

# Speedy Hire Plc

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



19 June 2024

## Audited results for the year ended 31 March 2024

### Transforming to drive sustainable growth

Speedy Hire Plc, the UK and Ireland's leading provider of tools, specialist equipment and services, announces its audited preliminary results for the year ended 31 March 2024.

#### Financial Highlights

	Year ended 31 March 2024 (£m)	Year ended 31 March 2023 (£m)	Change %
Revenue	421.5	440.6	(4.3)
Adjusted EBITDA <sup>1 2</sup>	96.8	103.9	(6.8)
Adjusted profit before tax <sup>1 2</sup>	14.7	30.7	(52.1)
Adjusted earnings per share (pence) <sup>2 3</sup>	2.35	4.96	(52.6)
Operating profit	14.9	3.8	292.1
Profit before tax	5.1	1.8	183.3
Basic earnings per share (pence) <sup>2 3</sup>	0.59	0.25	136.0
Free cash flow <sup>4</sup>	23.5	10.6	121.9
Net debt <sup>5</sup>	101.3	92.4	9.6
Dividend per share	2.60	2.60	-

- Revenue of £421.5m, down 4.3% against a challenging market backdrop;
  - Resilient UK Hire performance, down 1.7% versus FY2023
    - Significant contract wins and renewals including a promising pipeline of further opportunities
    - Positive performance with our National customers, mitigating softening with Regional customers
  - Service revenue (excl. Fuel) down 1.6% versus FY2023
    - Strong performance in Customer Solutions
    - The decline in the wholesale price of fuel impacted our pass through revenues, however margin improved
- Adjusted EBITDA<sup>1</sup> was down 6.8% versus PY but margin held broadly flat, the result of tight cost control and pricing discipline mitigating the revenue shortfall
- Adjusted PBT<sup>1</sup> down 52.1%;
  - Impacted by high operational gearing
  - Increased interest costs
  - Normalised performance of our Kazakhstan JV, following a record FY2023.
- EPS<sup>3</sup> impacted by the decline in profit before tax
- Significant free cash flow<sup>4</sup> generation of £23.5m, more than double FY2023 (£10.6m).
- Net debt<sup>5</sup> at £101.3m, increased by £8.9m, due to the acquisition of Green Power Hire Limited ('GPH'), funded in part by £23.5m of free cash flow<sup>4</sup>; leverage<sup>6</sup> of 1.5x
- Proposed final dividend of 1.80pps, resulting in full year dividend of 2.60pps (FY2023: 2.60pps)

#### Executing well on our Velocity transformation and growth strategy

- Continued investment in transformation of the business despite challenging market
- Investing in specialist business growth engines, supporting clean energy transition and commercial sustainability for our customers:
  - £2.5m in hydrogen electric powered access with N5000

- £2.5m in hydrogen electric powered access with H2LYLIT
  - Acquisition of GPH, trading well with a strong pipeline of future opportunities
  - Formation of Speedy Hydrogen Solutions Limited ('SHS') joint venture, showcasing the first H-Power Generator at our Speedy Hire Live Expo in March
- Launched our low cost-to-serve online home delivery tool hire proposition on DIY.com and Trade-point.co.uk
- Advanced our People First initiatives and invested £7.2m into base pay for our people

## Outlook

- The new financial year has started well and is marginally ahead of last year
- Overall performance in line with Board expectations
- Operational efficiencies and supply chain optimisation expected to deliver further benefit in FY2025
- The Group expects a second half weighting to its revenues and profits as we mobilise the significant contracts won in FY2024
- Contract wins and extensions, alongside key sector opportunities, give us confidence for FY2025.

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

*"Speedy delivered a resilient financial performance, making positive strategic progress over the year, despite the challenging macro-economic environment.*

*We continue to improve our customer proposition, investing in technology and AI capabilities, sustainable products and our people, to position the Group strongly for profitable growth. I am particularly pleased with our progress building the foundations for growth, executing the 'Enable' phase of our Velocity strategy, which is focused on transformation and operational efficiency.*

*The new financial year has started well with performance in line with Board expectations and I am pleased that since the year end, we have also secured further contract wins and renewals with key customers."*

## Enquiries:

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## Notes:

### Explanatory notes:

The Group believes that the non-GAAP performance measures presented in this announcement provide valuable additional information for readers. Further details can be found in notes 7, 9 and 13.

<sup>1</sup> See note 9.

<sup>2</sup> Revised, see note 17.

<sup>3</sup> See note 7.

<sup>4</sup> Free cash flow: Net cash flow before movement in loan balances and returns to shareholders.

<sup>5</sup> See note 13. This metric excludes lease liabilities.

<sup>6</sup> Leverage: Net debt<sup>5</sup> covered by EBITDA<sup>1</sup>. This metric excludes the impact of IFRS 16.

<sup>7</sup> From underlying performance; excludes non-underlying items.

<sup>8</sup> Return on Capital Employed: Profit before tax, interest, amortisation and non-underlying items divided by the average capital employed (where capital employed equals total equity and net debt<sup>3</sup>), for the last 12 months. See note 9.

**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 Hire 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.

## Chairman's statement

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### Overview

The results we are reporting today demonstrate the resilience of our business model during a challenging macro-economic climate faced by many businesses at this time. We remain a strong business with a clear multi-year strategy for sustainable, profitable growth, with a robust balance sheet which will enable us to future-proof the business by investing in the innovative, market-leading sustainable products that our customers increasingly demand.

### Results

Group revenue decreased by 4.3% to £421.5m (FY2023: £440.6m), in part due to a softening in Regional customer markets, resulting in lower adjusted profit<sup>1</sup> of £14.7m (FY2023: £30.7<sup>2</sup>), impacted by high operational gearing. Despite this, we have continued to invest in our people and made a significant commitment to transformation as part of our Velocity strategy launched in July 2023.

During the year we secured over £40.0m of annualised revenue from new multi-year contracts and subsequent to the year-end we have secured further renewals and extensions. These wins and renewals are a reflection of our market leading customer service proposition. The contracts won in FY2024 have taken longer to mobilise, due to contract specific delays and we anticipate these new contract revenues taking full effect during the course of FY2025. In all cases we are working closely with our customers to streamline the process for taking on and mobilising new work, to minimise future delays. Our partnership with B&Q was changed from an in-store concession model to a digital model with the launch of tool hire on both DIY.com and Trade-point.co.uk, providing in-store digital home delivery tool hire from c.300 B&Q stores nationwide to a wide-ranging Trade and Retail customer base.

The Group continue to operate internationally through a joint venture in Kazakhstan. The share of profits decreased to £2.9m (FY2023: £6.6m) following a reduction in scale of the significant temporary power contract that gave rise to a record performance in FY2023.

We have invested c.£42.5m in our hire fleet, using data and analytics to target products that our customers need. 63% of that investment was in sustainable products to meet the increasing demand from customers for such items.

We have an industry-leading ESG roadmap whereby we have committed to becoming a net zero carbon business by 2040, ten years ahead of the Government's target. Our ESG strategy 'The Decade to Deliver' is accelerating the reduction of our carbon footprint, while enabling our customers to make choices that reduce their environmental impact. By increasing our percentage of sustainable products for hire, as well as our offering of sustainability related services, we are providing customers the tools they need to achieve this.

### Dividend

The Board is recommending payment of a final dividend of 1.80 pence per share making a total dividend of 2.60 pence per share which is at the same level as last year. Whilst this dividend is outside our policy guideline given the weaker profit performance in FY2024, the strong cash generating performance in the business and the confidence in the future based on the recent contract wins supports this proposal. The Board also recognises the importance of regular returns to shareholders.

### Board and people

Having been appointed as Interim CFO on 1 November 2022, Paul Rayner was appointed permanently as Chief Financial Officer on 1 July 2023. This appointment followed a comprehensive recruitment process supported by external consultants. Paul is a Fellow of The Institute of Chartered Accountants with over 25 years' experience in senior financial roles including interim and permanent roles, respectively, on the main board of FTSE listed companies.

senior financial roles including interim and permanent roles respectively on the main board of FTSE listed companies Avon Protection Plc and Chemring Group Plc. In addition we have taken steps as part of our transformation programme to add additional bench strength to the senior management team as we roll out the Velocity Strategy.

During the year we made a number of changes to our reward strategy for all of our people recognising labour market challenges and the need to support our front-line workforce. This investment in our people is an important leg of our strategy going forward.

On behalf of the Board and personally, I would like to take this opportunity to thank each and every one of my colleagues for their continuing commitment and dedication to supporting the business.

## **Future**

We have a resilient business with an ambitious sustainable growth strategy which has been embedded into our business by our experienced senior management team. As the Velocity strategy rolls out, it puts us in a strong position to meet customer needs and accelerate sustainable profitable growth despite any macro-economic challenges. Having committed to this multi-year strategy, the Board looks forward with confidence as we start to deliver the benefits and capitalise on opportunities in the year ahead.

**David Shearer**

**Chairman**

## **Chief Executive's statement**

### **Results**

I present our results for the financial year ended 31 March 2024, that demonstrate a resilient performance despite cost inflation and the ongoing macro-economic uncertainty, in common with many businesses and industries across the UK, Ireland and internationally.

Revenue declined by 4.3% to £421.5m (FY2023: £440.6m). Adjusted profit before tax<sup>1</sup> decreased to £14.7m (FY2023: £30.7m<sup>2</sup>). Adjusted earnings per share<sup>3</sup> were 2.35 pence (FY2023: 4.96 pence<sup>2</sup>).

Our Hire business performed well despite challenging trading conditions and the performance of our seasonal products, which were negatively impacted by the winter period. Revenues were down 1.7% versus FY2023, and similarly, our Services business, excluding fuel, was down 1.6%. We are the only UK hire company to provide a fully managed fuel service and we proactively promote low-emission HVO fuel which now accounts for c.30% of our fuel sales. Impacted by the decline in wholesale price in the year, our fuel revenues were down 22.7%, year on year. In line with our Velocity strategy, we have made in year improvements to our testing, inspection and certification business, Lloyds British, promoting greater access to our diverse customer base, investing in their digital capabilities and restructuring the business to support their growth potential.

