

This announcement contains inside information

REDDE NORTHGATE PLC

("Redde Northgate" or the "Group" or the "Company")

ANNOUNCEMENT OF RESULTS FOR THE HALF YEAR ENDED 31 OCTOBER 2022

Fleet growth and new contract wins supporting strong financial performance

Redde Northgate (LSE:REDD), the leading integrated mobility solutions platform providing services across the vehicle lifecycle, is pleased to announce its results for the half-year ended 31 October 2022.

Half Year results	Reported			Underlying ¹		
6 months ended 31 October	H1 2023	H1 2022	Change	H1 2023	H1 2022	Change
	£m	£m	%	£m	£m	%
Revenue	696.3	612.9	13.6%	627.6	522.9	20.0%
EBIT	111.6	80.1	39.3%	93.4	87.3	7.0%
Profit before Tax	101.9	71.7	42.1%	83.7	78.9	6.1%
Earnings per Share	34.4p	22.5p	52.3%	28.1p	26.1p	7.7%

¹ excludes vehicle sales revenue, exceptional items, amortisation of acquired intangible assets and adjustments to underlying depreciation. See GAAP reconciliation.

Other measures	H1 2023	H1 2022	Change
	£m	£m	%
Net debt	661.3	587.2	12.6%
Group net debt (excl. IFRS 16 leases) ²	531.8	470.4	13.0%
Steady state cash generation	121.2	93.5	29.6%
Free cash flow	2.1	(7.6)	n/a
ROCE	13.5%	12.5%	1.0ppts
Dividend per Share	7.5p	6.0p	25.0%

² excludes leases that would not have been recognised on the balance sheet prior to adoption of IFRS 16.

Martin Ward, CEO of Redde Northgate, commented:

"With the Group fleet up 8% to over 130,000 vehicles and new multi-year contracts going live in the period, we have achieved meaningful growth across all our revenue streams. Our strategy of building an integrated platform is serving us well, with customers increasingly accessing a broadening product set to support their mobility needs. The Blakedale acquisition at the start of the period has integrated well, enjoying both customer and fleet growth since joining the Group.

We have successfully delivered on our margin targets and implemented pricing increases across the business to help mitigate cost inflation. While mindful of the macro-economic backdrop, with a diverse and high-quality customer base well represented in resilient sectors, we are positioned to capitalise on growth opportunities across the business, in particular when LCV supply strengthens."

Key financial highlights

- Group revenue growth up 14%, reflecting strong traffic and accident management volumes, fleet growth, pricing increases, and continued robust residual values
- Reported PBT of £101.9m up 42%; underlying PBT up 6% to £83.7m due to strong operational performance, partially offset by lower disposal profits and higher interest
- Steady state cash generation improved 30% to £121.2m; free cashflow reflects investments in fleet, working capital for new insurance contracts, and the Blakedale acquisition
- Strong balance sheet with over £300m of facility headroom and bank facility extended out one year to 2026; 1.6x leverage (H1 2022: 1.5x) well within our stated target 1-2x range
- Shareholder returns: 25% increase in interim dividend to 7.5p; £60m share buyback programme running since March, £56m spend in total by end-November

Depreciation rate change

- H1 reported PBT benefitted from £28m of depreciation adjustment, in line with expectations at full year; no impact on H1 underlying results; and no impact on cash

Business highlights

- Group fleet up 8% to over 130,000, driven by strong growth in Spain and replacement vehicles for insurance contracts; LCV scarcity in Northgate UK&I ongoing, supporting residual values
- Two large insurance contracts went live in period, each customer now taking full range of claims and repair services; activity to grow through next 12 months
- Growing take-up of value-added services, including cross sell of accident management services, with Northgate UK&I customer fleet under management up 75%; good H2 pipeline for services
- Launch of bundled e-LCV vehicle and charging solution to help fleet transitions; won 2 Spanish repair contracts, including from an existing large UK insurance customer
- Recent acquisitions delivering on strategic goals: strong demand for FMG RS repair solutions; Blakedale proposition gaining traction with existing customers
- Divisional margins maintained in line or above long-term target range through careful pricing actions to reflect cost inflation

Outlook

Demand for our services continues to be robust across geographies along with continuing strength in residual values. These factors underpin our confidence for the full year which is expected to be modestly above market expectations. While the Board is mindful of the ongoing macro-economic environment and current LCV supply, it remains confident that our integrated mobility solutions platform will continue to create sustainable shareholder value.

Analyst Briefing

A hybrid presentation for sell-side analysts and institutional investors will be held at 9.30am today, 7 December 2022. If you are interested in attending, please email Buchanan on reddenorthgate@buchanan.uk.com to request the joining details. This presentation will also be made available via a link on the Company's website www.reddenorthgate.com.

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This announcement is made on behalf of Redde Northgate plc by James Kerton, Company Secretary of Redde Northgate plc.

Notes to Editors:

Redde Northgate is the leading integrated mobility solutions platform providing services across the vehicle lifecycle. The Company offers integrated mobility solutions to businesses, fleet operators, insurers, OEMs and other customers across the following key areas: vehicle rental, vehicle data, accident management, vehicle repairs, fleet management, service and maintenance, vehicle ancillary services and vehicle sales.

The Company's core purpose is to keep its customers mobile, whether through meeting their regular mobility needs or by servicing and supporting them when unforeseen events occur. With its considerable scale and reach, Redde Northgate's mission is to offer a market-leading customer proposition and drive enhanced returns for shareholders by creating value through sustainable compounding growth. The Group aims to achieve this through the delivery of its strategic framework of Focus, Drive and Broaden.

Redde Northgate services its customers through a network and diversified fleet of over 130,000 owned and leased vehicles, supporting over 600,000 managed vehicles, with around 175 branches across the UK, Ireland and Spain and a specialist team of over 6,700 employees.

Further information regarding Redde Northgate plc can be found on the Company's website www.reddenorthgate.com.

GAAP reconciliation and glossary of terms

Throughout this document we refer to underlying results and measures; the underlying measures allow management and other stakeholders to better compare the performance of the Group between the current and prior period without the effects of one-off or non-operational items. Underlying measures exclude intangible amortisation from acquisitions and certain one-off items such as those arising from restructuring activities and the tax impact thereon. Specifically, we refer to disposal profit(s). This is a non-GAAP measure used to describe the adjustment in depreciation charge made in the period for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs).

Adjustments have also been made to underlying results for depreciation rate changes made in the period in relation to an old cohort of vehicles impacted by the disruption in residual values over recent

periods which could not have been envisaged at the time those vehicles were purchased. Further explanation of this impact is included within the Financial Review.

A reconciliation of GAAP to non-GAAP underlying financial performance is outlined below. A further explanation of alternative performance measures and a glossary of terms used in this document are outlined below the Financial Review.

