and inclusivity. **Labour availability** 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.	The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes. We have reviewed the reward packages for colleagues with skills in disciplines with particularly high turnover such as drivers and engineers. We have a medium term forecast to offer market competitive rewards to all colleagues as we strive to become recognised as an employer of choice. We have set targets to improve our diversity, equality and inclusivity which are designed to attract individuals with the right talent from across the population. 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. We actively consider promotion opportunities in preference to external hiring where possible. 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.
Partner and supplier service levels	**Supply chain** 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. BREXIT, the COVID-19 pandemic and the war in Ukraine all resulted in some supply chain challenges that may now be considered permanent. **Partner reputation**	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. Where practical, agreements with alternative suppliers are in place for key

	Significant revenues are generated from our rehire business, where the delivery or performance is affected through a third party partner. 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.	ranges, diluting reliance on individual suppliers.
Operating costs	**Fixed cost base** 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. **Fuel management** 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. This may impact both our own cost base and our ability to supply fuel to our customers.	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 who manage the estate, supported where appropriate by external specialists. We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. This includes electric and hybrid vehicles. Fuel is purchased through agreements controlled by our supply chain processes. The growth of our services offering will help to mitigate this risk as these activities have a greater proportion of variable overheads.
Cyber Security and data integrity	**IT system availability** 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. **Data accuracy** 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 negative effect on the performance of the Group. **Data security** 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.	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. 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. Mitigations for IT data recovery are described below under business continuity as these risks are linked. 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. 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.
Funding	**Sufficient capital** 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.	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. The £180m asset based finance facility, along with an additional uncommitted accordion of £220m, is available through to July 2026. 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.
Economic vulnerability	**Economy** Any changes in construction/industrial market conditions could affect activity levels and consequently the Group's revenue. As markets change and evolve, there is a risk that the Group strategy will need to be aligned accordingly. There is a risk of recession in the UK which could affect the Group's revenue. **Inflation** 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. **War** There is a risk that an escalation of the war in Ukraine such as an increase in hostilities involving more countries, may have a further impact on 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.	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. 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. Our close relationships with our customers, coupled with the differentiation allows us to adopt a partnership approach to responding to cost inflation. We consistently monitor our share in each market segment and seek to balance our risk between cyclical areas and those which are more predictable.
Business continuity	**Business interruption** 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. This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site. **Joint venture** The Group's joint venture in Kazakhstan, Speedy Zholdas, may be impacted by Russia's invasion of Ukraine. This may	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. Speedy has a documented plan to establish a crisis management team when events occur that interrupt business. This includes detailed plans for all critical trading sites and head office

	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.	support. These plans are regularly tested by both management and third-party advisors. They have proven to be effective in both the significant event of a global pandemic and more localised events such as extreme weather closing a number of our trading locations. 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.
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. A proportion of Speedy's assets that are hired to customers do not have unique identifiers, and therefore there is a risk of loss and/or misappropriation. This could impact the Group's ability to meet customer demands.	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. Following the identification of a shortfall in the quantity of non-itemised assets amounting to c.£20.4m during FY2023, the Group has undertaken a full review of the control framework for non-itemised assets. Improvements have been implemented across all stages of the asset lifecycle, across the three lines of defence of operational management (including delivery / collection processes and perpetual inventory counts), financial control (including routine asset register reconciliations) and internal audit assurance (including standalone asset counts).

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, which has been extended for a further two years, through to July 2026. 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, while maintaining a consistent 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 2026.

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

Unaudited Consolidated Income Statement

for the year ended 31 March 2023

	Note	**Year ended 31 March 2023** Before exceptional items £m	**Year ended 31 March 2023** Exceptional items[1] £m	**Year ended 31 March 2023** Total £m	Year ended 31 March 2022 Before exceptional items £m	Year ended 31 March 2022 Exceptional items[1] £m	Year ended 31 March 2022 Total £m
Revenue	*2*	**440.6**	**-**	**440.6**	386.8	-	386.8
Cost of sales		**(201.2)**	**(20.4)**	**(221.6)**	(165.7)	-	(165.7)
Gross profit		**239.4**	**(20.4)**	**219.0**	221.1	-	221.1
Distribution and administrative costs		**(203.1)**	**(8.1)**	**(211.2)**	(185.7)	-	(185.7)
Impairment losses on trade receivables		**(4.0)**	**-**	**(4.0)**	(3.8)	-	(3.8)
Operating profit		**32.3**	**(28.5)**	**3.8**	31.6	-	31.6
Share of results of joint venture		**6.6**	**-**	**6.6**	3.2	-	3.2
Profit from operations		**38.9**	**(28.5)**	**10.4**	34.8	-	34.8
Financial expense	*5*	**(8.6)**	**-**	**(8.6)**	(5.7)	-	(5.7)
Profit before taxation		**30.3**	**(28.5)**	**1.8**	29.1	-	29.1
Taxation	*6*	**(6.5)**	**5.9**	**(0.6)**	(7.7)	-	(7.7)
Profit for the financial year from continuing operations		**23.8**	**(22.6)**	**1.2**	21.4	-	21.4
Profit from discontinued operations, net of tax		**-**	**-**	**-**	0.2	-	0.2
Profit for the financial year		**23.8**	**(22.6)**	**1.2**	21.6	-	21.6
Earnings per share							
- Basic (pence)	*7*			**0.25**			4.13
- Diluted (pence)	*7*			**0.24**			4.07
Non-GAAP performance measures							
EBITDA before exceptional items	*9*			**103.7**			99.3
Adjusted profit before tax	*9*			**32.1**			30.1
Adjusted earnings per share* (pence)	*7*			**5.25**			4.24
Adjusted diluted earnings per share* (pence)	*7*			**5.21**			4.18