Within our National customer segment which accounts for 53% of revenue, our end markets remain positive, and there is a continued strong pipeline of major infrastructure, construction and energy projects. These include investment in hydrogen power infrastructure, major highways projects, nuclear new build and decommissioning work, National Water infrastructure and the continued investment in the rail network including the Government's commitment to HS2 and the proposed Northern Network. Our largest customers servicing these major projects continue to demand commercially sustainable solutions to complex problems, provided through our innovative products and specialist expertise. As a result, revenues from our National customers have increased by 0.2% year-on-year, however revenues from our Regional customers have softened, declining 6.0%. Trade and Retail revenue has remained flat year-on-year as we transition to our digital model.

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

We have taken action to improve asset controls, with digital technology being trialled to further assist in the control for accurate counting of hire equipment. Itemised asset utilisation was 52.4% (FY2023: 54.4%) reflecting the targeted investment in the Group's hire fleet and improved availability, supported by our work with PEAK AI.

Our joint venture in Kazakhstan has performed as expected, albeit lower than the record performance achieved in FY2023. The share of profit for the year was £0.2m (FY2023: £0.2m).

FY2023. The share of profit decreased to £2.9m (FY2023: £6.6m).

## **Strategy and operational review**

At our Capital Markets Day in July 2023, we launched our five-year 'Velocity' strategy, designed to accelerate sustainable profitable growth. During FY2024 we have made significant progress in delivering the 'Enable' stage of the five-year transformation programme that underpins the strategy, through creating foundational improvements across technology and operational efficiency. Whilst there is still work to do, we are pleased with progress made in the year and look forward to the continued successful execution of the transformation programme.

### **Market overview**

Whilst the macro-economic environment remains uncertain, our customer base and the sectors we serve are well diversified, and we are suitably positioned to capitalise on significant growth projected in major infrastructure projects and programmes.

### **National customers**

We serve approximately 61,000 customers in the UK and Ireland, including 83 of the UK's 100 largest contractors\*. Our customers include major infrastructure contractors working across Highways, Energy, Harbours and Airports, as well as frameworks in Water and Sewerage (AMP7/8), Roads (National Highways), Rail (CP6/7) and Broadband and Telecommunications. We continue to see revenue growth from opportunities with both new and existing National customers.

During the year we won and extended major contracts with key National customers. These contracts represent attractive growth opportunities but have taken longer to mobilise, due to contract specific delays. Therefore, we anticipate the benefit taking effect during FY2025.

### **Regional customers**

We serve thousands of Regional customers through our Regional Account Management team located across the UK. These customers operate in Non-residential Construction, Infrastructure, RMI ('Repair Maintenance Improvement') and support services that include Facilities Management, Manufacturing and Production, Environmental Services, Engineering Services, Defence and Media. Many customers operating in these areas have been negatively impacted by the challenging economic environment, high interest rates and increased material costs, and as a result our revenues from this customer segment reduced by 6% on the prior year through a softening of volume sales, offset marginally by increased rates.

### **Trade and Retail**

We support our Trade and Retail customers through our national network of Service Centres, by phone, online through our click and collect service, and through an in-store digital model in B&Q stores nationally, delivering a unique 4-hour delivery service in the process. During Q4 we successfully evolved our Trade and Retail business in partnership with B&Q. Our tool hire model is now an in-store digital offering in B&Q's c.300-strong store network nationally, so that customers can now hire our products seamlessly as part of their wider B&Q transaction at the B&Q tills, as well as online through B&Q's website [diy.com](https://diy.com) and [trade-point.co.uk](https://trade-point.co.uk) for home delivery and collection. The Trade and Retail consumer market remains an attractive opportunity for the business. As an already established hire provider in the trade market, the industry-first partnership model with B&Q will penetrate a new consumer market opportunity. This low cost-to-serve combination of in-store and online hire, combined with our existing digital propositions and Service Centre network, will accelerate our strategic aim of increasing share within the Trade and Retail markets.

### **Operational efficiency**

Operational efficiency continues to be a key part of our Velocity strategy and cost control remains key to delivering long-term sustainable profitable growth. The significant macro-inflationary pressures continue to impact our business, in common with most UK businesses at present. To mitigate the effects of this, we continue to control costs and focus on initiatives to improve operational efficiency and the effective management of our supply chain. By controlling costs, we will enable continued investment in the transformational aspect of our Velocity strategy, supporting the delivery of our stated targets of sustainable revenue and profitable growth. Our industry-leading utilisation of Artificial Intelligence ('AI') through our strategic collaboration with PEAK supports decision making through enhanced management information that links our Service Centre network with our logistics and asset intelligence. AI assists in predicting which products to invest in, which will further enhance the optimisation of our asset holdings, and through dynamic forecasting enable us to continue to achieve strong asset utilisation rates.

By activating these technologies, we can further ensure that we have the right products, in the right place, at the right

time, in the most efficient way to meet customer demand. This is key to delivering for our customers on their key priorities of quality, availability, speed and receiving a first-class customer experience. The use of technology, combined with our service-led people culture makes this differentiating value proposition possible for our customers, enabling them to reduce time and cost on site. We will be digitally, and data driven to ensure our Service Centre network, our logistics and our assets are optimised to continue playing a vital role in our customers success.

Throughout FY2024, we continued to strengthen our partnership with PEAK AI, providing further automation and insight around the optimisation of our fleet holding, replenishment and informing our pricing strategy. These developments contributed to a 1.8pp improvement in utilisation rates across targeted assets. In FY2025 we will be deploying a further suite of initiatives, including a predictive capital expenditure model and a new price optimisation solution to dynamically adjust our pricing offered to customers. In addition, we will also launch PEAK's Audiences app, utilising the latest machine learning technology, to drive greater insight and understanding of our customer behaviour and segmentation to better inform our sales and marketing strategies.

Creating a modern workplace is a strategic pillar in achieving our growth ambitions, and fully integrating our ERP ('Enterprise Resource Planning') system is a foundational building block to enable this. Throughout the year we have further developed our longstanding collaboration with Microsoft by upgrading our ERP system to the cloud-based Microsoft Dynamics 365 Platform. The Platform is simplifying some of our key business processes and significantly improving the user experience, resulting in increased productivity through efficiency, and in the process improving the customer experience. Further to this, we invested in our digital capabilities surrounding our hire fleet management. We have developed a stock counting application to simplify and standardise the asset count process, which will be used in our periodic asset counts.

We continue to develop our future state property programme, to modernise our network with energy efficient, low carbon facilities that optimise efficiencies and reduce operational costs whilst creating better working environments for our people and a market-leading experience for our customers. During the year we rationalised and consolidated a number of older, less efficient properties into new Service Centres, including in Hull, Southampton and a new flagship centre servicing the Capital; London Gateway, a state-of-the-art 33,000 sq ft facility located in East London.

## ESG

We are committed to becoming a net zero business by 2040; ten years ahead of the UK Government's target. Our carbon emissions\*\* in the UK and Ireland have reduced by 21.4% from 361,361.42 tonnes in FY2023, to 283,947.52 tonnes in FY2024. This reduction has been achieved through the continued procurement and organic generation of renewable energy, investment into a greener property network, a more efficient vehicle fleet and the use of HVO fuel in our larger vehicles.

To minimise our carbon footprint, we actively procure more commercially sustainable assets into our hire fleet including those with solar, hybrid, electric and hydrogen technology. During FY2024 we invested £42.5m in our hire fleet, of which 63% was on commercially sustainable equipment, in the process bringing a world-first hydrogen powered access lift to market. We have a target to ensure that eco products account for 70% of our itemised equipment fleet by 2027.

During the year we acquired sustainable power solutions specialist, Green Power Hire Limited ('GPH') to supply Battery Storage Units ('BSU') to the UK rental market, enabling customers to achieve both financial and environmental savings compared to alternative systems available. We continue to experience strong demand from our current and potential new customers for eco products and sustainable power solutions and are seeing an increasing number of tenders specifically requiring BSUs. The acquisition has performed in line with our business plan and since purchase we have procured further units to enlarge our battery storage unit fleet and satisfy customer demand.

We also entered into a Joint Venture with AFC Energy plc, a leading provider of hydrogen powered generator technologies to form 'Speedy Hydrogen Solutions Limited'. This collaboration is providing the UK construction and temporary power market with AFC Energy's sustainable, zero emission temporary power solutions designed specifically for off-grid power. Through the JV we are providing an exclusive full-service hire model for an initial three-year period and are working with our National customers on their demand needs, signifying the growing demand for zero emission power solutions.

Further initiatives to reduce our carbon emissions include investing in modernising our Service Centre network. We installed building management systems into a number of trial locations with a view to reducing our energy consumption. During FY2024 these locations, on average, have achieved an annualised energy consumption reduction of 63.5%, representing c.£40k of efficiency per property.

We were proud to be awarded Gold Standard by EcoVadis, a leading provider of business sustainability ratings, which puts Speedy Hire in the top 5% of sustainable businesses globally. We were also named as a European

which puts Speedy Hire in the top 5% of sustainable businesses globally. We were also named as a European Climate Leader for 2023 by the Financial Times and attained the RoSPA Presidents Award for achieving the RoSPA Gold standard for ten consecutive years.

## **People**

We recognise that our people are the most important component of our business, and our ambition is to become a Times Top 100 place to work. Our People First strategy prioritises personal and professional development, wellbeing and equality, diversity and inclusion within the workplace. During the year we have invested in our people to provide fair pay, reward and development opportunities. We have introduced flexible working, and improved systems and processes to make it easier for them to work in their everyday roles.

We have introduced a series of initiatives to enhance our colleagues' experience and encourage loyalty, in the process reducing our voluntary attrition rate to record low levels. Examples include an investment of £7.2m in base pay for people working at our lower grade levels, improved colleague wellbeing through the roll-out of Speedy Hire Work Life Balance to over a third of our colleagues and implementing the UN's Women Empowerment Principles to encourage more women into the business.

We are also preparing for the future by upskilling existing colleagues and attracting new talent to ensure we have the right levels of capability in future skills needed to achieve our Velocity strategy.

In addition, our Emerging Talent Development Board is a group of 11 from our brightest 'emerging talent' colleagues in our business. They are charged with developing themselves personally and professionally while working alongside the Executive Team in contributing to the strategic plans and delivering on complex business projects with female Chief Executive and Chief Financial Officers in position.