GAAP reconciliation tables

Income statement reconciliation

Six month period ending (Unaudited)	Foot note (below)	31.10.2022 Statutory 2022 £m	31.10.2022 Adjustments 2022 £m	31.10.2022 Underlying 2022 £m	31.10.2021 Statutory 2021 £m	31.10.2021 Adjustments 2021 £m	31.10.2021 Underlying 2021 £m
Revenue	(a)	696.3	(68.7)	627.6	612.9	(90.0)	522.9
Cost of sales	(b + c)	(478.8)	40.5	(438.4)	(441.3)	90.0	(351.3)
Gross profit		217.5	(28.2)	189.2	171.7	–	171.7
Administrative expenses	(d)	(107.5)	10.1	(97.4)	(94.0)	7.5	(86.5)
Operating profit		110.0	(18.2)	91.8	77.7	7.5	85.2
Income from associates		1.6	–	1.6	2.1	–	2.1
Gain on bargain purchase	(e)	–	–	–	0.3	(0.3)	–
EBIT		111.6	(18.2)	93.4	80.1	7.2	87.3
Interest income		–	–	–	–	–	–
Finance costs		(9.7)	–	(9.7)	(8.4)	–	(8.4)
Profit before taxation		101.9	(18.2)	83.7	71.7	7.2	78.9
Taxation	(f)	(19.9)	3.2	(16.7)	(16.2)	1.5	(14.7)
Profit for the year		82.0	(15.0)	67.0	55.5	8.7	64.2
Shares for EPS calculation		238.7m		238.7m	246.1m		246.1m
Basic EPS		34.4p		28.1p	22.5p		26.1p

Foot
notes

Adjustments comprise:

Revenue: sale of vehicles	(a)	(68.7)	(90.0)
Cost of sales: revenue sale of vehicles net down	(b)	68.7	90.0
Adjustments to underlying depreciation (see Financial Review)	(c)	(28.2)	–
Gross profit		(28.2)	–
Exceptional items (Note 11)		–	(2.4)
Amortisation of acquired intangible assets (Note 6)		10.1	9.9
Administrative expenses	(d)	10.1	7.5
Gain on bargain purchase	(e)	–	(0.3)
Adjustments to EBIT		(18.2)	7.2
Adjustments to PBT		(18.2)	7.2
Tax on exceptional items (Note 11)		–	0.5
Tax on brand royalty charges and amortisation of acquired intangible assets and tax rate change on acquired intangible assets		3.2	1.0
Tax adjustments	(f)	3.2	1.5
Adjustments to profit		(15.0)	8.7

OPERATING REVIEW

Group Overview

The first half of the year saw strong performances across our geographies and segments. We saw significant volume growth in our accident management businesses, and growth in vehicle rental revenues across geographies. These came through a combination of strong demand, careful pricing increases offsetting cost inflation, and successful management of fleet acquisitions and disposals. Together these helped support operating margins across the business units.

Operationally, our focus in the period has been on careful management and allocation of our resources, with continued scarce LCV supply, to best serve key customer demand and target sectors which are expected to have the greatest resilience through macro-economic stress and position us for future growth opportunities.

Growth drivers

Strong demand for vehicle provision continued across our end-markets during the period. In Redde, this was helped by increased traffic volumes, in addition to two of the previously announced multi-year large insurer contracts coming on stream. Supported by our other announced contracts, activity and volumes will continue to grow through the year. We have a healthy pipeline as corporates and insurance partners increasingly look for an outsourced solution across the Group's integrated mobility platform, looking to benefit from the cost and efficiency benefits our platform can offer.

Fleet growth of around 5,000 vehicles over the past 6 months reflects the success we have had in accessing pockets of supply, particularly for cars, to support our businesses and customer needs. In Northgate Spain a broader range of manufacturers supported strong fleet growth and in the UK our market position means that we get early visibility and have the financial firepower to quickly respond to supply opportunities when they come available. A combination of limiting disposals and optimising fleet recycling when vehicles come off rent also allowed the businesses to focus on satisfying areas of high-quality demand.

The acquisition of Blakedale, which specialises in traffic management vehicles, announced at the start of the period expanded our specialist services offering and has seen encouraging growth including a growing customer base and vehicle fleet since acquisition. The launch of our new rental solution, which combines an EV vehicle and e-charging point, reflects the ability to offer innovative solutions which address customer needs, and we continue to explore multiple inorganic opportunities to grow both our fleet and range of services.

Customer diversity

Our rental business benefits from a diverse customer base and we continue to target sectors and customers who are well positioned in the current economic climate. Actively managing customer vehicle returns and reallocations allows for a risk / opportunity focused approach and the result is a diverse end market customer profile.

In Northgate UK&I, no sector accounts for more than 15% of LCV rental VOH, and eight sectors each represent over 7% of VOH. Public sector and large corporate customers with fleets of over 40 LCVs account for over 50% of our fleet. Growth in areas such as facilities management and fibre installation position us well in areas viewed as more robust in the current economic downturn. We also have a diverse range of sector exposure and customers in Northgate Spain, again with around half the fleet being taken by government or large fleet customers.

Margin stability

The business has successfully protected its operating margins while experiencing cost inflation and vehicle supply constraints. Across all business segments, there has been a focus on cost management and mitigation of inflation pressures, while still ensuring customers see cost and efficiency benefits from using our services.

Pricing increases in both Northgate Spain and Northgate UK&I have been carefully managed in discussion with customers, including where targeted on issues such as energy cost levies within existing FMG RS contracts, or enhancing maintenance for extending the fleet life. Appetite for value-added ancillary services such as telematics and fleet management have also grown within the period, together with a 75% growth in vehicles covered by accident management services in Northgate UK&I, supporting rental margins and customer retention, as customers see benefits and efficiencies from leveraging our fleet expertise.

Supporting sustainability

Our Drive to Zero programme seeks to support fleet customers in identifying the right strategy and first steps in utilising EVs, or improving their fleet management and behaviour to reduce current emissions. We have helped an increasing number of customers better understand their options and timeframes for undertaking fleet transition, and our new bundled EV solution reflects feedback from customers on their barriers to faster transition.

Within our business, we have focused on targeted recruitment for areas of scarce resource, supported by the grant of shares to all employees this month to help ensure all colleagues are able to benefit from the long-term growth of the business. To help with cost-of-living pressures in the short term, we are making c.£250 one-off payments to over 4,500 colleagues (over 60% of total employees) across the Group, alongside making available discounts on a broad range of retail purchases and offering an excess holiday buyback scheme. Our new group intranet hub is already fostering greater sharing of Group values and culture, and our new corporate website was launched at the end of November.

Trading

Total Group revenue, including vehicle sales, was 13.6% higher than the prior period. Underlying Revenue (excluding vehicle sales) of £627.6m (H1 2022: £522.9m) was 20.0% higher (19.9% at constant exchange rates) reflecting an 9.2% increase in vehicle hire revenue and a 32.2% increase in claims and services revenue mainly driven by greater claims volumes.

Total fleet increased 8% since the prior period, up c.10,000 vehicles including those held on contract hire; since the year end it increased 4%. Vehicle sales revenues were 23.7% lower, reflecting lower disposal volumes, while purchases totalled 10,800 (H1 2022: 13,500).

Total disposal profits for the period of £24.7m were 9% lower than the prior period with 7,700 vehicles sold (H1 2022: 10,100). LCV supply constraints across the sector continued to support high residual values, partially offsetting the impact of 24% lower disposal volumes. Northgate UK&I closing VOH was 3.3% lower than at 31 October 2022, while Northgate Spain closing VOH was 5.2% higher reflecting greater availability of new vehicles.

Northgate UK&I rental margin of 15.6% compared to 17.6% in the prior period, in part reflecting the impact of lower margin contributions from recent acquisitions, and was close to the 15.3% margin for the full year FY 2022. Rental margins in Northgate Spain reached 20.4% (H1 2022: 17.1%), benefitting from higher VOH and pricing actions taken early in the calendar year. Redde saw volume and activity

growth across its product offerings, resulting in a £4.3m increase in underlying EBIT to £20.4m (H1 2022: £16.1m).