* earnings per share from continuing operations

[1] Detail on exceptional items is provided in Note 4.

The accompanying notes form part of the financial statements.

Unaudited Consolidated Statement of Comprehensive Income

for the year ended 31 March 2023

	Note	**Year ended 31 March 2023 £m**	Year ended 31 March 2022 £m
Profit for the financial year		**1.2**	21.6
Other comprehensive income that may be reclassified subsequently to the Income Statement:			
- Effective portion of change in fair value of cash flow hedges		**0.2**	0.8
- Exchange difference on translation of foreign operations		**0.5**	(0.8)
- Tax on items	*6*	**-**	(0.2)
Other comprehensive income		**0.7**	(0.2)
Total comprehensive income for the financial year		**1.9**	21.4

The accompanying notes form part of the financial statements.

Unaudited Consolidated Balance Sheet

as at 31 March 2023

	Note	**31 March 2023**	31 March 2022 Restated*
ASSETS		**£m**	£m
Non-current assets			
Intangible assets	*10*	**25.0**	25.9
Investment in joint venture		**9.2**	7.8
Property, plant and equipment			
Land and buildings	*11*	**13.9**	15.6
Hire equipment	*11*	**207.9**	226.9
Other	*11*	**15.9**	15.2
Right of use assets	*12*	**83.2**	74.2
Deferred tax asset		**-**	1.7
		355.1	367.3
Current assets			
Inventories		**12.7**	8.1
Trade and other receivables		**106.0**	108.7
Cash		**1.1**	2.5
Current tax asset		**0.3**	-
Derivative financial assets		**1.2**	-
		121.3	119.3
Total assets		**476.4**	486.6
LIABILITIES			
Current liabilities			
Bank overdraft	*13*	**(1.3)**	(1.7)
Lease liabilities	*14*	**(22.1)**	(20.6)
Current tax creditor		**-**	(1.0)
Trade and other payables		**(88.6)**	(96.6)
Derivative financial liabilities		**(0.6)**	-
Provisions	*15*	**(3.6)**	(2.8)
		(116.2)	(122.7)
Net current assets/(liabilities)		**5.1**	**(3.4)**
Non-current liabilities			
Borrowings	*13*	**(92.2)**	(68.3)
Lease liabilities	*14*	**(64.0)**	(56.1)
Provisions	*15*	**(12.0)**	(12.1)
Deferred tax liability		**(7.4)**	(11.0)
		(175.6)	(147.5)
Total liabilities		**(291.8)**	(270.2)
Net assets		**184.6**	216.4
EQUITY			
Share capital	*16*	**25.8**	25.9
Share premium		**1.9**	1.8
Capital redemption reserve		**0.7**	0.6
Merger reserve		**1.0**	1.0
Hedging reserve		**0.3**	0.1
Translation reserve		**(1.3)**	(1.8)
Retained earnings		**156.2**	188.8
Total equity		**184.6**	216.4