I would like to take this opportunity to thank all our colleagues for their resilience and relentless dedication to the business, whilst continuing to deliver a first-class service to our customers.

## **Outlook**

We continue to make good progress with implementation of our Velocity strategy which is embedding a solid foundation for growth opportunities in the medium to long-term which will benefit our customers and people whilst enhancing shareholder returns.

The new financial year has started well with performance in line with Board expectations. After the year end, we have continued positive momentum, securing further contract wins and renewals.

As we implement a more efficient and streamlined service through enhanced AI driven data and system digitisation, keep close control of costs, and maximise growth potential through our strong visible pipeline in our core end markets, we look forward to delivering on these opportunities in the year ahead.

**Dan Evans**

**Chief Executive**

\* Source - Glenigan Limited

\*\* Scope 1, 2 & 3

## **Financial review**

Our financial results for FY2024 demonstrate resilience in the face of cost inflation and well-documented macroeconomic uncertainty. Throughout all, we have maintained our commitment to our people, excellent customer service and progression of our Velocity strategy.

Revenue from our National customers was up marginally year on year, whilst our Regional customers traded 6% down in FY2024. We have observed some encouraging signs in the new financial year to date, with total revenues in line with expectations.

The contract wins achieved in FY2024 are encouraging, with the business securing additional annual turnover in excess of £40.0m across multi-year agreements with new and existing customers. This new business is underpinned by disciplined pricing and is a clear demonstration of the attractiveness of Speedy's customer proposition. Since the year end, further new contracts and extensions have been secured. As with prior periods, the Group expects a second half weighting to its revenues and profits in FY2025 as we mobilise these significant new contracts.

Our services business has performed well, although its pass-through revenues were impacted by the effect of a

decrease in wholesale fuel prices. Margins were maintained in this segment.

Free cash flow<sup>4</sup> is a key metric for the Group and in the year this increased to £23.5m (FY2023: £10.6m) following active working capital management.

In October 2023, the Group acquired the entire issued share capital of sustainable power solutions specialist, Green Power Hire Limited ('GPH') for an enterprise value of £20.2m. The acquisition has resulted in goodwill and other intangible assets of £10.9m. Since its acquisition, the GPH business has contributed £2.0m of revenue and £1.6m of EBITDA<sup>1</sup> to the Group, which includes acquisition synergies of c.£0.8m. This trading performance is continuing to build as we target rate increases and invest further in the fleet to satisfy growing customer demand. More detail on the acquisition is provided in note 3.

In addition to the acquisition, in November 2023 Speedy Hire formed a joint venture, Speedy Hydrogen Solutions Limited ('SHS'), with our partner, AFC Energy Plc.

Net debt<sup>5</sup> has increased to £101.3m as at 31 March 2024 representing leverage<sup>6</sup> of 1.5 times (FY2023: £92.4m, 1.3x leverage). This follows the acquisition of GPH, which was funded from the Group's existing debt facilities.

### Group financial performance

Total revenue for the year ended 31 March 2024 decreased by 4.3% versus FY2023 to £421.5m. Revenue (excluding fuel) decreased by 1.9% to £381.4m and revenue from fuel was £40.1m (FY2023: £51.9m). Hire rate increases and performance with our National customers have mitigated some of the softening of revenues with our Regional customers.

Gross profit<sup>7</sup> was £230.0m (FY2023: £239.4m), a decrease of 3.9%. The gross margin<sup>7</sup> increased to 54.6% (FY2023: 54.3%), reflecting the lower proportion of pass-through fuel sales and our commitment to pricing discipline.

The share of profit from the joint venture in Kazakhstan returned to expected levels at £2.9m (FY2023: £6.6m), following a reduction in scale of the significant temporary power contract that gave rise to a record performance in FY2023.

Adjusted EBITDA<sup>1</sup> decreased by 6.8% to £96.8m (FY2023: £103.9<sup>2</sup>), however margins were held broadly flat at 23%.

Adjusted profit before taxation<sup>1</sup> decreased to £14.7m (FY2023: £30.7m<sup>2</sup>), due to the decline in revenue and the impact of operational gearing on the business. Higher interest costs and reduced performance from our joint venture also contributed to the year on year decrease. ROCE<sup>8</sup> declined to 9.9%, impacted by lower profits in the year.

The Group incurred non-underlying items before taxation of £9.0m (FY2023: £28.5m), further detail on which is given below.

After taxation, amortisation and non-underlying items, the Group made a profit of £2.7m, compared to £1.2m in FY2023.

### Revenue and margin analysis

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

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Change %
<b>Revenue and margin by type</b>			
<b>Hire:</b>			
Revenue	253.6	258.0	(1.7)%
Cost of sales <sup>7</sup>	(54.6)	(54.8)	
Gross profit	199.0	203.2	(2.1)%
<i>Gross margin</i>	78.5%	78.8%	

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m	Change %
<b>Revenue and margin by type</b>			
<b>Services:</b>			
Revenue	162.5	176.3	(7.8)%
Cost of sales	(130.9)	(142.9)	
Gross profit	31.6	33.4	(5.4)%
<i>Gross margin</i>	19.5%	18.9%	0.6%



Gross profit	<b>31.6</b>	33.4	(5.4)%
Gross margin	19.4%	18.9%	

Hire revenue decreased by 1.7% compared to FY2023, reflecting rate increases mitigating a softening in Regional customer demand. A number of new and renewed contracts with key customers were secured during the year, reflecting the strength of our market position. The Group continued to implement rate increases during FY2024, following on from the programme established in FY2023, to offset the effects of cost inflation on both overheads and new equipment purchases. The rate increases take effect as framework agreements and as hire contracts are renewed, resulting in the benefits of those increases building throughout the year.

Services revenues decreased by 7.8% in the year. Excluding fuel, services revenues were down by 1.6%, affected by general market conditions. Fuel revenue decreased 22.7% compared to FY2023 as a result of the decline in the wholesale price of both diesel and hydrogenated vegetable oil ('HVO'), which does not impact gross margin. Included within Services is £19.8m of revenue from our Lloyds British business (FY2023: £19.6m).

Gross margin<sup>7</sup> increased from 54.3% to 54.6%, resulting from a decrease in lower margin fuel sales, increase in hire rates and a lower depreciation charge offsetting lower utilisation. Hire margin<sup>7</sup> decreased to 78.5% (FY2023: 78.8%) due to pricing increases offset by lower utilisation as a result of softening in customer demand. Asset utilisation on itemised assets for the year decreased to 52.4%, with non-itemised asset utilisation reported at 49.4%. Services margin of 19.4% was impacted positively by the reduction in lower margin fuel revenue (FY2023: 18.9%).

## Overheads

The overheads as disclosed in the income statement can be further analysed as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Distribution and administrative costs <sup>7</sup>	202.9	203.1
Amortisation - acquired intangibles	(0.6)	(0.4)
<b>Underlying Overheads</b>	<b>202.3</b>	<b>202.7</b>

Disciplined cost management, with savings realised from our operational and management restructuring in the last financial year, has meant that we have maintained our underlying cost base even whilst implementing significant salary increases (£7.2m annual investment) for our people and absorbing inflationary pressures. As a result, underlying overheads were 0.2% lower at £202.3m (FY2023: £202.7m). To ensure we can continue to invest in our five-year Velocity growth strategy, we are continuing to control costs through initiatives to improve operational efficiency and targeted supply chain improvements.

Total headcount decreased 2.4% in the year, and average headcount 3.3%, as a result of depot optimisation and restructuring projects.

	2024 £m	2023 £m	%
Headcount at year end	3,293	3,375	(2.4)%
Average headcount during the year	3,409	3,524	(3.3)%

## Non-underlying items

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Asset write-off	-	20.4
Other professional and support costs	1.9	1.4
Restructuring costs	3.9	6.7
Transformation costs	3.2	-
<b>Total</b>	<b>9.0</b>	<b>28.5</b>

In October 2023, the Group acquired GPH, advancing the Group's sustainable offering to customers and evidencing the Velocity strategy in action. In addition to the acquisition of GPH, the Group also incurred costs in respect of the formation of SHS, the joint venture with AFC Energy Plc. The costs incurred relate primarily to professional and other supporting fees, amounting to £1.4m in total.

An external review of the entire depot network was commissioned in the year, to assess the condition of each site and the dilapidations that may be payable under the respective lease agreements. This is the first review of its kind undertaken by the Group, and it is not expected that a similar exercise of this scale will be required going forwards. Fees in relation to this review total £0.5m.

The Group incurred further, non-underlying, restructuring costs associated with moving towards its target operating model. At the year end, the Group had exited all B&Q concessions, and our products and services are now available for digital hire in-store within B&Q and Tradepoint locations as well as on the respective websites. In evolving our partnership with B&Q and moving to a more digitally focussed model, the Group incurred £2.7m of non-recurring losses.

The remainder of the restructuring costs included costs associated with depot optimisation and restructuring projects of £1.2m.

The investment in implementing our Velocity strategy and executing our transformation programme represents a significant cost to the business and resulted in an incremental cost of £3.2m to the business in the year.

Detail on the non-underlying items which occurred in FY2023 can be found in note 4.

### **Interest and banking facilities**

The Group's net interest on borrowings increased to £7.7m (FY2023: £5.1m) reflecting higher average gross borrowings throughout the year following the acquisition of GPH and the impact of increased interest rates. Interest on lease liabilities increased to £5.0m (FY2023: £3.5m). The Group's main bank facilities expire in July 2026, with the additional uncommitted accordion of £220m remaining in place through to this date. The facility continues to give the Group headroom with which to support organic growth and acquisition opportunities.

The facility includes quarterly leverage<sup>6</sup> and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18.0m. The Group tested and maintained significant headroom against these covenants in the year.

Borrowings under the facility are priced based on SONIA plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the year, the margin payable on the outstanding debt fluctuated between 1.55% and 2.25% 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 year was 1.92% (FY2023: 1.84%).

The Group utilises interest rate hedges to manage fluctuations in SONIA. The fair value of these hedges was £0.4m at 31 March 2024 (FY2023: £1.0m). The hedges have varying maturity dates, notional amounts and rates and provide the Group with mitigation against interest rate rises. Over the next 12 months c.50% of the expected net debt is hedged. As of May 2024, 73.3% of the Group's net debt is hedged with a weighted average hedge rate of 4.1%, before bank margin.