Underlying PBT growth of 6.1% to £83.7m (H1 2022: £78.9m) reflects our strong operational performance, partially offset by higher interest and central costs. Statutory EBIT of £111.6m (up £31.5m) and statutory PBT of £101.9m (up £30.2m) included £28.2m adjustment to depreciation rates which is not included in our underlying results, in line with indications set out at the full year.

Underlying EPS was 28.1p (H1 2022: 26.1p), 7.7% higher than prior period with an average share count of 238.7m (H1 2022: 246.1m) reflecting the share buyback actions taken in the period. Statutory EPS rose to 34.4p (H1 2022: 22.5p).

Free cashflow of £2.1m was £9.7m higher than the prior period (H1 2022: £7.6m outflow) and included £68.7m of growth capex used to support growth in the fleet in Northgate Spain and Redde.

Group ROCE rose by 1ppt to 13.5% (H1 2022: 12.5%), reflecting the improved operational performance, partially offset by lower disposal profits and working capital in Redde.

Financial strength and Capital allocation

Our strong cashflows and balance sheet position supports our business growth, a progressive dividend as well as share buybacks.

This financial strength continues to provide a competitive advantage, both in fleet acquisition strategies and our ability to contemplate non-organic expansion. The extension in October of our RCF bank facility by an additional 12 months to 2026 gives us additional flexibility and duration to our borrowings.

The Board has declared an interim dividend of 7.5p per share (H1 2022: 6.0p) to be paid on 13 January 2023 to shareholders on the register as at close of business on 16 December 2022. The interim dividend represents 50% of the final dividend for the year ended 30 April 2022 in line with previous guidance.

While we focus our efforts on supporting business growth, we continue to view buybacks as a useful element within our capital allocation alongside a progressive dividend and will be kept under review. The share buyback programme has been underway since March and its extension in August reflected the attractive proposition of risk-free enhancement of shareholder returns. As at end-November, 16 million shares had been acquired at a cost of £56m and are being held in treasury.

Northgate UK&I

Six months ended 31 October	H1 2023	H1 2022	Change
KPI	('000)	('000)	%
Average VOH	49.2	50.2	(1.8%)
Closing VOH	49.3	50.9	(3.3%)
Average utilisation %	92%	92%	0ppt
Six months ended 31 October	H1 2023	H1 2022	Change
PROFIT & LOSS (Underlying)	£m	£m	%
Revenue – Vehicle hire	184.1	170.8	7.8%
Revenue – Vehicle sales	50.3	61.9	(18.7%)
Total Revenue	234.4	232.7	0.7%
Rental profit	28.8	30.0	(4.2%)
Rental Margin %	15.6%	17.6%	(2.0ppt)
Disposal profit	18.8	22.9	(18.1%)
Underlying EBIT	47.5	52.9	(10.2%)
EBIT Margin % ³	20.3%	22.7%	(2.4ppt)
ROCE %	16.1%	17.4%	(1.7ppt)

Rental revenue grew 8% in the period, with a very active focus on directing available inventory to selected market segments and key clients, helping to optimise utilisation and protecting margin, which was also supported by carefully targeted and communicated rate increases. Ageing of the fleet continues to support strong customer demand.

Average VOH at 49,200 was 1.8% lower, reflecting LCV registrations in the UK being 25% below pre-Covid levels and at their lowest level at this point in the year since 2013. This lack of supply has supported residual value levels, which stabilised from the middle of the calendar year, and remains substantially above pre-Covid levels.

The business saw improvements in take-up of ancillary vehicle and fleet services, such as a 75% increase in customer vehicles under accident management, increasing take up of telematics and a strong pipeline of customers interested in fleet management services. Customers looking to convert to electric vans were offered an innovative new electric vehicle and charger bundled rental product which was launched in November, helping to overcome a known barrier to EV transition. Lack of suitable vehicle product is however slowing the wider conversion to electric vans in the general user community.

The Group acquired specialist traffic management vehicle provider Blakedale early in the period and has focused on integration actions and seen early successes in customer introductions, with growth in fleet and customer contracts since acquisition.

Financial overview

Northgate UK&I underlying EBIT of £47.5m was 10.2% lower than the prior period (H1 2022: £52.9m) with average VOH reducing 1.8%, rental profit £1.2m lower at £28.8m and rental margins 2.0ppt lower

³ Calculated as underlying EBIT divided by total revenue

at 15.6% (H1 2022: 17.6%), compared to FY 2022 full year margin of 15.3%. Disposal profits decreased £4.1m to £18.8m reflecting a 13.8% reduction in vehicle sales due to lower replacements.

Rental business

Hire revenue in the Northgate UK&I business increased 7.8% compared to the prior period to £184.1m (H1 2022: £170.8m), with a 1.8% reduction in average VOH being offset by an 8.0% increase in average revenue per vehicle. Rate increases were applied across our full range of rental products.

Closing VOH of 49,300 was 1,700 lower than the prior period (H1 2022: 50,900) and compares to 49,200 at 30 April 2022 year end which demonstrates that the shortage in supply of new vehicles has held back growth in the period.

Northgate UK&I's minimum term proposition accounted for 38% of average VOH (H1 2022: 35%). The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings, as well as lower transactional costs.

Rental margin for the period was 15.6% compared to 17.6% in the prior period, 13.2% in H2 FY 2022 and 15.3% in the full year FY 2022. This was supported by pricing increases and partially offset by cost inflation and investment to grow Charged EV.

The net impact of the reduction in VOH and lower rental margin was a 4.2% decrease in rental profits to £28.8m (H1 2022: £30.0m).

Management of fleet and vehicle sales

The closing Northgate UK&I rental fleet was 53,800 compared to 54,200 at 30 April 2022. During the period, 2,900 vehicles were purchased (H1 2022: 6,300) and 3,700 vehicles were de-fleeted (H1 2022: 4,700). The leased fleet increased by 400 vehicles.

The average age of the fleet at the end of the period was 3.0 months higher than at 30 April 2022 and 5.1 months higher than at 31 October 2021. This was due to managing the fleet to mitigate impacts of the restricted market supply reducing both purchases and vehicles sold.

A total of 4,900 vehicles were sold in Northgate UK&I during the period, 13.8% lower than the prior period (H1 2022: 5,700 vehicles). Disposal profits of £18.8m (H1 2022: £22.9m) decreased 18.1% versus the prior period, reflecting the reduction in the number of vehicles sold. Average profit per unit (PPU) on disposals reduced 5.5% to £3,829 (H1 2022: £4,052).

EBIT and ROCE

Underlying EBIT of £47.5m was 10% lower than the prior period (H1 2022: £52.9m) driven by both rental and disposal profits as explained above.

The ROCE in Northgate UK&I was 16.1% (H1 2022: 17.4%) reflecting the decrease in EBIT mainly as a result of lower disposals.

Capex and cash flow

Six months ended 31 October	H1 2023	H1 2022	Change
	£m	£m	£m
Underlying EBITDA	90.9	93.7	(2.8)
Net Replacement Capex ⁴	(38.1)	(33.6)	(4.5)
Lease principal payments ⁵	(5.5)	(3.6)	(1.9)
Steady state cash generation	47.3	56.5	(9.2)
Growth Capex (incl. inorganic) ⁴	15.1	(13.2)	28.3

Underlying EBITDA decreased 3.0% to £90.9m (H1 2022: £93.7m).