*See note 17

Unaudited Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained Earnings £m	Total equity £m
At 1 April 2021 reported		26.4	1.3	-	1.0	(0.7)	(1.0)	193.8	220.8
Restatement*		-	-	-	-	-	-	(10.0)	(10.0)
At 1 April 2021 restated*		26.4	1.3	-	1.0	(0.7)	(1.0)	183.8	210.8
Profit for the year		-	-	-	-	-	-	21.6	21.6
Other comprehensive income		-	-	-	-	0.8	(0.8)	(0.2)	(0.2)
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 of own shares for cancellation or placement in treasury	*16*	(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 restated*		25.9	1.8	0.6	1.0	0.1	(1.8)	188.8	216.4
Profit for the year		-	-	-	-	-	-	1.2	1.2
Other comprehensive income		-	-	-	-	0.2	0.5	-	0.7
Total comprehensive income		-	-	-	-	0.2	0.5	1.2	1.9
Dividends		-	-	-	-	-	-	(10.9)	(10.9)
Equity-settled share-based payments		-	-	-	-	-	-	1.1	1.1
Purchase of own shares for cancellation or placement in treasury	*16*	(0.1)	-	0.1	-	-	-	(24.0)	(24.0)
Issue of shares under the Sharesave Scheme		-	0.1	-	-	-	-	-	0.1
At 31 March 2023		**25.8**	**1.9**	**0.7**	**1.0**	**0.3**	**(1.3)**	**156.2**	**184.6**

*See note 17

The accompanying notes form part of the financial statements.

Unaudited Consolidated Cash Flow Statement

for the year ended 31 March 2023

	Note	**Year ended 31 March 2023 £m**	Year ended 31 March 2022 £m
Cash generated from operating activities			
Profit before tax including discontinued operations		**2.1**	29.3
Net financial expense	*5*	**8.6**	5.7
Amortisation	*10*	**1.8**	1.0
Depreciation		**69.6**	66.7
Share of profit from joint venture		**(6.6)**	(3.2)
Termination of lease contracts		**(0.4)**	(0.2)
Profit on disposal of hire equipment		**(1.7)**	(0.5)
Exceptional write -off	*4*	**20.4**	-
Loss on disposal of non-hire equipment		**-**	0.1
(Increase)/decrease in inventories		**(4.6)**	0.1
Decrease/(increase) in trade and other receivables		**1.5**	(15.5)
(Decrease)/increase in trade and other payables		**(3.8)**	3.8
Increase/(decrease) in provisions	*15*	**0.7**	(2.0)
Equity-settled share-based payments		**1.1**	1.2
Cash generated from operations before changes in hire fleet		**88.7**	86.5
Purchase of hire equipment		**(54.2)**	(71.5)
Proceeds from planned sale of hire equipment*		**6.3**	4.8
Proceeds from customer loss/damage of hire equipment*		**11.1**	8.8
Cash generated from operations		**51.9**	28.6
Interest paid		**(8.4)**	(6.0)
Tax paid		**(3.1)**	(3.0)
Net cash flow from operating activities		**40.4**	19.6
Cash flow used in investing activities			
Purchase of non-hire property, plant and equipment		**(8.7)**	(13.8)
Capital expenditure on IT development*		**(0.9)**	(2.2)
Proceeds from sale of non-hire property, plant and equipment		**0.6**	-
Dividends and loan repayments from joint venture		**5.6**	1.9
Net cash flow used in investing activities		**(3.4)**	(14.1)
Net cash flow before financing activities		**37.0**	5.5
Cash flow from financing activities			
Payments for the principal element of leases		**(26.5)**	(24.6)
Drawdown of loans		**595.6**	482.6
Repayment of loans		**(572.3)**	(457.2)
Proceeds from the issue of Sharesave Scheme shares		**0.1**	0.6
Purchase of own shares for cancellation or placement in treasury	*16*	**(24.0)**	(6.0)
Dividends paid	*8*	**(10.9)**	(11.3)
Net cash flow used in financing activities		**(38.0)**	(15.9)
Decrease in cash and cash equivalents		**(1.0)**	(10.4)
Net cash at the start of the financial year		**0.8**	11.2
Net cash at the end of the financial year		**(0.2)**	0.8
Analysis of cash and cash equivalents			
Cash	*13*	**1.1**	2.5
Bank overdraft	*13*	**(1.3)**	(1.7)
		(0.2)	0.8

*Prior year restated to present proceeds from the disposal of hire equipment separately for the two types of transactions and to separate capital expenditure on IT development from other purchases of non-hire property, plant and equipment.

1 Accounting policies

Speedy Hire Plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The consolidated Financial Statements of the Company for the year ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

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

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

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

The Group's £180m asset based finance facility was entered into in July 2021 on a three year tenure. On 26 May 2023 options for a further two one-year extensions were exercised and the facility now terminates in July 2026. There are no prior scheduled repayment requirements. The additional uncommitted accordion of £220m remains in place through to July 2026. Cash and facility headroom as at 31 March 2023 was £83.5m (2022: £110.8m) based on the Group's eligible hire equipment and trade receivables.

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

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

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these 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 2023 or 31 March 2022 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2022 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2023 will be delivered in due course. The Group's predecessor auditor has reported on the accounts for 31 March 2022; 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.