### **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 £2.4m (FY2023: £0.6m), with an effective tax rate of 47.1% (FY2023: 33.3%). Adjusting for the impact of non-underlying items, the effective tax rate for FY2024 was 29.3% (FY2023: 20.2%).

### **Shares and earnings per share**

At 31 March 2024, 516,983,637 Speedy Hire Plc ordinary shares were in issue (FY2023: 516,983,637), of which 4,106,820 were held in the Employee Benefit Trust (FY2023: 4,162,452) and 55,146,281 were held in Treasury (FY2023: 55,146,281).

Adjusted earnings per share<sup>3</sup> was 2.35 pence (FY2023: 4.96 pence<sup>2</sup>). Basic earnings per share<sup>3</sup> was 0.59 pence (FY2023: 0.25 pence), with both years impacted by non-underlying items in their respective years.

## Balance sheet

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

Total capital expenditure during the year amounted to £51.5m (FY2023: £60.9m).

We have continued to invest in the hire fleet with additions of £42.5m in FY2024, of which 63% relate to carbon efficient ECO products in line with our target to be a net zero business by 2040 and the increasing relevance of sustainable solutions, including customers mandating zero site emissions in some instances. The acquisition of GPH also contributed a further £11.8m of hire fleet additions in the year. Itemised asset utilisation has decreased to 52.4% (FY2023: 54.4%), with non-itemised asset utilisation 49.4%.

Expenditure on non-hire property, plant and equipment of £9.0m (FY2023: £8.8m) represents the investment in our properties and IT capabilities.

Proceeds from disposal of hire equipment were £16.1m (FY2023: £17.4m). The decrease was driven primarily by an exercise to dispose of certain underutilised assets, resulting in a lower condition of assets being taken to auction attracting lower proceeds.

The Group expects to invest further in its hire fleet to support revenue growth in FY2025, with budgeted capex of c. £55.0m to support growth aspirations.

Net property, plant and equipment (excluding IFRS 16 right of use assets) was £233.1m as at 31 March 2024 (FY2023: £237.7m), of which equipment for hire represents 90.3% (FY2023: 87.5%).

Following the write-off of assets in FY2023, the Group has implemented additional controls including enhanced senior engagement and involvement, weekly perpetual counts and full counts in September and March. The asset count performed in March 2024 did not identify any significant issues and indicated that the improved controls were operating effectively.

Intangible assets increased to £39.7m (FY2023: £25.0m), following the acquisition of GPH.

Right of use assets of £97.3m (FY2023: £83.2m) and corresponding lease liabilities of £97.6m (FY2023: £86.1m) have increased in part due to new vehicle leases to support the move to a lower carbon fleet as well as property lease renewals, offset in part by depot closures and consolidations.

Continued focus on reducing overdue debt coupled with strong cash collections have resulted in gross trade receivables of £97.3m at 31 March 2024 (FY2023: £102.2m). Bad debt and credit note provisions were £3.4m as at 31 March 2024 (FY2023: £4.3m), equivalent to 3.5% of gross trade receivables (FY2023: 4.2%). In setting the provisions the Directors have given specific consideration to the impact of macroeconomic uncertainties. Whilst the Group has not experienced a significant worsening of debt collections or debt write-offs to 31 March 2024, we continue to monitor the situation closely.

Debtor days as at 31 March 2024 were 64 (FY2023: 61 days). Trade payables as at 31 March 2024 were £44.9m (FY2023: £39.1m). Creditor days were 40 days (FY2023: 37 days).

## Cash flow and net debt

Cash generated from operations (before changes in hire fleet) for the year was £94.2m (FY2023: 88.7m), representing 97.3% (FY2023: 85.5%) conversion from EBITDA, reflecting the continued focus on working capital improvements. Free cash flow<sup>4</sup> increased to £23.5m (FY2023: £10.6m), as cash disciplines across the business were reinforced.

Net debt<sup>5</sup> increased by £8.9m from £92.4m at the beginning of the year to £101.3m at 31 March 2024, reflecting £20.2m for the acquisition of GPH funded from the Group's existing facilities. Excluding the impact of IFRS 16, leverage<sup>6</sup> increased to 1.5 times (FY2023: 1.3 times).

The Group retained substantial headroom within its committed bank facility throughout the year, with cash and undrawn facility availability of £56.7m as at 31 March 2024 (FY2023: £83.5m).

## Dividend

The Board has proposed a final dividend for FY2024 of 1.80 pence per share (FY2023: 1.80 pence per share) to be paid on 20 September 2024 to shareholders on the register on 9 August 2024.

The cash cost of this dividend is expected to be c.£8m. This takes the total dividend for FY2024 to 2.60 pence per share (FY2023: 2.60 pence per share), following an interim dividend of 0.80 pence per share (FY2023: 0.80 pence per share).

The dividend proposed represents a temporary deviation a from the Group's capital allocation policy, however is in line with our Velocity strategy of enhancing shareholder returns and is affordable, twice covered by free cash flow in the

year.

### Capital allocation policy

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

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

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

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

### 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 2024. Certain parts of that report are not included within this announcement.

### Directors' Responsibilities Statement

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We confirm that to the best of our knowledge:

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

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

<u>Name</u>	<u>Function</u>
David Shearer	Chairman
Dan Evans	Chief Executive
Paul Rayner	Chief Financial Officer
David Garman	Senior Independent Director
Rob Barclay	Non-Executive Director
Rhian Bartlett	Non-Executive Director
Shatish Dasani	Non-Executive Director
Carol Kavanagh	Non-Executive Director

## Principal risks and uncertainties

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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.

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### Safety, health and environment

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Description and potential impact	Strategy for mitigation
<b>Serious injury or death</b> 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.	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 a safety awareness within the Group's culture.
<b>Environmental hazard</b> 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.	We monitor leading indicators and lagging indicators to mitigate the safety, health and environmental risk across the Group.  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.

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### Service

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Description and potential impact	Strategy for mitigation
<b>Provision of equipment</b> Speedy's commitment is to provide well maintained equipment to its customers on a consistent and dependable basis.	We operate an industry-leading four-hour service promise which covers a wide range of our assets.
<b>Back office services</b> It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation.	Our use of personal digital assistants ('PDAs') are fully embedded into our business and these are used to improve the on-site customer experience.
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.	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.

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### Sustainability and Climate Change

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<b>Climate change</b> There is a risk that climate change may impact	The Sustainability Committee oversees the development of the sustainability and climate change response plan.
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Speedy's operations or ability to trade. Conversely, <b>Service</b> risk that Speedy will fail to meet internal or external targets designed to reduce the Group's impact on climate change.	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 set out in the <b>Strategy for mitigation</b> for Climate-Related Financial Disclosures (TCFD) section of the Annual Report and Accounts.
<b>Description and potential impact</b> 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 Group's business model may not be sustainable in the long term, for example if assets reliant on fossil fuels are not replaced or if the distribution network continues to be similarly reliant on fossil fuels.

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.

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## **Revenue and trading performance**

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<b>Description and potential impact</b>	<b>Strategy for mitigation</b>
<b>Competitive pressure</b> 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.	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.
<b>Reliance on high value customers</b> There is a risk that future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.	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.
<b>Bids and Tenders</b> There is a risk to future revenue growth if the Group is unsuccessful in its ambition to win new contracts using innovative solutions, including eco products, that appropriately balance the available reward with potential increases in risk.	The Group continues to expand its partnership with B&Q with the launch of B&Q Tool Hire which enables customers to place a tool hire order either online on the B&Q and Trade Point websites, or instore.  We have a team dedicated to responding to bids and tenders, with a clear approval process to ensure opportunities are maximised.

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## **Project and change management**

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<b>Acquisitions</b> 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 range of criteria is undertaken. This will include the use of specialists to supplement the Group's capabilities. The results of due diligence are presented to the Board prior to formal approval being granted.
<b>Transformation</b> The Velocity strategy represents an ambition to transform the Group. There are risks that this might be unsuccessful and fail to deliver the required change in respect of new initiatives or that the transformation activity may distract from or harm our established businesses.	The Transformation Office operates with clearly defined governance structures, led by the Transformation Director and sponsored by the Executive Team.

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## Revenue and trading performance

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### Description and potential impact

### Strategy for mitigation

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## People

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### Description and potential impact

### Strategy for mitigation

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#### 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, equity 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 colleagues 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, equity 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.

We also have a number of wellbeing initiatives to provide appropriate support to colleagues.

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## 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.

In recent years, 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

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.

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 ranges, diluting reliance on individual suppliers.

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## Operating costs

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### Description and potential impact

### Strategy for mitigation

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#### 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.

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

## Fuel management

As a result of changes in the worldwide fuel supply chain, the Group faces risks around the fluctuations in the price of fuel.

This may impact both our own cost base and on fuel prices charged to our customers.

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.

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## Funding

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### Description and potential impact

#### 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.

### Strategy for mitigation

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.

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## Cyber Security and data integrity

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### 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.

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.

### 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.

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.

### 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.

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.

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## Economic vulnerability

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### Economy

Any changes in construction/industrial market conditions could affect activity levels and consequently the Group's revenue

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



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 continued 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.

#### **Geopolitical uncertainty**

There is a risk that a prolonged war in Ukraine or an increase in hostilities in the Middle East, or elsewhere, 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.

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.

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## **Business continuity**

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### **Description and potential impact**

#### **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 a prolonged war in Ukraine. This may be a direct result of military activity in the wider region, or there may be politically motivated impacts as Kazakhstan has historically maintained strong links with Russia. The main impact that the Group has faced to date has been the impact of fluctuations in exchange rates.

### **Strategy for mitigation**

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 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.

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## **Asset holding and integrity**

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#### **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, including eco products, to our customers as new products come to market.

A comprehensive control framework is in place for all assets 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).

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## Viability Statement

The Group operates an annual planning process which includes assessment of 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 runs through to July 2026. The strategic plan assumes financing facilities will be available on an appropriate basis to meet the Group's capital investment and acquisition strategies for the entire viability period.

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 lower than anticipated levels of revenue across the Group, while maintaining a broadly consistent cost base. Mitigations applied in these downturn scenarios include a reduction in planned capital expenditure and discretionary spend.