Net replacement capex⁴ was £38.1m, £4.5m higher than the prior period with a reduction in number of vehicles replaced being offset by the average cost of replacements being higher due to price inflation and the change in mix of vehicles replaced.

Steady state cash generation decreased by £9.2m to £47.3m (H1 2022: £56.5m) reflecting the lower underlying EBITDA and the higher net replacement capex. Growth capex⁴ was £15.1m inflow reflecting a reduction in owned fleet due to the vehicle supply constraints experienced throughout the period.

⁴ Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash generated if the fleet size is reduced in periods of contraction

⁵ Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

Northgate Spain

Six months ended 31 October	H1 2023	H1 2022	Change
KPI	('000)	('000)	%
Average VOH	53.2	49.4	7.7%
Closing VOH	53.8	51.1	5.2%
Average utilisation %	92%	93%	(1ppt)
Six months ended 31 October	H1 2023	H1 2022	Change
PROFIT & LOSS (Underlying)	£m	£m	%
Revenue – Vehicle hire	122.7	107.7	13.9%
Revenue – Vehicle sales	18.2	28.1	(35.3%)
Total Revenue	140.9	135.8	3.7%
Rental profit	25.1	18.5	35.7%
Rental Margin %	20.4%	17.1%	3.3ppt
Disposal profit	5.9	4.1	45.1%
Underlying EBIT	31.0	22.6	37.4%
EBIT Margin % ⁶	22.0%	16.6%	5.4ppt
ROCE %	11.5%	8.7%	2.8ppt

Rental revenue growth of 14% was achieved through a combination of increased VOH (up 8%), together with pricing increases which had been implemented at the start of the calendar year for both minimum term and flexible rental products. Demand remained strong throughout the period and the business focused on delivering vehicles to satisfy its key customers, notably within sectors including infrastructure, IT and telecoms.

Vehicle supply was assisted by a broadening of fleet vehicle suppliers, but remained below the prior period and the high levels of demand. The business also carefully managed its defleeting activities, with disposal volumes 11% lower than the prior period, in order to satisfy key customer needs. PPUs were up over 125% in the period, helping to support disposal profit levels. Fleet ageing increased 5 months since 31 October 2021, with related service costs reflected within the hire rate increases.

Rental margin at over 20% for the period is expected to have reached its peak. This was driven by pricing increases implemented before the start of the period, while inflation-driven costs and fleet growth, with its related depreciation, building through the period.

Northgate's workshops have been working at high capacity throughout the period, supported by the strategic action to make this service available to third parties. Two repair contracts were signed with insurance companies looking to secure workshop capacity, including a referral from a major UK insurance customer, and have the potential to grow to become meaningful customers.

Volumes through the online eAuction platform accounted for almost all of the trade sales in the period, making for highly cost-efficient disposals. The roll-out of solar panels moved into its 2nd phase, providing significant energy cost savings at a time where these are a growing burden for businesses, with a total of over 1 MW of generating capacity installed or planned for installation this financial year.

⁶ Calculated as underlying EBIT divided by total revenue

Financial overview

Northgate Spain had a strong period with EBIT increasing £8.4m or 37.4% driven by VOH growth of 7.7% and strong rental margins of 20.4% compared to 17.1% in the prior period.

Rental business

Hire revenue in the Northgate Spain business increased 13.9% (13.5% in local currency) to £122.7m (H1 2022: £107.7m), driven by average VOH which increased 7.7%. Closing VOH increased 5.2% to 53,800.

Northgate Spain's minimum term proposition accounted for around 35% (H1 2022: 35%) of average VOH. The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings.

The rental margin was 3.3ppt higher than the prior period at 20.4% from pricing increases and lower overheads, with some cost inflation offsetting this.

The impact of increase in hire revenue and rental margin was a 35.7% increase in rental profits to £25.1m (H1 2022: £18.5m).

Management of fleet and vehicle sales

The closing Northgate Spain rental fleet amounted to 60,600 compared to 57,600 vehicles at 30 April 2022. During the period 5,700 vehicles were purchased (H1 2022: 7,200) and 2,700 vehicles were de-fleeted (H1 2022: 3,100 vehicles). The average age of the fleet at the end of the period was 5 months higher than at the same time last year. This was due to managing the fleet to mitigate impacts of the restricted market supply reducing purchases.

A total of 2,800 vehicles were sold in Northgate Spain during the period, 36.2% lower than prior period reflecting the restricted market supply of new vehicles in the period.

Disposal profits of £5.9m (H1 2022: £4.1m) increased 45.1%. The reduction in the number of vehicles sold was offset by continued strength in sales values resulting in an increase in average profit per unit (PPU) on disposals to £2,101 (H1 2022: £924).

EBIT and ROCE

Underlying EBIT of £31.0m increased 37.4% over the prior period (H1 2022: £22.6m) driven by both higher rental and disposal profits as explained above. The ROCE in Northgate Spain was 11.5% (H1 2022: 8.7%) reflecting the increase in rental margin and an older fleet.

Capex and cash flow

Six months ended 31 October	H1 2023	H1 2022	Change
	£m	£m	£m
Underlying EBITDA	75.9	65.4	10.5
Net Replacement Capex ⁷	(13.7)	(34.4)	20.7
Lease principal payments ⁸	(1.3)	(1.3)	–
Steady state cash generation	60.9	29.7	31.2
Growth Capex (incl. inorganic) ⁷	(41.0)	(33.5)	(7.5)

Underlying EBITDA increased £10.5m to £75.9m (H1 2022: £65.4m).

Net replacement capex⁷ in the period was £13.7m, £20.7m lower than the prior period, as a result of the ageing of the fleet in response to the shortage of new vehicle supply.

Steady state cash generation increased by £31.2m to £60.9m (H1 2022: £29.7m) reflecting higher EBITDA and lower net replacement capex in the period. Growth capex⁷ was £41.0m reflecting investment in the fleet to meet demand.

⁷ Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash generated if the fleet size is reduced in periods of contraction

⁸ Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

Redde

Six months ended 31 October	H1 2023	H1 2022	Change
PROFIT & LOSS (Underlying)	£m	£m	%
Revenue – Claims and Services	331.4	251.9	31.5%
Revenue – Vehicle sales	0.3	–	100.0%
Total Revenue	331.7	251.9	31.7%
Gross profit	70.4	60.5	16.4%
Gross margin % ⁹	21.2%	24.0%	(2.8ppt)
Operating profit	18.9	14.0	35.1%
Income from associates	1.6	2.1	(26.1%)
Underlying EBIT	20.4	16.1	27.1%
EBIT margin % ⁹	6.2%	6.4%	(0.2ppt)
ROCE %	15.4%	11.6%	3.8ppt

The Redde Group of businesses made a strong start to the financial year with revenues up 31.7% reflecting the growth in road traffic, increased volumes from new business wins which have launched in the past 12 months, and an industry-wide rise in chargeable costs reflecting inflation across the supply chain.

The operational focus was on the integration of two (previously reported) large insurance contracts, where we are now providing fault and non-fault claims services and vehicle repair management. Both contracts went 'live' in the first half and have seen strong volume growth from inception. All previously announced contracts are now live, and the pipeline of opportunities remains healthy. Current and prospective customers are attracted to the efficiency savings and customer service levels available from an integrated mobility solution from Redde.