Due to the issues identified in the year and the surrounding control environment, our external auditors will issue a limitation in scope qualification in the Annual Report and Accounts audit opinion in relation to property, plant and equipment as they have been unable to obtain sufficient appropriate audit evidence in relation to these assets. The Group is satisfied that there is no impact on the financing facilities.

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.

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 activity of the operating segment. The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activity of the operating segment, together with net corporate borrowings and taxation. The Middle East assets were presented as discontinued operations in FY22 as the assets were disposed of on 1 March 2021.

2 Segmental analysis (continued)

For the year ended 31 March 2023 / As at 31 March 2023

	Hire excluding disposals £m	Services £m	UK and Ireland[1] £m	Corporate items £m	Total £m
Revenue	**258.0**	**176.3**	**440.6**	**-**	**440.6**
Cost of sales	(54.8)	(142.9)	(201.2)	-	(201.2)
Gross Profit	**203.2**	**33.4**	**239.4**	**-**	**239.4**
Segment result:					
EBITDA			**105.6**	**(1.9)**	**103.7**
Depreciation[2]			**(69.3)**	**(0.3)**	**(69.6)**
Operating profit/(costs) before amortisation			**36.3**	**(2.2)**	**34.1**
Amortisation[2]			**(1.8)**	**-**	**(1.8)**
Exceptional items			**(25.6)**	**(2.9)**	**(28.5)**
Operating profit/(costs)			**8.9**	**(5.1)**	**3.8**
Share of results of joint venture			**-**	**6.6**	**6.6**
Profit from operations			**8.9**	**1.5**	**10.4**
Financial expense					**(8.6)**
Profit before tax					**1.8**
Taxation					**(0.6)**
Profit for the financial year from continuing operations					**1.2**
Profit from discontinued operations, net of tax					**-**
Profit for the financial year					**1.2**
Intangible assets[2]			**19.1**	**5.9**	**25.0**
Investment in joint venture			**-**	**9.2**	**9.2**
Land and buildings			**13.9**	**-**	**13.9**
Hire equipment			**207.9**	**-**	**207.9**
Non-hire equipment			**15.9**	**-**	**15.9**
Right of use assets			**83.2**	**-**	**83.2**
Taxation assets			**-**	**0.3**	**0.3**
Other current assets			**115.2**	**4.7**	**119.9**
Cash			**-**	**1.1**	**1.1**
Total assets			**455.2**	**21.2**	**476.4**
Lease liabilities			**(86.1)**	**-**	**(86.1)**
Other liabilities			**(98.5)**	**(7.6)**	**(106.1)**
Borrowings			**-**	**(92.2)**	**(92.2)**
Taxation liabilities			**-**	**(7.4)**	**(7.4)**
Total liabilities			**(184.6)**	**(107.2)**	**(291.8)**

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

2 Segmental analysis (continued)

*For the year ended 31 March 2022 / As at 31 March 2022 Restated**

	Hire excluding disposals £m	Services £m	UK and Ireland[1] £m	Corporate items £m	Total £m
Revenue	243.3	138.4	386.8	-	386.8
Cost of sales	(54.5)	(107.8)	(165.7)	-	(165.7)
Gross Profit	188.8	30.6	221.1	-	221.1
Segment result:					
EBITDA			103.3	(4.0)	99.3
Depreciation[2]			(66.4)	(0.3)	(66.7)
Operating profit/(costs) before amortisation			36.9	(4.3)	32.6
Amortisation[2]			(1.0)	-	(1.0)
Exceptional items			-	-	-
Operating profit/(costs)			35.9	(4.3)	31.6
Share of results of joint venture			-	3.2	3.2
Profit from operations			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[2]			19.5	6.4	25.9
Investment in joint venture			-	7.8	7.8
Land and buildings			15.6	-	15.6
Hire equipment			226.9	-	226.9
Non-hire equipment			15.2	-	15.2
Right of use assets			74.2	-	74.2
Taxation assets			-	1.7	1.7
Other current assets			112.7	4.1	116.8
Cash			-	2.5	2.5
Total assets			464.1	22.5	486.6
Lease liabilities			(76.7)	-	(76.7)
Other liabilities[3]			(103.0)	(8.5)	(111.5)
Borrowings			-	(70.0)	(70.0)
Taxation liabilities			-	(12.0)	(12.0)
Total liabilities			(179.7)	(90.5)	(270.2)

*Prior year restated above to reflect what is reported to the chief operating decision maker. Change made to split out the UK and Ireland between Hire and Services.

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

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

[3] See Note 17.