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 2027.

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

## Consolidated Income Statement

for the year ended 31 March 2024

	Note	Year ended 31 March 2024			Year ended 31 March 2023		
		Underlying performance £m	Non-underlying items <sup>1</sup> £m	Total £m	Underlying performance £m	Non-underlying items <sup>1</sup> £m	Total £m
<b>Revenue</b>	2	<b>421.5</b>	-	<b>421.5</b>	440.6	-	440.6
Cost of sales		(191.5)	-	(191.5)	(201.2)	(20.4)	(221.6)
<b>Gross profit</b>		<b>230.0</b>	-	<b>230.0</b>	239.4	(20.4)	219.0
Distribution and administrative costs		(202.9)	(9.0)	(211.9)	(203.1)	(8.1)	(211.2)
Impairment losses on trade receivables		(3.2)	-	(3.2)	(4.0)	-	(4.0)
<b>Operating profit/(loss)</b>		<b>23.9</b>	<b>(9.0)</b>	<b>14.9</b>	32.3	(28.5)	3.8
Share of results of joint venture		2.9	-	2.9	6.6	-	6.6
<b>Profit/(loss) from operations</b>		<b>26.8</b>	<b>(9.0)</b>	<b>17.8</b>	38.9	(28.5)	10.4
Financial expense	5	(12.7)	-	(12.7)	(8.6)	-	(8.6)
<b>Profit/(loss) before taxation</b>		<b>14.1</b>	<b>(9.0)</b>	<b>5.1</b>	30.3	(28.5)	1.8
Taxation	6	(4.3)	1.9	(2.4)	(6.5)	5.9	(0.6)
<b>Profit/(loss) for the financial year</b>		<b>9.8</b>	<b>(7.1)</b>	<b>2.7</b>	23.8	(22.6)	1.2
<b>Earnings per share</b>							
- Basic (pence)	7			<b>0.59</b>			0.25
- Diluted (pence)	7			<b>0.58</b>			0.24

Non-GAAP  
performance

**performance  
measures**

EBITDA before non-underlying items <sup>2</sup>	9	<b>96.8</b>	103.9
Adjusted profit before tax <sup>2</sup>	9	<b>14.7</b>	30.7
Adjusted earnings per share (pence) <sup>3</sup>	7	<b>2.35</b>	4.96
Adjusted diluted earnings per share (pence) <sup>3</sup>	7	<b>2.33</b>	4.92

<sup>1</sup> Detail on non-underlying items is provided in note 4.

<sup>2</sup> See notes 9 and 17.

<sup>3</sup> See notes 7 and 17.

All activities in each year presented related to continuing operations.

The accompanying notes form part of the financial statements.

**Consolidated Statement of Comprehensive Income**

**for the year ended 31 March 2024**

	<b>Year ended 31 March 2024 £m</b>	<b>Year ended 31 March 2023 £m</b>
Profit for the financial year	<b>2.7</b>	1.2
Other comprehensive (expense)/ income that may be reclassified subsequently to the Income Statement:		
- Effective portion of change in fair value of cash flow hedges	<b>(0.1)</b>	0.2
- Exchange difference on translation of foreign operations	<b>(0.2)</b>	0.5
Other comprehensive (expense)/ income	<b>(0.3)</b>	0.7
<b>Total comprehensive income for the financial year</b>	<b>2.4</b>	1.9

**Consolidated Balance Sheet**

**as at 31 March 2024**

	<i>Note</i>	<b>31 March 2024 £m</b>	<b>31 March 2023 Restated<sup>1</sup> £m</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	<b>39.7</b>	25.0
Investment in joint venture		<b>8.8</b>	9.2
Property, plant and equipment			
Land and buildings	11	<b>14.5</b>	13.9
Hire equipment	11	<b>210.6</b>	207.9
Other	11	<b>8.0</b>	15.9
Right of use assets	12	<b>97.3</b>	83.2
		<b>378.9</b>	355.1
<b>Current assets</b>			
Inventories		<b>11.8</b>	12.7
Trade and other receivables		<b>102.3</b>	106.0

<sup>1</sup> See note 17.

## for the year ended 31 March 2024

		Share capital	Share premium	Capital redemption reserve	Merger reserve	Hedging reserve	Translation reserve	Retained Earnings	Total equity
	Note	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2022		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 expense		-	-	-	-	0.2	0.5	-	0.7
Total comprehensive income		-	-	-	-	0.2	0.5	1.2	1.9
Dividends	8	-	-	-	-	-	-	(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
Profit for the year		-	-	-	-	-	-	2.7	2.7
Other comprehensive income		-	-	-	-	(0.1)	(0.2)	-	(0.3)
Total comprehensive income		-	-	-	-	(0.1)	(0.2)	2.7	2.4
Dividends	8	-	-	-	-	-	-	(11.8)	(11.8)
Equity-settled share-		-	-	-	-	-	-	0.5	0.5

based payments

At 31 March 2024	<u>25.8</u>	<u>1.9</u>	<u>0.7</u>	<u>1.0</u>	<u>0.2</u>	<u>(1.5)</u>	<u>147.6</u>	<u>175.7</u>
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## Consolidated Cash Flow Statement

for the year ended 31 March 2024

	Note	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
<b>Cash generated from operating activities</b>			
Profit before tax		5.1	1.8
Net financial expense	5	12.7	8.6
Amortisation	10	3.6	1.8
Depreciation		66.9	69.6
Share of profit from joint venture		(2.9)	(6.6)
Termination of lease contracts		-	(0.4)
Loss on planned disposals of hire equipment		2.4	0.2
Loss/(profit) on other disposals of hire equipment		0.2	(1.9)
Exceptional write-off	4	-	20.4
Decrease/(increase) in inventories		0.9	(4.6)
Decrease in trade and other receivables		5.6	1.5
Decrease in trade and other payables		(1.6)	(3.5)
Increase in provisions	15	0.8	0.7
Equity-settled share-based payments		0.5	1.1
<b>Cash generated from operations before changes in hire fleet</b>		<b>94.2</b>	<b>88.7</b>
Purchase of hire equipment		(41.3)	(54.2)
Proceeds from planned sale of hire equipment		5.4	6.3
Proceeds from customer loss/damage of hire equipment		10.7	11.1
<b>Cash generated from operations</b>		<b>69.0</b>	<b>51.9</b>
Interest paid		(12.7)	(8.4)
Tax paid		(3.7)	(3.1)
<b>Net cash flow from operating activities</b>		<b>52.6</b>	<b>40.4</b>
<b>Cash flow used in investing activities</b>			
Purchase of non-hire property, plant and equipment		(9.0)	(8.7)
Capital expenditure on IT development		(1.9)	(0.9)
Acquisition of a subsidiary	3	(20.2)	-
Proceeds from sale of non-hire property, plant and equipment		3.0	0.6
Dividends and loan repayments from joint venture		3.9	5.6
<b>Net cash flow used in investing activities</b>		<b>(24.2)</b>	<b>(3.4)</b>
<b>Net cash flow before financing activities</b>		<b>28.4</b>	<b>37.0</b>
<b>Cash flow from financing activities</b>			
Payments for the principal element of leases		(26.0)	(26.5)
Drawdown of loans		574.3	595.6
Repayment of loans		(561.9)	(572.3)
Proceeds from the issue of Sharesave Scheme shares		-	0.1
Purchase of own shares for cancellation or placement in treasury		-	(24.0)
Dividends paid	8	(11.8)	(10.9)
<b>Net cash flow used in financing activities</b>		<b>(25.4)</b>	<b>(38.0)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>3.0</b>	<b>(1.0)</b>
Net cash at the start of the financial year	13	(0.2)	0.8
<b>Net cash at the end of the financial year</b>	<b>13</b>	<b>2.8</b>	<b>(0.2)</b>
<b>Analysis of cash and cash equivalents</b>			
Cash	13	4.0	1.1
Bank overdraft	13	(1.2)	(1.3)
		<b>2.8</b>	<b>(0.2)</b>

## 1 Summary of material accounting policy information

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 2024 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 derivative financial 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. Cash and facility headroom as at 31 March 2024 was £56.7m (2023: £83.5m) based on the Group's eligible hire equipment and trade receivables.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment covering at least 12 months from the date on which 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 2024 or 31 March 2023 but is derived from those accounts. Statutory accounts for Speedy Hire Plc for the year ended 31 March 2023 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2024 will be delivered in due course. The Group's auditor has reported on the accounts for 31 March 2024; their report was (i) qualified due to a limitation of scope in respect of property, plant and equipment, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

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

## 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.

**For the year ended 31 March 2024 / As at 31 March 2024**

	Hire excluding disposals £m	Services £m	UK and Ireland <sup>1</sup> £m	Corporate items £m	Total £m
<b>Revenue</b>	253.6	162.5	421.5	-	421.5
Cost of sales	(54.6)	(130.9)	(191.5)	-	(191.5)
<b>Gross Profit</b>	<u>199.0</u>	<u>31.6</u>	<u>230.0</u>	<u>-</u>	<u>230.0</u>
<b>Segment result:</b>					
Adjusted EBITDA			99.5	(2.7)	96.8
Depreciation <sup>2</sup>			(66.5)	(0.4)	(66.9)
Loss on planned disposals of hire equipment			(2.4)	-	(2.4)
<b>Operating profit/(loss) before amortisation and non-underlying items</b>			<u>30.6</u>	<u>(3.1)</u>	<u>27.5</u>
Amortisation <sup>2</sup>			(0.6)	(3.0)	(3.6)
Non-underlying items			(9.0)	-	(9.0)
<b>Operating profit/(loss)</b>			<u>21.0</u>	<u>(6.1)</u>	<u>14.9</u>
Share of results of joint venture			-	2.9	2.9
<b>Profit/(loss) from operations</b>			<u>21.0</u>	<u>(3.2)</u>	<u>17.8</u>
Financial expense					(12.7)
<b>Profit before tax</b>					<u>5.1</u>
Taxation					(2.4)
<b>Profit for the financial year</b>					<u>2.7</u>
<b>Intangible assets<sup>2</sup></b>			<u>29.4</u>	<u>10.3</u>	<u>39.7</u>
Investment in joint venture			0.6	8.2	8.8
Land and buildings			15.1	-	15.1
Hire equipment			210.6	-	210.6
Non-hire equipment			7.4	-	7.4
Right of use assets			97.3	-	97.3
Taxation assets			-	2.7	2.7
Current assets			110.9	3.7	114.6
Cash			-	4.0	4.0
<b>Total assets</b>			<u>471.3</u>	<u>28.9</u>	<u>500.2</u>
Lease liabilities			(97.6)	-	(97.6)
Other liabilities			(109.3)	(4.8)	(114.1)
Borrowings			-	(104.1)	(104.1)
Taxation liabilities			-	(8.7)	(8.7)
<b>Total liabilities</b>			<u>(206.9)</u>	<u>(117.6)</u>	<u>(324.5)</u>

<sup>1</sup> UK and Ireland also includes revenue and costs relating to the disposal of hire assets.