EBIT margin was stable, reflecting a change in repair service mix together with the up-front cost of work in advance of major contract operational launches. Fleet and bodyshop resources remain constrained, although the supply of passenger cars improved slightly, allowing for fleet growth of 17% (since 30 April 2022) to be achieved according to plan. High energy usage within the bodyshops was mitigated by agreement with customers for an interim energy levy, maintaining margin on contracts which are already in existence.

There has been a strong focus on driver and bodyshop recruitment and efficiencies in order to deliver on strong customer demand, which included greater integration of FMG RS within the Redde organisation. A leading customer, Admiral, recently announced a consolidation of their vehicle repair supply chain and FMG RS were selected as an approved partner, further enhancing our overall relationship and delivering increased repair volume to FMG RS.

Financial overview

During the period EBIT has increased by 27.1% over the prior period to £20.4m, with the growth in volumes seen in H2 FY 2022 continuing throughout the period.

⁹ Gross profit margin calculated as underlying gross profit divided by total revenue. EBIT margin calculated as underlying EBIT divided by total revenue

Revenue and profit

Revenue for the period (excluding disposals) increased 31.5% to £331.4m (H1 2022: £251.9m) reflecting the increase in traffic volumes seen in H2 FY 2022 and a continuing extension in hire length during the period due to the impact of macro challenges in supply chains for parts and labour.

Gross margin of 21.2% declined 2.8ppt (H1 2022: 24.0%) due to volume mix within the business.

EBIT for the period increased 27.1% to £20.4m (H1 2022: £16.1m) reflecting the increase in revenue.

Management of fleet

The total fleet in Redde closed the period at 16,900 vehicles, from 14,500 at 30 April 2022 with the fleet increase supporting the increase in volumes of credit hires.

The average fleet age was 15 months reflecting the lower fleet holding period than in the Northgate businesses due to the different usage of the vehicles and business economics.

The Redde fleet operates a hybrid solution of ownership, contract hire and, during peak periods, cross-hiring when needed.

Capex and cash flow

Six months ended 31 October	H1 2023	H1 2022	<i>Change</i>
	£m	£m	£m
Underlying EBITDA	37.5	27.9	9.6
Net replacement capex ¹⁰	(1.3)	(0.1)	(0.4)
Lease principal payments ¹¹	(17.7)	(15.5)	(2.2)
Steady state cash generation	18.5	11.5	7.0
Growth capex ¹⁰	(42.8)	(5.0)	(37.8)
Debtor days	168 days	176 days	(8 days)

Underlying EBITDA increased £9.6m to £37.5m (H1 2022: £27.9m) reflecting the recovery of traffic volumes.

Net replacement capex¹⁰ was £1.3m in the period (H1 2022: £0.1m). Steady state cash generation increased £7.0m to £18.5m (H1 2022: £11.5m).

Growth capex¹⁰ increased to £42.8m (H1 2022: £5.0m) reflecting a growth in the fleet to meet the increase in demand for our services.

Debtor days were 168 days at the end of the period, a decrease from 176 days in the prior period. This measure is based upon net trade receivables and contract assets, other receivables and accrued income as a proportion of the related underlying sales revenue for the past 12 months multiplied by 365 days.

¹⁰ Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash generated if the fleet size is reduced in periods of contraction

¹¹ Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

FINANCIAL REVIEW

Group Revenue and EBIT

Six months ended 31 October	H1 2023	H1 2022	Change	<i>Change</i>
	£m	£m	£m	%
Revenue – Vehicle hire	302.7	277.1	25.6	9.2%
Revenue – Vehicle sales	68.7	90.0	(21.3)	(23.7%)
Revenue – Claims and services	324.9	245.8	79.1	32.2%
Total revenue	696.3	612.9	83.4	13.6%
Rental profit	53.8	48.5	5.4	11.1%
Disposal profit	24.7	27.0	(2.3)	(8.5%)
Claims and services profit	18.9	14.0	4.9	35.1%
Corporate costs	(5.5)	(4.3)	(1.3)	(30.4%)
Underlying operating profit	91.8	85.2	6.7	7.8%
Income from associates	1.6	2.1	(0.6)	(26.1%)
Underlying EBIT	93.4	87.3	6.1	7.0%
<i>Underlying EBIT margin</i>	13.4%	14.2%	–	0.8ppt
Statutory EBIT	111.6	80.1	31.5	39.3%

- Total Group revenue, including vehicle sales, of £696.3m was 13.6% higher than prior period (13.5% at constant exchange rates). Hire revenues were 9.2% higher due to 2.9% higher VOH across the Group as well as increased hire rates. Vehicle sales revenues were 23.7% lower due to a 2,300 reduction in vehicle disposals compared to the prior period but partially offset by stronger residual values
- Revenue (excluding vehicle sales) of £627.6m (H1 2022: £522.9m) was 20.0% higher (19.9% at constant exchange rates) reflecting an increase in vehicle hire revenue and 32.2% increase in claims and services revenue driven by greater claims volumes
- Underlying EBIT of £93.4m was 7.0% higher, reflecting the strong performance across the business
- Statutory EBIT of £111.6m was 39.3% higher, reflecting higher underlying EBIT as well as adjustments to underlying depreciation of £28.2m as outlined below

Group PBT and EPS

Six months ended 31 October	H1 2023 £m	H1 2022 £m	Change £m	Change %
Underlying EBIT	93.4	87.3	6.1	7.0%
Net finance costs	(9.7)	(8.4)	(1.3)	15.5%
Underlying Profit before Tax	83.7	78.9	4.8	6.1%
Statutory Profit before Tax	101.9	71.7	30.2	42.1%
Underlying effective tax rate	20.0%	18.7%	–	1.3ppt
Underlying EPS	28.1p	26.1p	2.0p	7.7%
Statutory EPS	34.4p	22.5p	11.9p	52.3%

- Underlying PBT was 6.1% higher, reflecting the higher EBIT as a result of the improved business performance partially offset by higher finance costs, which were 15.5% higher
- Statutory PBT was 42.1% higher, reflecting the higher underlying PBT and adjustments to underlying depreciation in the year of £28.2m credit (H1 2022: £nil)
- The underlying effective tax rate of 20.0% was 1.3ppt higher than prior period
- Underlying EPS of 28.1p was 7.7% higher, reflecting the increased profits in the period
- Statutory EPS of 34.4p was 52.3% higher, reflecting the movement in underlying EPS and the impact of credits to underlying depreciation in the current period

Exceptional items

During the period, there were no items that were recognised as exceptional items (H1 2022: £2.7m).

Further detail on exceptional items is included in Note 11.

Amortisation of acquired intangibles and adjustments to underlying depreciation charges are not an exceptional item as it is recurring. However, it is excluded from underlying results in order to provide a better comparison of performance of the Group. The total amortisation of acquired intangibles charged in the period was £10.1m (H1 2022: £9.9m).

Depreciation rate changes

As explained at the year end, residual values have increased significantly over the previous two financial years due to the disruption of new vehicle supply which has increased demand for used vehicles. Up to April 2022, no changes had been made to depreciation rates on existing fleet vehicles as the extent and longevity of this buoyancy in residual values has been uncertain. However, it has continued for longer than anticipated and uncertainty remains over how long it will take for supply of new and used vehicles to return to a more normal level.

For this reason, there are a number of vehicles on our fleet where the depreciated book value is below or very close to the expected residual value at disposal. In line with the requirements of accounting standards, a decision was made to reduce depreciation rates from 1 May 2022 on certain vehicles remaining on the fleet which were purchased before FY 2021.