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 2023		Year ended 31 March 2022	
	Revenue £m	**Non-current assets* £m**	Revenue £m	Non-current assets* £m
UK	**431.8**	**345.3**	376.5	355.7
Ireland	**8.8**	**9.8**	10.3	9.9
	440.6	**355.1**	386.8	365.6

*Non-current assets excluding financial instruments and deferred tax assets.

Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Hire and related activities	**258.0**	243.3
Services	**176.3**	138.4
Disposals	**6.3**	5.1
	440.6	386.8

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 of £0.2m in that year.

4 Exceptional items

During the year ended 31 March 2023, exceptional costs were incurred as follows:.

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

4 Exceptional items (continued)

Asset write-off

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

Other professional and support costs

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

Restructuring

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

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

5 Financial expense

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Interest on bank loans and overdrafts	**4.4**	2.6
Amortisation of issue costs	**0.7**	0.6
Total interest on borrowings	**5.1**	3.2
Interest on lease liabilities	**3.5**	2.5
Financial expense	**8.6**	5.7

6 Taxation

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Tax charged in the Income Statement from continuing operations		
Current tax		
UK corporation tax on profit at 19% (2022: 19%)	**3.8**	4.9
Adjustment in respect of prior years	**(1.0)**	0.5
Deferred tax		
UK deferred tax at 25% (2022: 25%)	**(3.8)**	0.9
Adjustment in respect of prior years	**1.6**	(0.6)
Effect of change in rates	**-**	2.0
Total deferred tax	**(2.2)**	2.3
Total tax charge from continuing operations	**0.6**	7.7
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

The adjusted effective tax rate of 20.2% (2022: 26.2%) is higher than the standard rate of UK corporation tax of 19%. The tax charge in the Income Statement for the year of 28.6% (2022: 26.5%) is higher than the standard rate of corporation tax in the UK and is explained as follows:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Profit before tax	**1.8**	29.1
Accounting profit multiplied by the standard rate of corporation tax at 19% (2022: 19%)	**0.3**	5.5
Expenses not deductible for tax purposes	**0.9**	0.7
Share-based payments	**0.1**	0.2
Share of joint venture income already taxed	**(1.3)**	(0.6)
Change in tax rates	**-**	2.0
Adjustment to tax in respect of prior years	**0.6**	(0.1)
Tax charge for the year reported in the Income Statement	**0.6**	7.7

7 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £1.2m (2022: £21.6m) and the weighted average number of 5 pence ordinary shares in issue, and is calculated as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Weighted average number of shares in issue (m)		
Number of shares at the beginning of the year	**514.0**	523.8
Shares issued	**0.2**	-
Exercise of share options	**-**	0.4
Movement in shares owned by the Employee Benefit Trust	**2.7**	0.1
Shares repurchased and subsequently cancelled	**(28.9)**	(1.0)
Weighted average for the year – basic number of shares	**488.0**	523.3
Share options	**3.5**	5.7
Employee share scheme	**0.2**	0.8
Weighted average for the year – diluted number of shares	**491.7**	529.8

	Year ended 31 March 2023	Year ended 31 March 2022
Profit (£m)		
Profit for the year after tax – basic earnings	**1.2**	21.6
Intangible amortisation charge (after tax)	**1.8**	0.8
Exceptional items (after tax)	**22.6**	-
Profit from discontinued operations (after tax)	**-**	(0.2)
Adjusted earnings (from continuing operations after tax)	**25.6**	22.2

More detail on adjusted earnings is provided in Note 9.

Earnings per share (pence)		
Basic earnings per share*	**0.25**	4.13
Dilutive shares and options	**(0.01)**	(0.06)
Diluted earnings per share*	**0.24**	4.07
Adjusted earnings per share (from continuing operations)	**5.25**	4.24
Dilutive shares and options	**(0.04)**	(0.06)
Adjusted diluted earnings per share (from continuing operations)	**5.21**	4.18

*2022 Basic and diluted EPS includes amounts relating to discontinued operations of 0.04p and 0.04p respectively.

More detail on adjusted earnings is provided in note 9.

Total number of shares outstanding at 31 March 2023 amounted to 516,983,637 (2022: 518,220,366), including 4,162,452 (2022: 4,236,422) shares held in the Employee Benefit Trust and 55,146,281 (2022: nil) shares held in treasury, which are excluded in calculating basic earnings per share.

8 Dividends

The aggregate amount of dividend paid in the year comprises:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £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
2022 final dividend (1.45 pence on 489.5m ordinary shares)	**7.1**	-
2023 interim dividend (0.80 pence on 474.7m ordinary shares)	**3.8**	-
	10.9	11.3

Subsequent to the end of the year and not included in the results for the year, the Directors recommended a final dividend of 1.80 pence per share (2022: 1.45 pence per share), bringing the total amount payable in respect of the 2023 year to 2.60 pence per share (2022: 2.20 pence per share), to be paid on 22 September 2023 to shareholders on the register on 11 August 2023.