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

**For the year ended 31 March 2023 / As at 31 March 2023 revised<sup>2</sup>**

	Hire excluding disposals £m	Services £m	UK and Ireland <sup>1</sup> £m	Corporate items £m	Total £m
<b>Revenue</b>	258.0	176.3	440.6	-	440.6
Cost of sales	(54.8)	(142.0)	(204.0)	-	(204.0)

Cost of sales	(54.8)	(142.9)	(201.2)	-	(201.2)
<b>Gross Profit</b>	<b>203.2</b>	<b>33.4</b>	<b>239.4</b>	<b>-</b>	<b>239.4</b>
<b>Segment result:</b>					
Adjusted EBITDA <sup>2</sup>			105.8	(1.9)	103.9
Depreciation <sup>3</sup>			(69.3)	(0.3)	(69.6)
Loss on planned disposals of hire equipment <sup>2</sup>			(0.2)	-	(0.2)
<b>Operating profit/(loss) before amortisation and non-underlying items</b>			<b>36.3</b>	<b>(2.2)</b>	<b>34.1</b>
Amortisation <sup>3</sup>			(1.8)	-	(1.8)
Non-underlying items			(25.6)	(2.9)	(28.5)
<b>Operating profit/(loss)</b>			<b>8.9</b>	<b>(5.1)</b>	<b>3.8</b>
Share of results of joint venture			-	6.6	6.6
<b>Profit from operations</b>			<b>8.9</b>	<b>1.5</b>	<b>10.4</b>
Financial expense					(8.6)
<b>Profit before tax</b>					<b>1.8</b>
Taxation					(0.6)
<b>Profit for the financial year</b>					<b>1.2</b>
Intangible assets <sup>3</sup>			19.1	5.9	25.0
Investment in joint venture			-	9.2	9.2
Land and buildings			13.9	-	13.9
Hire equipment			207.9	-	207.9
Non-hire equipment			15.9	-	15.9
Right of use assets			83.2	-	83.2
Taxation assets			-	0.3	0.3
Current assets			115.2	4.7	119.9
Cash			-	1.1	1.1
<b>Total assets</b>			<b>455.2</b>	<b>21.2</b>	<b>476.4</b>
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)
<b>Total liabilities</b>			<b>(184.6)</b>	<b>(107.2)</b>	<b>(291.8)</b>

<sup>1</sup> UK and Ireland also includes revenue and costs relating to the disposal of hire assets.

<sup>2</sup> See note 17.

<sup>3</sup> 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.

### 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 / As at 31 March 2024		Year ended / As at 31 March 2023	
	Revenue £m	Non-current assets <sup>1</sup> £m	Revenue £m	Non-current assets <sup>1</sup> £m
UK	414.2	370.1	431.8	345.3
Ireland	7.3	8.8	8.8	9.8
	<b>421.5</b>	<b>378.9</b>	<b>440.6</b>	<b>355.1</b>

<sup>1</sup> Non-current assets excluding financial instruments and deferred tax assets.



## Revenue by type

Revenue is attributed to the following activities:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Hire and related activities	253.6	258.0
Services	162.5	176.3
Disposals	5.4	6.3
	<u>421.5</u>	<u>440.6</u>

## Major customers

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

## 3 Acquisition of a subsidiary

On 9 October 2023, the Group acquired the entire issued share capital of sustainable power solutions specialist, Green Power Hire Limited ('GPH'), for an enterprise value of £20.2m. The total consideration, which was funded from the Group's existing debt facilities, represented £10m of equity value and assumed debt of £10.2m which was settled at completion. Speedy Hire acquired GPH from its principal shareholder, Russell's (Kirkbymoorside) Limited, and four other shareholders. The acquisition enhances the Group's sustainable offering to customers, combining product innovation and sustainability, aligned with the Velocity strategy and the Group's target to be a net zero business by 2040.

The acquisition has been accounted for using the acquisition method of accounting. Fair value adjustments have been made in respect of:

- Right of use assets and lease liabilities - to recognise the lease liability as if it were a new lease in accordance with IFRS 16, determined based on the remaining lease payments, discounted using the relevant incremental borrowing rate. A corresponding right of use asset has then been recognised, with no further fair value adjustments to the asset necessary.
- Customer relationships - valued using the excess earnings method, based on income forecast to be generated over the next 12 years. The valuation assumes the customer attrition rate will be 20.0% per annum, with growth in income from customers of between 56.8% and 2.0% per annum. Contributory asset charges have been applied using a risk-adjusted weighted average cost of capital in respect of fixed assets, working capital and the workforce. A discount rate of 18% (post tax) has then been applied to the resulting earnings. The customer list intangible is being amortised over ten years, considered to be the period over which the majority of the cash flows are expected to arise.
- Trade receivables - review of trade receivables at acquisition revealed £0.1m which is more than 6 months overdue. As GPH's usual terms are 30 days, this amount has been provided for in full.
- Corporation tax receivable - not recognised in the completion balance sheet.
- PAYE liabilities - payable by Green Power Hire Limited on the shares sold by management to Speedy Asset Services.
- Deferred tax - not recognised in the completion balance sheet.

For the period to 31 March 2024, GPH contributed revenue of £1.5m and profit of £0.4m to the Speedy Hire Group results. If the acquisition had been owned for the entire financial year, management estimates that consolidated revenue would have been £1.4m higher and consolidated profit before tax would have increased by £0.5m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2023 and no adjustment has been made for any possible synergies of the acquisition.

The fair value of the assets and liabilities acquired are as follows:

	Book value at acquisition £m	Fair value adjustment £m	Fair value £m
Hire equipment assets	11.8	-	11.8
Intangible assets - customer relationships	-	1.0	1.0
Trade and other receivables	1.4	(0.1)	1.3
Corporation tax	-	0.1	0.1
Trade and other payables	(2.3)	(1.4)	(3.7)
Borrowings	(10.2)	-	(10.2)
Deferred tax	-	(0.2)	(0.2)
	<u>0.7</u>	<u>(0.6)</u>	<u>0.1</u>
Net assets acquired			0.1
Goodwill			9.9
<b>Total cash consideration</b>			<b>10.0</b>
Satisfied by:			
- settlement of debt			10.2
- cash consideration			10.0
<b>Total cash outflow - acquisition of business</b>			<b>20.2</b>

Goodwill recognised on the acquisition represents the future earnings potential of the business in supplementing the Group's existing product offering, over and above the value of net assets acquired. There has been no change in the value of goodwill arising from this business combination from the acquisition date to 31 March 2024.

At the acquisition date, the gross contractual amount of trade receivables acquired was £0.8m, of which £0.1m was not expected to be collected, reflected in the fair value adjustments above.

The acquisition costs expensed in the year in relation to the acquisition of GPH, £0.9m, are included in profit before tax brought into the cash flow and are discussed in more detail in note 4.

#### 4 Non-underlying items

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Asset write-off	-	20.4
Other professional and support costs	1.9	1.4
Restructuring costs	3.9	6.7
Transformation costs	3.2	-
	<u>9.0</u>	<u>28.5</u>

##### *Other Professional and support costs*

In October 2023, the Group acquired GPH, advancing the Group's sustainable offering to customers and evidencing the Velocity strategy in action. In addition to the acquisition of GPH, the Group also incurred costs in respect of the formation of Speedy Hydrogen Solutions, the joint venture with AFC Energy Plc. The costs incurred relate primarily to professional and other supporting fees, amounting to £1.4m in total.

An external review of the entire depot network was commissioned in the year, to assess the condition of each site and the dilapidations that may be payable under the respective lease agreements. This is the first review of its kind undertaken by the Group, and it is not expected that a similar exercise of this scale will be required going forwards. Fees in relation to this review total £0.5m.

##### *Restructuring costs*

The Group incurred further, non-underlying, restructuring costs associated with moving towards its target operating model. At the year end, the Group had exited all B&Q concessions and our products and services are now available for digital hire in-store within every B&Q and Tradepoint as well as on the respective websites. In evolving our partnership with B&Q and moving to a more digitally focused model, the Group incurred £2.7m of losses.

The remainder of the restructuring costs included costs associated with depot optimisation and restructuring projects of £1.2m.

##### *Transformation costs*

Our Velocity strategy is split into two distinct phases through to 31 March 2028, being 'Enabling Growth' (years 1 to 3) and 'Delivering Growth' (years 1 to 5). The investment in implementing our Velocity strategy and executing our transformation programme represents a significant, cost to the business and will continue to do so throughout the 'Enabling' phase to March 2026. The anticipated cost (including those incurred in FY2024) of this phase is between £19m and £22m, with £13m to £15m expected to be non-underlying, primarily relating to incremental people costs. The remainder of the costs either represent underlying costs to the business or are capital in nature.

Management will continue to monitor and reassess the above based on the phasing and delivery of the transformation programme.

Of the £3.2m non-underlying cost to the business in the year, £2.2m relates primarily to incremental people costs, represented by 48 additional heads at 31 March 2024.

The commencement of the transformation programme also necessitated an assessment of the Group's existing digital capabilities, rendering some previously capitalised intangible assets as either obsolete or no longer viable as part of the Group's Velocity strategy. This has resulted in a £1.0m write-off of intangible assets, representing the remainder of the non-underlying items relating to transformation.

The net cash outflow from activities associated with non-underlying items is £6.0m.