The impact on the statutory income statement over the remaining holding period of those vehicles (as outlined at the year end) is expected to be as follows:

£m	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Reduced depreciation	54.6	30.9	8.2	0.3	–	94.1
Reduced disposal profits	(7.8)	(40.4)	(38.0)	(7.0)	(0.9)	(94.1)
Impact on statutory EBIT	46.8	(9.4)	(29.8)	(6.7)	(0.9)	–

The total adjustment made to underlying depreciation in the period was a credit of £28.2m comprising £29.7m reduced depreciation offset by £1.5m reduced disposal profits. The adjustment has been impacted by the continued ageing of the fleet but remains materially in line with expectations.

Interest

Net underlying finance charges increased to £9.7m (H1 2022: £8.4m) due to the higher average debt compared to the prior period. The net cash interest charge for the period was £8.6m (H1 2022: £7.5m).

At 31 October 2022 66% of borrowings were held in fixed rate instruments.

Dividend

The Board has declared an interim dividend of 7.5p per share (H1 2022: 6.0p) to be paid on 13 January 2023 to shareholders on the register as at close of business on 16 December 2022.

The interim dividend represents 50% of the final dividend for the year ended 30 April 2022 in line with previous guidance.

Share buyback programme

As previously announced, during March 2022 the Group commenced a share buyback programme of the Company's ordinary shares for up to a maximum aggregate consideration of £60 million. As at 31 October 2022, 13,731,330 shares had been purchased for a total consideration of £49m; this had increased to 16 million shares at a cost of £56m by 30 November 2022 and these are being held in treasury.

Business combinations

In July 2022 the Group acquired 100% of the equity capital of Blakedale Limited for provisional consideration of £10.0m. The provisional fair value of net assets acquired was £6.2m resulting in the recognition of £3.9m of goodwill.

Group cash flow

Steady state cash generation

Six months ended 31 October	H1 2023 £m	H1 2022 £m	Change £m
Underlying EBIT	93.4	87.3	6.1
Underlying depreciation and amortisation	105.4	95.5	9.9
Underlying EBITDA	198.8	182.8	16.0
Net replacement capex ¹²	(53.1)	(68.8)	15.7
Lease principal payments ¹³	(24.6)	(20.4)	(4.2)
Steady state cash generation	121.2	93.5	27.7

- Steady state cash generation remained strong at £121.2m (H1 2022: £93.5m), driven by higher EBITDA and lower replacement capex
- Underlying EBITDA was £16.0m higher driven by stronger performance across the business
- Net replacement capex was £15.7m lower due to constrained vehicle supply reducing the volume of replacements

Free cash flow

Six months ended 31 October	H1 2023 £m	H1 2022 £m	Change £m
Steady state cash generation	121.2	93.5	27.7
Exceptional costs (excluding non-cash items)	–	(0.6)	0.6
Working capital and non-cash items	(19.6)	(33.0)	13.5
Growth capex ¹²	(68.7)	(51.7)	(17.0)
Taxation	(14.7)	(9.9)	(4.8)
Net operating cash	18.2	(1.8)	20.0
Distributions from associates	1.9	2.1	(0.3)
Interest and other financing	(8.1)	(7.4)	(0.6)
Acquisition of business	(9.9)	(0.5)	(9.4)
Free cash flow	2.1	(7.6)	9.7
Payments to acquire treasury shares	(40.5)	–	(40.5)
Dividends paid	(35.0)	(29.3)	(5.7)
Lease principal payments ¹³	24.6	20.4	4.2
Net cash consumed	(48.8)	(16.5)	(32.3)

¹² Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash generated if the fleet size is reduced in periods of contraction

¹³ Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method

- Free cash inflow of £2.1m increased by £9.7m compared to the prior period, driven primarily by higher steady state cash generation and a £13.5m lower working capital outflow partially offset by increases in growth capex of £17.0m and the £10m cash acquisition of Blakedale
- Growth capex of £68.7m reflects a net increase in owned fleet over the period of 3,400 vehicles driven by fleet growth in Northgate Spain and Redde
- If the impact of growth capex in the period is removed from free cash flow, the underlying free cash flow of the Group was £66.6m (H1 2022: £44.8m)
- The share buyback programme which commenced in March 2022 resulted in an outflow of £40.5m in the period (H1 2022: £nil)
- Dividends paid of £35.0m were £5.7m higher than the prior period, reflecting the final dividend of 15.0p declared relating to FY 2022 (FY 2021: 12.0p)

Net debt

Net debt reconciles as follows:

Six months ended 31 October	H1 2023	H1 2022
	£m	£m
Opening net debt	582.5	530.3
Net cash consumed	48.8	16.5
Other non-cash items	20.2	50.7
Exchange differences	9.8	(10.3)
Closing net debt	661.3	587.2

Closing net debt was £78.8m higher than opening net debt, driven by net cash consumption of £48.8m. Other non-cash items of £20.2m consists primarily of new leases acquired and the foreign exchange impact on net debt was a £9.8m increase.

Borrowing facilities

As at 31 October 2022 the Group had headroom on facilities of £308m, with £509m drawn (net of available cash balances) against total facilities of £817m as detailed below:

	Facility £m	Drawn £m	Headroom £m	Maturity	Borrowing Cost
UK bank facilities	480	174	306	Nov-26	4.1%
Loan notes	323	323	–	Nov 27 – Nov 31	1.3%
Other loans	14	12	2	Nov 23	2.7%
	817	509	308		2.7%

During the period, the UK bank facilities were extended for a further year to November 2026.

The other loans consist of £12.7m of borrowings located in Spain which were renewed for a further year in November 2022 and £0.5m of preference shares.

The above drawn amounts reconcile to net debt as follows:

	Drawn £m
Borrowing facilities	509
Unamortised finance fees	(9)
Leases arising following adoption of IFRS 16	130
Leases arising under HP obligations	31
Net debt	661

There are three financial covenants under the Group's facilities as follows:

	Threshold	Oct-22	Headroom	Oct-21
Interest cover	3x	13.9x	£132m (EBIT)	11.6x
Loan to value	70%	44%	£320m (Net debt)	43%
Debt leverage	3.0x	1.6x	£166m (EBITDA)	1.5x

The covenant calculations have been prepared in accordance with the requirements of the facilities to which they relate.

Balance sheet

Net assets at 31 October 2022 were £959.0m (H1 2022: £932.7m), equivalent to net assets per share of 413p (H1 2022: 379p). Net tangible assets at 31 October 2022 were £693.9m (H1 2022: £656.8m), equivalent to a net tangible asset value of 299p per share (H1 2022: 267p per share).

Gearing at 31 October 2022 was 69.0% (H1 2022: 89.4%) and ROCE was 13.5% (H1 2022: 12.5%).

Foreign exchange risk

The average and period end exchange rates used to translate the Group's overseas operations were as follows:

	October 2022	October 2021	April 2022
	£ : €	£ : €	£ : €
Average	1.16	1.17	1.18
Period end	1.16	1.18	1.19

Going concern

Having considered the Group's current trading, cash flow generation and debt maturity, the Directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Risks and uncertainties

The Board and the Group's management have clearly defined responsibility for identifying the major business risks facing the Group and for developing systems to mitigate and manage those risks.