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 2023, the Trust held 4,162,452 ordinary shares (2022: 4,236,422).

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.

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Operating profit	3.8	31.6
Add back: amortisation	1.8	1.0
Add back: exceptional items	28.5	-
Adjusted operating profit	34.1	32.6
Add back: depreciation	69.6	66.7
EBITDA before exceptional items	103.7	99.3
Profit before tax	1.8	29.1
Add back: amortisation	1.8	1.0
Add back: exceptional items	28.5	-
Adjusted profit before tax	32.1	30.1
Return on capital employed (ROCE)		
Adjusted profit before tax	32.1	30.1
Interest	8.6	5.7
Profit before tax, interest amortisation and exceptional items	40.7	35.8
Average gross capital employed[1]	280.5	264.0
ROCE	14.5%	13.6%

[1]Average gross capital employed (where capital employed equals shareholders' funds and net debt) based on a two-point average between opening and closing for the financial year.

10 Intangible fixed assets

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Cost					
At 1 April 2021 reported*	126.3	45.1	7.0	4.7	183.1
Restatement*	(96.4)	(36.8)	(4.4)	-	(137.6)
At 1 April 2021 restated*	29.9	8.3	2.6	4.7	45.5
Additions	-	-	-	2.2	2.2
At 31 March 2022	29.9	8.3	2.6	6.9	47.7
Additions	-	-	-	0.9	0.9
Disposals	(12.4)	(5.4)	(1.3)	-	(19.1)
At 31 March 2023	17.5	2.9	1.3	7.8	29.5
Accumulated Amortisation					
At 1 April 2021 reported*	108.8	43.3	6.3	-	158.4
Restatement*	(96.4)	(36.8)	(4.4)	-	(137.6)
At 1 April 2021 restated*	12.4	6.5	1.9	-	20.8
Charged in year	-	0.3	0.2	0.5	1.0
At 31 March 2022 restated*	12.4	6.8	2.1	0.5	21.8
Charged in year	-	0.3	0.1	1.4	1.8
Disposals	(12.4)	(5.4)	(1.3)	-	(19.1)
At 31 March 2023	-	1.7	0.9	1.9	4.5
Net book value					
At 31 March 2023	**17.5**	**1.2**	**0.4**	**5.9**	**25.0**
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

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

The remaining amortisation period of each category of intangible fixed asset is the following; Customer lists 1-4 years (2022: 1-5 years), Brands 4 years (2022: 5 years) and IT development 5 years (2022: 6 years).

During the year ended 31 March 2022, the Geason business was closed. The associated goodwill and intangible assets were fully impaired in 2021. Geason was put into liquidation in the year ended 31 March 2023, resulting in the disposal of the related goodwill and intangibles, as shown in the table above.

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

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
Allocated to					
Hire	**16.5**	**0.5**	**0.3**	**5.4**	**22.7**
Services	**1.0**	**0.7**	**0.1**	**0.5**	**2.3**
At 31 March 2023	**17.5**	**1.2**	**0.4**	**5.9**	**25.0**
Allocated to					
Hire	16.5	0.7	0.4	5.8	23.4
Services	1.0	0.8	0.1	0.6	2.5
At 31 March 2022	17.5	1.5	0.5	6.4	25.9

10 Intangible fixed assets (continued)

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

The Group tests goodwill for impairment annually and considers at each reporting date whether there are indicators that impairment may have occurred. Other assets are assessed at each reporting date for any indicators of impairment and tested if an indicator is identified. The Group's reportable CGUs comprise the UK&I Hire business (Hire) and UK&I Services business (Services), representing the lowest level within the Group at which the associated assets are monitored for management purposes. Previously analysed segments were UK and Ireland and Corporate items only.

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

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

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

	31 March 2023		31 March 2022	
	Pre-tax discount rate	**Terminal value growth rate**	Pre-tax discount rate	Terminal value growth rate
UK and Ireland	**12.0%**	**2.5%**	11.4%	2.5%

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

Impairment calculations are sensitive to changes in key assumptions of revenue growth and discount rate. Sensitivity analysis was undertaken on both these key assumptions, with no resulting impairment charge being identified for either CGU. There are no reasonable variations in these assumptions that would be sufficient to result in an impairment at the 31 March 2023.

It is noted that the market capitalisation of the Group at 31 March 2023 was below the consolidated net asset position – one indicator that an impairment may exist. In considering various factors, including the share buyback programme and recent investor activity, it is determined that no impairment is required in this regard.