The following non-underlying items occurred in FY2023:

##### *Asset write-off*

During FY2023, the Group undertook a comprehensive count of all hire equipment. As at 31 March 2022, the reported net book value of the Group's hire equipment assets was £226.9m. The Company categorises hire equipment into two groups: those that are individually identifiable by a unique serial number to the asset register ('itemised assets', representing 78%, or £177.0m, of the total reported net book value), 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 in FY2023.

#### *Other professional and support costs*

The Board commissioned an external investigation into the issue identified with non-itemised assets, including a review of controls and accounting procedures. The Group has strengthened the control environment for managing its non-itemised asset fleet, including additional counts, increased internal audit focus, enhanced control over purchases and disposals, and new procedures for reconciliation to the fixed asset register, which also incorporate recommendations from the investigation. The associated professional and support fees amounted to £1.4m, which are also presented within non-underlying items. These fees include a further £0.3m of auditor remuneration, specifically in relation to increased work over assets, including additional auditor attendance at asset counts across the business.

#### *Restructuring*

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

## **5 Financial expense**

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Interest on bank loans and overdrafts	7.4	4.4
Amortisation of issue costs	0.4	0.7
Total interest on borrowings	7.8	5.1
Interest on lease liabilities	5.0	3.5
Other finance income	(0.1)	-
Financial expense	12.7	8.6

## **6 Taxation**

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
<b>Tax charged in the Income Statement from continuing operations</b>		
<b>Current tax</b>		
UK corporation tax on profit at 25% (2023: 19%)	1.7	3.8
Adjustment in respect of prior years	(0.4)	(1.0)
Total current tax	1.3	2.8
<b>Deferred tax</b>		
UK deferred tax at 25% (2023: 25%)	1.0	(3.8)
Adjustment in respect of prior years	0.1	1.6
Total deferred tax	1.1	(2.2)
Total tax charge from continuing operations	2.4	0.6
<b>Tax charged in other comprehensive income</b>		
Deferred tax on effective portion of changes in fair value of cash flow hedges	-	-
<b>Tax charged in equity</b>		
Deferred tax	-	-

The adjusted effective tax rate of 29.3% (2023: 20.2%) is higher than the standard rate of UK corporation tax of 25%. The tax charge in the Income Statement for the year of 47.1% (2023: 33.3%) is higher than the standard rate of corporation tax in the UK and is explained as follow:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit before tax	5.1	1.8
Accounting profit multiplied by the standard rate of corporation tax at 25% (2023: 19%)	1.3	0.3
Expenses not deductible for tax purposes	2.2	0.9
Share-based payments	-	0.1
Share of joint venture income already taxed	(0.8)	(1.3)
Change in tax rates	-	-
Adjustment in respect of prior years	(0.3)	0.6
Tax charge for the year reported in the Income Statement	2.4	0.6

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021.

## 7 Earnings per share

The calculation of basic earnings per share is based on the profit for the financial year of £2.7m (2023: £1.2m) and the weighted average number of ordinary shares in issue, and is calculated as follows:

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Weighted average number of shares in issue (m)</b>		
Number of shares at the beginning of the year	457.7	514.0
Exercise of share options	-	0.2
Movement in shares owned by the Employee Benefit Trust	-	-
Vested shares not yet exercised	2.7	2.7
Shares repurchased and subsequently cancelled or placed in treasury	-	(28.9)
Weighted average for the year - basic number of shares	460.4	488.0
Share options	3.9	3.5
Employee share scheme	-	0.2
Weighted average for the year - diluted number of shares	464.4	491.7

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Profit (£m)</b>		
Profit for the year after tax - basic earnings	2.7	1.2
Intangible amortisation charge - acquired intangibles (after tax)	1.0	0.4
Non-underlying items (after tax)	7.1	22.6
Adjusted earnings <sup>1</sup>	10.8	24.2
<b>Earnings per share (pence)</b>		
Basic earnings per share	0.59	0.25
Dilutive shares and options	(0.01)	(0.01)
Diluted earnings per share	0.58	0.24
Adjusted earnings per share <sup>1</sup>	2.35	4.96
Dilutive shares and options	(0.02)	(0.04)
Adjusted diluted earnings per share <sup>1</sup>	2.33	4.92

<sup>1</sup> Prior period revised, see note 17.

More detail on adjusted earnings is provided in note 9.

Total number of shares outstanding at 31 March 2024 amounted to 516,983,637 (2023: 516,983,637), including 4,100,000 (2023: 4,100,150) shares held by the Employee Benefit Trust, and 55,410,004 (2023: 55,410,004) shares held by the Employee Share Scheme.

4,106,820 (2023: 4,162,452) shares held in the Employee Benefit Trust and 55,146,281 (2023: 55,146,281) 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 2024 £m	Year ended 31 March 2023 £m
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
2023 final dividend (1.80 pence on 452.9m ordinary shares)	8.2	-
2024 interim dividend (0.80 pence on 453.5m ordinary shares)	3.6	-
	<b>11.8</b>	<b>10.9</b>

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 (2023: 1.80 pence) per share, bringing the total amount payable in respect of the 2024 year to 2.60 pence (2023: 2.60 pence), to be paid on 20 September 2024 to shareholders on the register on 9 August 2024.

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 2024, the Trust held 4,106,820 ordinary shares (2023: 4,162,452).

## 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 non-underlying 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 2024 £m	Year ended 31 March 2023 £m
Operating profit	14.9	3.8
Add back: amortisation	3.6	1.8
Add back: non-underlying items	9.0	28.5
<b>Adjusted operating profit</b>	<b>27.5</b>	<b>34.1</b>
Add back: depreciation	66.9	69.6
Add back: loss on planned disposals of hire equipment <sup>1</sup>	2.4	0.2
<b>Adjusted EBITDA</b>	<b>96.8</b>	<b>103.9</b>
Profit before tax	5.1	1.8
Add back: amortisation of acquired intangibles <sup>2</sup>	0.6	0.4
Add back: non-underlying items	9.0	28.5
<b>Adjusted profit before tax</b>	<b>14.7</b>	<b>30.7</b>
<b>Return on capital employed (ROCE)</b>		
Adjusted profit before tax	14.7	30.7
Interest	12.7	8.6
<b>Profit before tax, interest, amortisation of acquired intangibles and non-underlying items<sup>3</sup></b>	<b>27.4</b>	<b>39.3</b>
Average gross capital employed <sup>4</sup>	277.0	280.5
<b>ROCE</b>	<b>9.9%</b>	<b>14.0%</b>

<sup>1</sup> See note 17. Prior period revised to add back profit or loss on planned disposals of hire equipment in the calculation of adjusted EBITDA.

<sup>2</sup> See note 17. Prior period revised to add back only acquired intangible amortisation in the calculation of adjusted profit before tax.

<sup>3</sup> Profit before tax, interest, amortisation and non-underlying items for the last 12 months.

<sup>4</sup> Average gross capital employed (where capital employed equals total equity and net debt) based on a two-point average for the last 12 months.

	Acquired			Internally generated		Total intangible assets £m
	Goodwill £m	Customer lists £m	Brands £m	Total acquired intangibles £m	IT development £m	
<b>Cost</b>						
At 1 April 2022	29.9	8.3	2.6	40.8	6.9	47.7
Additions	-	-	-	-	0.9	0.9
Disposals	(12.4)	(5.4)	(1.3)	(19.1)	-	(19.1)
At 31 March 2023	17.5	2.9	1.3	21.7	7.8	29.5
Transfer from property, plant and equipment	-	-	-	-	8.3	8.3
Additions	-	-	-	-	1.9	1.9
Acquisitions	9.9	1.0	-	10.9	-	10.9
<b>At 31 March 2024</b>	<b>27.4</b>	<b>3.9</b>	<b>1.3</b>	<b>32.6</b>	<b>18.0</b>	<b>50.6</b>
<b>Accumulated amortisation</b>						
At 1 April 2022	12.4	6.8	2.1	21.3	0.5	21.8
Charged in year	-	0.3	0.1	0.4	1.4	1.8
Disposals	(12.4)	(5.4)	(1.3)	(19.1)	-	(19.1)
At 31 March 2023	-	1.7	0.9	2.6	1.9	4.5
Transfer from property, plant and equipment	-	-	-	-	2.8	2.8
Charged in year	-	0.4	0.2	0.6	3.0	3.6
<b>At 31 March 2024</b>	<b>-</b>	<b>2.1</b>	<b>1.1</b>	<b>3.2</b>	<b>7.7</b>	<b>10.9</b>
<b>Net book value</b>						
<b>At 31 March 2024</b>	<b>27.4</b>	<b>1.8</b>	<b>0.2</b>	<b>29.4</b>	<b>10.3</b>	<b>39.7</b>
At 31 March 2023	17.5	1.2	0.4	19.1	5.9	25.0
At 31 March 2022	17.5	1.5	0.5	19.5	6.4	25.9

The remaining amortisation period of each category of intangible fixed asset is the following; Customer lists three to ten years (2023: one to four years), Brands three years (2023: four years) and IT development four years (2023: five 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
<b>Allocated to</b>					
Hire	26.4	1.4	0.1	8.9	36.8
Services	1.0	0.4	0.1	1.4	2.9
At 31 March 2024	27.4	1.8	0.2	10.3	39.7
<b>Allocated to</b>					
Hire	16.5	0.5	0.3	5.4	22.7
Services	1.0	0.7	0.1	0.5	2.3
At 31 March 2023	17.5	1.2	0.4	5.9	25.0

All goodwill has arisen from business combinations and has been allocated to the cash-generating unit ('CGU') expected to benefit from those business combinations. All intangible assets are held in the UK.

The Group tests goodwill for impairment annually, or more frequently if there are indications that goodwill might be impaired, 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.

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 FY2025 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 2024		31 March 2023	
	Pre-tax discount rate	Terminal value growth rate	Pre-tax discount rate	Terminal value growth rate
UK and Ireland Hire and Services	<u>12.2%</u>	<u>2.0%</u>	<u>12.0%</u>	<u>2.5%</u>

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.

At 31 March 2024, the headroom between value in use and carrying value of related assets for the UK and Ireland was £131.0m (2023: £99.2m) - £45.0m for Hire (2023: £50.7m) and £86.0m for Services (2023: £48.5m).