The principal risks and uncertainties facing the Group at 30 April 2022 were set out in detail on pages 30 to 34 of the FY 2022 annual report, a copy of which is available at www.reddenorthgate.com, and were identified as:

- economic environment
- market risk
- vehicle holding costs
- the employee environment
- legal and compliance
- IT systems
- recovery of contract assets
- access to capital

These principal risks have not changed since the last annual report and continue to be those that could impact the Group during the second half of the current financial year.

Alternative performance measures and glossary of terms

A reconciliation of statutory to underlying Group performance is outlined at the front of this document.

A reconciliation of underlying cash flow measures and additional alternative performance measures used to assess performance of the Group is shown below.

	Six months to 31.10.22 £m	Six months to 31.10.21 £m
Underlying EBIT	93.4	87.3
Add back:		
Depreciation of property, plant and equipment	104.1	94.8
Loss on disposal of assets	0.7	0.2
Intangible amortisation included in underlying operating profit (Note 6)	0.6	0.4
Underlying EBITDA	198.8	182.8
Net replacement capex	(53.1)	(68.8)
Lease principal payments (under IFRS 16 and HP)	(24.6)	(20.4)
Steady state cash generation	121.2	93.5
Exceptional items (excluding non-cash items) (Note 6)	–	(0.6)
Working capital and non-cash items	(19.6)	(33.0)
Growth capex	(68.7)	(51.7)
Taxation	(14.7)	(9.9)
Net operating cash	18.2	(1.8)
Distributions from associates	1.9	2.1
Interest and other financing costs	(8.1)	(7.4)
Acquisition of business net of cash acquired	(9.9)	(0.5)
Free cash flow	2.1	(7.6)
Payments to acquire treasury shares	(40.5)	–
Dividends paid	(35.0)	(29.3)
Lease principal payments	24.6	20.4
Net cash consumed	(48.8)	(16.5)
Reconciliation to cash flow statement:		
Net increase (decrease) in cash and cash equivalents	3.5	(3.5)
Add back:		
Receipt of bank loans and other borrowings	(76.8)	(33.4)
Repayments of bank loans and other borrowings	–	–
Principal element of lease payments under IFRS 16	16.8	11.8
Principal element of lease payments under HP obligations	7.8	8.6
Net cash consumed	(48.8)	(16.5)
Reconciliation of capital expenditure		
Purchases of vehicles for hire	177.0	188.8
Proceeds from disposals of vehicles for hire	(58.9)	(75.9)
Proceeds from disposal of vehicles for credit hire and other property, plant and equipment	–	(0.9)
Purchases of other property plant and equipment	3.0	8.1
Purchases of intangible assets	0.7	0.5
Net capital expenditure	121.8	120.6
Net replacement capex ¹	53.1	68.8
Growth capex ²	68.7	51.7
Net capital expenditure	121.8	120.6

¹ Net capital expenditure other than that defined as growth capex

² Growth capex represents the cash consumed in order to grow the total owned fleet or the cash generated if the owned fleet size is reduced in periods of contraction

	Northgate UK&I 6 months to 31.10.22 £000	Northgate Spain 6 months to 31.10.22 £000	Group Sub-total 6 months to 31.10.22 £000
Underlying operating profit ¹	47,542	30,992	78,534
<i>Exclude:</i>			
Adjustments to underlying depreciation charge in relation to vehicles sold in the period	(18,767)	(5,931)	(24,698)
Rental profit	28,775	25,061	53,836
<i>Divided by: Revenue: hire of vehicles²</i>	184,136	122,685	306,821
Rental margin	15.6%	20.4%	17.5%

	Northgate UK&I 6 months to 31.10.21 £000	Northgate Spain 6 months to 31.10.21 £000	Group Sub-total 6 months to 31.10.21 £000
Underlying operating profit ¹	52,928	22,554	75,482
<i>Exclude:</i>			
Adjustments to underlying depreciation charge in relation to vehicles sold in the period	(22,917)	(4,087)	(27,004)
Rental profit	30,011	18,467	48,478
<i>Divided by: Revenue: hire of vehicles²</i>	170,840	107,683	278,523
Rental margin	17.6%	17.1%	17.4%

¹ See Note 2 to the financial statements for reconciliation of segment underlying operating profit to Group underlying operating profit.

² Revenue: hire of vehicles including intersegment revenue (see Note 2 to the financial statements).

Glossary of terms

The following defined terms have been used throughout this document:

Term	Definition
Blakedale	Blakedale Limited - A business acquired within the Northgate UK&I operating segment, providing specialist vehicle rental solutions
Charged EV	A business within the Northgate UK&I operating segment, providing EV Charging infrastructure and solutions
Company	Redde Northgate plc
Contract hire	IFRS 16 (leases) relating to vehicles where the funder retains the residual value risk
Disposal profit(s)	This is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the period for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs)
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share. Underlying unless otherwise stated
EV(s)	Electric vehicle(s)
Facility headroom	Calculated as facilities of £817m less net borrowings of £509m. Net borrowings represent net debt of £661m excluding lease liabilities of £161m and unamortised arrangement fees of £9m and are stated after the deduction of £19m of cash balances which are available to offset against borrowings
FMG RS	A business within the Redde operating segment, providing vehicle repair services
Free cash flow	Net cash generated after principal lease payments and before share buybacks and the payment of dividends
FY 2022	The year ended 30 April 2022
FY 2023	The year ending 30 April 2023
GAAP	Generally Accepted Accounting Practice: meaning compliance with IFRS
Gearing	Calculated as net debt divided by net tangible assets
Group	The Company and its subsidiaries
Growth capex	Growth capex represents the cash consumed in order to grow the total owned rental fleet or the cash generated if the fleet size is reduced in periods of contraction
H1 2023	The six month period ended 31 October 2022
H1 2022	The six month period ended 31 October 2021
H1/H2	Half year period: H1 being the first half and H2 being the second half of the financial year
HP (leases)	Leases recognised on the balance sheet that would previously have been classified as finance leases prior to the adoption of IFRS 16
IFRS	International Financial Reporting Standards
IFRS 16 (leases)	Leases recognised on the balance sheet that would previously have been classified as operating leases prior to the adoption of IFRS 16
LCV	Light commercial vehicle: the official term used within the UK and European Union for a commercial carrier vehicle with a gross vehicle weight of not more than 3.5 tonnes
Lease principal payments	Includes the total principal payment on leases including those recognised before and after adoption of IFRS 16
Net replacement capex	Net capital expenditure other than that defined as growth capex and lease principal payments.
Net tangible assets	Net assets less goodwill and other intangible assets
PBT	Profit before taxation. Underlying unless otherwise stated
PPU	Profit per unit/loss per unit – this is a non-GAAP measure used to describe disposal profit (as defined), divided by the number of vehicles sold
Profit & loss	Referring to the Income Statement
ROCE	Underlying return on capital employed: calculated as underlying EBIT (see non-GAAP reconciliation) divided by average capital employed excluding acquired goodwill and intangible assets
Steady state cash generation	Underlying EBITDA less net replacement capex and lease principal payments
The Group	The Company and its subsidiaries
Underlying free cash flow	Free cash flow excluding growth capex
Utilisation	Calculated as the average number of vehicles on hire divided by average rentable fleet in any period
VOH	Vehicles on hire. Average unless otherwise stated