At 31 March 2023, the headroom between value in use and carrying value of related assets for the UK and Ireland was £99.2m (2022: £52.8m) - £50.7m for Hire and £48.5m for Services. The increase from prior year is largely due to a reduction in the value of hire equipment assets. If the lower prior year WACC was used, the combined headroom would increase significantly to £131.6m.

11 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
Cost				
At 1 April 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	53.2	422.7	91.7	567.6
Foreign exchange	-	(0.1)	-	(0.1)
Additions	3.3	52.1	5.5	60.9
Disposals	(2.0)	(45.2)	(0.6)	(47.8)
Exceptional write-off*	-	(33.0)	-	(33.0)
Transfers to inventory	-	(23.6)	-	(23.6)
At 31 March 2023	**54.5**	**372.9**	**96.6**	**524.0**
Accumulated Depreciation				
At 1 April 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	37.6	195.8	76.5	309.9
Foreign exchange	-	0.2	-	0.2
Charged in year	4.4	33.9	4.7	43.0
Disposals	(1.4)	(34.9)	(0.5)	(36.8)
Exceptional write-off*	-	(12.6)	-	(12.6)
Transfers to inventory	-	(17.4)	-	(17.4)
At 31 March 2023	**40.6**	**165.0**	**80.7**	**286.3**
Net book value				
At 31 March 2023	**13.9**	**207.9**	**15.9**	**237.7**
At 31 March 2022	15.6	226.9	15.2	257.7
At 31 March 2021	14.0	207.2	11.9	233.1

*See Note 4

The net book value of land and buildings comprises improvements to short leasehold properties.

Of the £207.9m (2022: £226.9m) net book value of hire equipment, £32.1m (2022: 49.3m) relates to non-itemised assets.

The net book value of other – non-hire equipment – comprises, fixtures, fittings, office equipment and IT equipment. Software with a net book value of £6.7m (2022: £6.0m) is also included in other property, plant and equipment.

At 31 March 2023, no indicators of impairment were identified in relation to property, plant and equipment.

12 Right of use assets

	Land and buildings £m	Other £m	Total £m
Cost			
At 1 April 2021 restated*	132.2	48.2	180.4
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 restated*	144.4	55.6	200.0
Additions	2.1	28.1	30.2
Remeasurements	4.1	3.5	7.6
Disposals	(5.3)	(22.4)	(27.7)
At 31 March 2023	145.3	64.8	210.1
Accumulated Depreciation			
At 1 April 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
Charged in year	13.1	13.5	26.6
Disposals	(5.1)	(20.4)	(25.5)
At 31 March 2023	100.3	26.6	126.9
Net book value			
At 31 March 2023	**45.0**	**38.2**	**83.2**
At 31 March 2022	52.1	22.1	74.2
At 31 March 2021	45.6	14.4	60.0

*See note 17

Included within disposals for the year ended 31 March 2023 is £1.7m relating to exceptional disposals following the restructure undertaken in the year (see Note 4).

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

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

13 Borrowings

	2023	2022
	£m	£m
Current borrowings		
Bank overdraft	**1.3**	1.7
Lease liabilities	**22.1**	20.6
	23.4	22.3
Non-current borrowings		
Maturing between two and five years		
- Asset based finance facility	**92.2**	68.3
- Lease liabilities	**64.0**	56.1
Total non-current borrowings	**156.2**	124.4
Total borrowings	**179.6**	146.7
Less: cash	**(1.1)**	(2.5)
Exclude lease liabilities	**(86.1)**	(76.7)
Net debt[1]	**92.4**	67.5

[1] Key performance indicator – excluding lease liabilities

Reconciliation of financing liabilities and net debt

	1 April 2022 £m	Non-cash movement £m	Cash flow £m	**31 March 2023 £m**
Bank borrowings	(68.3)	0.5	(24.4)	**(92.2)**
Lease liabilities	(76.7)	(39.4)	30.0	**(86.1)**
Liabilities arising from financing activities	(145.0)	(38.9)	5.6	**(178.3)**
Cash at bank and in hand	2.5	-	(1.4)	**1.1**
Bank overdraft	(1.7)	-	0.4	**(1.3)**
Net debt	(144.2)	(38.9)	4.6	**(178.5)**

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

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

(b) An asset based finance facility of up to £175m, based on the Group's itemised hire equipment and trade receivables balance. The cash and undrawn availability of this facility as at 31 March 2023 was £83.5m (2022: £110.8m), based on the Group's eligible hire equipment and trade receivables.

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

Interest on the facility is 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 1.82% (2022: 1.73%).