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

Reduction in headroom at 31 March 2024 (£m)		
	Revenue growth - 1% decrease per annum	Pre-tax discount rate - 0.5% increase
Hire	30.2	18.3
Services	4.6	3.2

There are no reasonable variations in these assumptions that would be sufficient to result in an impairment of either CGU at 31 March 2024. A 1.5% decline in forecast revenue cash flows for Hire and an 18.5% decline in forecast revenue cash flows for Services would reduce headroom to nil for each CGU respectively, assuming no cost mitigation plans. The position will be reassessed at the next reporting date.

It is noted that the market capitalisation of the Group at 31 March 2024 was below the consolidated net asset position - one indicator that an impairment may exist. Based on the impairment test performed, it is determined that no impairment is required in this regard.

## 11 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £m	Total £m
<b>Cost</b>				
At 1 April 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 <sup>1</sup>	(2.0)	(22.2)	(0.6)	(24.8)
Exceptional write-off <sup>2</sup>	-	(33.0)	-	(33.0)
Transfers to inventory	-	(23.6)	-	(23.6)
At 31 March 2023 restated <sup>1</sup>	54.5	395.9	96.6	547.0
Transfer to Intangible Assets <sup>3</sup>	-	-	(8.3)	(8.3)
Foreign exchange	-	(0.5)	-	(0.5)
Acquisitions	-	11.8	-	11.8
Additions	6.7	42.5	2.3	51.5
Disposals	(3.0)	(35.9)	(62.4)	(101.3)
Transfers to inventory	-	(27.8)	-	(27.8)

At 31 March 2024	<b>58.2</b>	<b>386.0</b>	<b>28.2</b>	<b>472.4</b>
<b>Accumulated depreciation</b>				
At 1 April 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 <sup>1</sup>	(1.4)	(11.9)	(0.5)	(13.8)
Exceptional write-off <sup>2</sup>	-	(12.6)	-	(12.6)
Transfers to inventory	-	(17.4)	-	(17.4)
At 31 March 2023 restated <sup>1</sup>	40.6	188.0	80.7	309.3
Transfer to Intangible Assets <sup>3</sup>	-	-	(2.8)	(2.8)
Foreign exchange	-	(0.2)	-	(0.2)
Charged in year	4.4	32.6	3.5	40.5
Disposals	(1.3)	(24.5)	(61.2)	(87.0)
Transfers to inventory	-	(20.5)	-	(20.5)
At 31 March 2024	<b>43.7</b>	<b>175.4</b>	<b>20.2</b>	<b>239.3</b>
<b>Net book value</b>				
<b>At 31 March 2024</b>	<b>14.5</b>	<b>210.6</b>	<b>8.0</b>	<b>233.1</b>
At 31 March 2023	13.9	207.9	15.9	237.7
At 31 March 2022	15.6	226.9	15.2	257.7

<sup>1</sup> Disposals in the year to 31 March 2023 incorrectly included an element of the exceptional write-off. This has been restated to correctly present cost and accumulated depreciation of hire equipment, each being £23.0m lower than reported in the prior period, with nil impact on hire equipment net book value reported as at 31 March 2023.

<sup>2</sup> See note 4.

<sup>3</sup> At 31 March 2023, software with a net book value of £6.7m was included in other property, plant and equipment. This has been transferred to Intangible Assets during the year to correct the classification.

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

Of the £210.6m (2023: £207.9m) net book value of hire equipment, £28.1m (2023: 32.1m) relates to non-itemised assets.

The net book value of other - non-hire equipment - comprises, fixtures, fittings, office equipment and IT equipment.

At 31 March 2024, no indicators of impairment were identified in relation to property, plant and equipment (2023: none).

## 12 Right of use assets

	<b>Land and buildings £m</b>	<b>Other £m</b>	<b>Total £m</b>
<b>Cost</b>			
At 1 April 2022	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
Additions	9.0	13.0	22.0
Remeasurements	17.9	0.8	18.7
Disposals	(6.7)	(11.7)	(18.4)
At 31 March 2024	<b>165.5</b>	<b>66.9</b>	<b>232.4</b>
<b>Accumulated depreciation</b>			
At 1 April 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
Charged in year	12.6	13.8	26.4
Disposals	(6.6)	(11.6)	(18.2)
At 31 March 2024	<b>106.3</b>	<b>28.8</b>	<b>135.1</b>
<b>Net book value</b>			



**Net book value  
At 31 March 2024**

	<b>59.2</b>	<b>38.1</b>	<b>97.3</b>
At 31 March 2023	45.0	38.2	83.2
At 31 March 2022	52.1	22.1	74.2

Included within disposals for the year ended 31 March 2023 is £0.1m (2023: £1.7m) relating to exceptional disposals following the restructure undertaken (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

	<b>31 March 2024 £m</b>	<b>31 March 2023 £m</b>
<b>Current borrowings</b>		
Bank overdraft	1.2	1.3
Lease liabilities <sup>1</sup>	22.1	22.1
	<b>23.3</b>	<b>23.4</b>
<b>Non-current borrowings</b>		
Maturing between two and five years		
- Asset based finance facility	104.1	92.2
- Lease liabilities <sup>1</sup>	75.5	64.0
Total non-current borrowings	<b>179.6</b>	<b>156.2</b>
Total borrowings	<b>202.9</b>	<b>179.6</b>
Less: cash	(4.0)	(1.1)
Exclude lease liabilities	(97.6)	(86.1)
<b>Net debt<sup>2</sup></b>	<b>101.3</b>	<b>92.4</b>

<sup>1</sup> See note 17.

<sup>2</sup> Key performance indicator - excluding lease liabilities.

### Reconciliation of financing liabilities and net debt

	<b>1 April 2023 £m</b>	<b>Non-cash movement £m</b>	<b>Cash flow £m</b>	<b>31 March 2024 £m</b>
Bank borrowings	(92.2)	0.5	(12.4)	<b>(104.1)</b>
Lease liabilities	(86.1)	19.5	(31.0)	<b>(97.6)</b>
Liabilities arising from financing activities	<b>(178.3)</b>	<b>20.0</b>	<b>(43.4)</b>	<b>(201.7)</b>
Cash at bank and in hand	1.1	-	2.9	<b>4.0</b>
Bank overdraft	(1.3)	-	0.1	<b>(1.2)</b>
Net debt	<b>(178.5)</b>	<b>20.0</b>	<b>(40.4)</b>	<b>(198.9)</b>

The Group has a £180m asset based finance facility which is sub divided into:

- 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.
- 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 2024 was £56.7m (2023: £83.5m), based on the Group's eligible hire equipment and trade receivables.

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

Interest on the facility is 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 1.92% (2023: 1.82%).

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

The following table shows the Group's financial liabilities and net debt as at 31 March 2024 and 31 March 2023.

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

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

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

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

#### 14 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 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
Additions	9.0	13.0	22.0
Remeasurements	14.8	0.8	15.6
Repayments	(15.5)	(15.5)	(31.0)
Unwinding of discount rate	2.5	2.5	5.0
Terminations	(0.1)	-	(0.1)
<b>At 31 March 2024</b>	<b>55.9</b>	<b>41.7</b>	<b>97.6</b>

Included within terminations for the year ended 31 March 2024 is £0.1m (2023: £0.8m) relating to exceptional terminations of property leases.

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

	31 March 2024 £m	31 March 2023 £m
Payable within one year	22.1	22.1
Payable in more than one year	75.5	64.0
<b>At 31 March</b>	<b>97.6</b>	<b>86.1</b>

#### 15 Provisions

	Dilapidations £m	Training provision £m	Total £m
At 1 April 2022	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
Additional provision recognised	2.1	-	2.1
Provision utilised in the year	(1.3)	-	(1.3)
<b>At 31 March 2024</b>	<b>16.4</b>	<b>-</b>	<b>16.4</b>

Of the £16.4m provision at 31 March 2024 (2023: £15.6m), £8.8m (2023: £9.3m<sup>1</sup>) is due within one year and £7.6m (2023: £6.3m<sup>1</sup>) is due after one year.

<sup>1</sup> Restated, see note 17.

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 a change in the method of estimating the provision.

The provision recognised is based on management's best estimate of likely settlement and sits within a range of potential outcomes. The calculated provision equates to an expected settlement of £7.24 per square foot. If this was

to change by £1 per square foot, a £2.1m movement in the provision would result.

The movement in the prior 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 2024		31 March 2023	
	Number m	Amount £m	Number m	Amount £m
<b>Authorised, allotted, called-up and fully paid</b>				
Opening balance (ordinary shares of 5 pence each)	517.0	25.8	518.2	25.9
Exercise of Sharesave Scheme options	-	-	0.2	-
Purchase and cancellation of own shares	-	-	(1.4)	(0.1)
<b>Total</b>	<b>517.0</b>	<b>25.8</b>	<b>517.0</b>	<b>25.8</b>

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 Hire. 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, nil ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2023: 0.2m).

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 55,632 (2023: 73,970) shares were transferred to employees during the year. At 31 March 2024, the Trust held 4,106,820 (2023: 4,162,452) shares.

## 17 Prior period adjustment

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

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

The related adjustment on the beginning of the preceding period, 1 April 2022, has been assessed with no material impact identified.

The definition of adjusted profit has been amended to profit before tax, amortisation of acquired intangible assets and non-underlying items. It is determined to be more appropriate to exclude amortisation on internally generated intangibles as these form part of, and support, the underlying operations of the business. This is a change from all intangible asset amortisation having been previously added back in the calculation of adjusted profit.

The definition of adjusted EBITDA has been amended to operating profit before depreciation, amortisation and non-underlying items, where depreciation includes the net book value of planned hire equipment disposals, less the proceeds on those disposals (profit or loss on planned disposals of hire equipment). Such disposals relate to auction sales which are planned divestment, hence do not form an underlying part of the trading business.

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

Prior period comparatives have been revised for the year ended 31 March 2023 for consistency, as follows:

	<b>Reported</b>	<b>Restated</b>
Adjusted profit before tax (£m)	32.1	30.7
Adjusted EBITDA (£m)	103.7	103.9
Adjusted earnings per share (pence)	5.25	4.96
Adjusted diluted earnings per share (pence)	5.21	4.92
Return on capital employed (%)	14.5%	14.0%

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