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

The facility has the following covenants:
Minimum Excess Availability: At any time, 10 per cent of the Total Commitments. Where availability falls below the Minimum Excess Availability, the financial covenants (below) are required to be tested. Covenants are not required to be tested where availability is above Minimum Excess.
Leverage in respect of any Relevant Period shall be less than or equal to 3:1;
Fixed Charge Cover in respect of any Relevant Period shall be greater than or equal to 2.1:1.

14 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 2021	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
Additions	2.1	28.1	30.2
Remeasurements	4.1	3.5	7.6
Repayments	(15.5)	(14.5)	(30.0)
Unwinding of discount rate	1.8	1.7	3.5
Terminations	(0.5)	(1.4)	(1.9)
At 31 March 2023	**45.2**	**40.9**	**86.1**

Included within terminations in the year ended 31 March 2023 is £0.8m relating to exceptional terminations of property leases, as described in Note 4.

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

	31 March 2023 £m	31 March 2022 £m
Payable within one year	22.1	20.6
Payable in more than one year	64.0	56.1
At 31 March	**86.1**	76.7

15 Provisions

	Dilapidations £m	Training provision £m	Total £m
At 1 April 2021 restated*	15.7	1.2	16.9
Additional provision recognised	0.3	-	0.3
Provision utilised in the year	(2.0)	(0.5)	(2.5)
Unwinding of the discount	0.2	-	0.2
At 31 March 2022 restated*	14.2	0.7	14.9
Additional provision recognised	2.9	-	2.9
Provision utilised in the year	(1.6)	(0.7)	(2.3)
Unwinding of the discount	0.1	-	0.1
At 31 March 2023	**15.6**	**-**	**15.6**

*See note 17

Of the £15.6m provision at 31 March 2023 (2022: £14.9m restated*), £3.6m (2022: £2.8m) is due within one year and £12.0m (2022: £12.1m restated*) is due after one year.

15 Provisions (continued)

The dilapidations provision relates to amounts payable to restore leased premises to their original condition upon the Group's exit of the lease for the site and other committed costs. Dilapidations may not be settled for some months following the Group's exit of the lease and are calculated based on estimated expenditure required to settle the landlord's claim at current market rates. The total liability is discounted to current values. The additional provision recognised in the year relates to exceptional restructuring of depots as described in Note 4.

The movement in the year on the training provision is settlement of the costs within the provision previously set up relating to the Geason Training business.

16 Share capital

	31 March 2023		31 March 2022	
	Number m	**Amount £m**	Number m	Amount £m
Allotted, called-up and fully paid				
Opening balance (ordinary shares of 5 pence each)	**518.2**	**25.9**	528.2	26.4
Exercise of Sharesave Scheme options	**0.2**	**-**	1.1	0.1
Purchase and cancellation of own shares	**(1.4)**	**(0.1)**	(11.1)	(0.6)
Total	**517.0**	**25.8**	518.2	25.9

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. A further resolution was then passed in June 2022, authorising the Company to make further market purchases up to a maximum of 50,613,543 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. In the year ended 31 March 2023, a total of 1,051,228 ordinary shares were purchased and subsequently cancelled, with a further 55,146,281 shares repurchased and placed in treasury.

The share buyback programme was completed on 8 March 2023, at which point all shares for which there was an obligation to buyback from the broker had been repurchased by Speedy. In the year ended 31 March 2023, the average price paid was 42p (2022: 54p) with a total consideration (inclusive of all costs) of £24.0m (2022: £6.2m). Related costs incurred totalled £0.2m.

During the year, 0.2m ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2022: 1.1m).

An Employee Benefits Trust was established in 2004 (the 'Trust'). The Trust holds shares issued by the Company in connection with the Performance Share Plan. No shares were acquired by the Trust during the year and 73,970 (2022: 177,094) shares were transferred to employees during the year. At 31 March 2023, the Trust held 4,162,452 (2022: 4,236,422) shares.

17 Prior year adjustment

The Group has previously recognised dilapidation provisions upon exit - or notification of exit - of a leased property, together with an ongoing assessment of property conditions. This has been reviewed to assess a more comprehensive view of the future liability on all leases in line with accounting standards, and is a change from prior years. Dilapidations are now assessed at the earliest point, being the start of the lease or due to an obligating event. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2021, 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 2022 is as follows:

17 Prior year adjustment (continued)

	Reported £m	Adjustment £m	Restated £m
Assets:			
Right of use asset	73.3	0.9	74.2
Liabilities:			
Provisions	(4.0)	(10.9)	(14.9)
Net assets	226.4	(10.0)	(216.4)
Equity:			
Retained earnings as at 1 April 2021	193.8	(10.0)	183.8
Retained earnings as at 31 March 2022	198.8	(10.0)	188.8