Condensed consolidated income statement

for the six months ended 31 October 2022

		Six months to 31.10.22 (Unaudited) Statutory £000	Six months to 31.10.21 (Unaudited) Statutory £000	Year to 30.04.22 (Audited) Statutory £000
	Note			
Revenue: hire of vehicles	2	302,717	277,145	563,288
Revenue: sale of vehicles	2	68,738	89,979	149,939
Revenue: claims and services	2	324,877	245,798	530,330
Total revenue	2	696,332	612,922	1,243,557
Cost of sales		(478,846)	(441,259)	(897,349)
Gross profit		217,486	171,663	346,208
Administrative expenses (excluding exceptional items and amortisation on acquired intangible assets)		(97,397)	(86,481)	(182,204)
Exceptional administrative expenses: reversal of previous impairment of property, plant and equipment	10,11	–	2,999	2,998
Exceptional administrative expenses: other costs	11	–	(625)	(690)
Amortisation on acquired intangible assets		(10,056)	(9,869)	(19,778)
Total administrative expenses		(107,453)	(93,976)	(199,674)
Operating profit		110,033	77,687	146,534
Income from associates	2,8	1,559	2,111	3,866
Gain on bargain purchase	11	–	290	355
EBIT	2	111,592	80,088	150,755
Interest income		24	16	34
Finance costs		(9,681)	(8,374)	(18,100)
Profit before taxation		101,935	71,730	132,689
Taxation	3	(19,940)	(16,241)	(31,144)
Profit for the period		81,995	55,489	101,545

Profit for the period is wholly attributable to owners of the Company. All results arise from continuing operations.

Earnings per share

Basic	4	34.4p	22.5p	41.3p
Diluted	4	33.5p	22.0p	40.4p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2022

	Six months to 31.10.22 (Unaudited) £000	Six months to 31.10.21 (Unaudited) £000	Year to 30.04.22 (Audited) £000
Amounts attributable to owners of the Company			
Profit attributable to owners	81,995	55,489	101,545
Other comprehensive income (expense)			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	12,476	(13,134)	(16,347)
Foreign exchange differences on long term borrowings held as hedges	(9,635)	9,614	11,904
Foreign exchange difference on revaluation reserve	32	(31)	(41)
Total other comprehensive income (expense) for the period	2,873	(3,551)	(4,484)
Total comprehensive income for the period	84,868	51,938	97,061

All items will subsequently be reclassified to the consolidated income statement. Profit attributable to the owners of the Company includes amortisation of intangible assets.

Condensed consolidated balance sheet

31 October 2022

	Note	31.10.22 (Unaudited) £000	31.10.21 (Unaudited) £000	30.04.22 (Audited) £000
Non-current assets				
Goodwill	6	118,781	114,903	114,926
Other intangible assets	6	146,319	161,018	151,312
Property, plant and equipment	7	1,257,757	1,144,858	1,161,915
Deferred tax assets		3,061	9,824	3,175
Interest in associates	8	5,534	6,032	5,843
Total non-current assets		1,531,452	1,436,635	1,437,171
Current assets				
Inventories		15,555	11,731	18,696
Receivables and contract assets		420,821	335,941	359,053
Current tax assets		6,917	–	7,432
Cash and bank balances	9	18,956	34,817	24,561
Total current assets		462,249	382,489	409,742
Total assets		1,993,701	1,819,124	1,846,913
Current liabilities				
Trade and other payables		301,031	217,076	246,833
Current tax liabilities		5,351	8,969	3,327
Lease liabilities		56,889	36,558	52,524
Short-term borrowings		11,151	127,665	21,007
Total current liabilities		374,422	390,268	323,691
Net current assets (liabilities)		87,827	(7,779)	86,051
Non-current liabilities				
Trade and other payables		4,942	3,849	4,509
Lease liabilities		103,188	121,143	111,755
Long term borrowings		509,063	336,675	421,822
Deferred tax liabilities		43,062	34,450	38,375
Total non-current liabilities		660,255	496,117	576,461
Total liabilities		1,034,677	886,385	900,152
NET ASSETS		959,024	932,739	946,761
Equity				
Share capital		123,046	123,046	123,046
Share premium account		113,510	113,510	113,510
Treasury shares reserve		(48,633)	–	(7,493)
Own shares reserve		(13,262)	(6,145)	(16,439)
Translation reserve		(5,792)	(7,710)	(8,633)
Other reserves		330,467	330,445	330,435
Retained earnings		459,688	379,593	412,335
TOTAL EQUITY		959,024	932,739	946,761

Total equity is wholly attributable to owners of the Company.

Condensed consolidated cash flow statement

for the six months ended 31 October 2022

		Six months to 31.10.22 (Unaudited) £000	Six months to 31.10.21 (Unaudited) £000	Year to 30.04.22 (Audited) £000
	Note			
Net cash generated from operations	10	38,056	18,776	127,643
Investing activities				
Interest received		24	16	34
Distributions from associates	8	1,868	2,126	4,070
Acquisition of business	12	(10,043)	(554)	(853)
Cash acquired on acquisition	12	141	36	371
Proceeds from disposal of other property, plant and equipment		87	885	2,683
Purchases of other property, plant and equipment		(3,035)	(8,066)	(52,369)
Purchases of intangible assets		(701)	(468)	(1,373)
Net cash used in investing activities		(11,659)	(6,025)	(47,437)
Financing activities				
Dividends paid		(34,984)	(29,295)	(43,897)
Receipt of bank loans and other borrowings		76,849	33,409	318,056
Repayment of bank loans and other borrowings		–	–	(277,617)
Debt issue costs		(950)	–	(5,428)
Exceptional finance costs		–	–	(1,435)
Principal element of lease payments under IFRS 16		(16,754)	(11,813)	(27,959)
Principal element of lease payments under HP obligations		(7,827)	(8,575)	(15,700)
Payments to acquire treasury shares		(40,484)	–	(7,493)
Net receipts (payments) to acquire own shares for share schemes		1,233	57	(9,933)
Net cash used in financing activities		(22,917)	(16,217)	(71,406)
Net increase (decrease) in cash and cash equivalents		3,480	(3,466)	8,800
Cash and cash equivalents at beginning of the period		15,769	6,821	6,821
Effect of foreign exchange movements		(293)	(31)	148
Cash and cash equivalents at the end of the period		18,956	3,324	15,769
Cash and cash equivalents consist of:				
Cash and bank balances	9	18,956	34,817	24,561
Bank overdrafts	9	–	(31,493)	(8,792)
		18,956	3,324	15,769

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2022

	Share capital and share premium £000	Treasury shares £000	Own shares £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Total equity at 1 May 2021	236,556	–	(6,460)	(4,190)	330,476	351,747	908,129
Share options fair value charge	–	–	–	–	–	1,910	1,910
Share options exercised	–	–	258	–	–	(258)	–
Dividends paid	–	–	–	–	–	(29,295)	(29,295)
Net receipts of shares	–	–	57	–	–	–	57
Total comprehensive (expense) income	–	–	–	(3,520)	(31)	55,489	51,938
Total equity at 1 November 2021	236,556	–	(6,145)	(7,710)	330,445	379,593	932,739
Share options fair value charge	–	–	–	–	–	1,785	1,785
Share options exercised	–	–	(258)	–	–	(330)	(588)
Dividends paid	–	–	–	–	–	(14,602)	(14,602)
Net purchases of shares	–	(7,493)	(10,624)	–	–	–	(18,117)
Transfer of shares on vesting of share options	–	–	588	–	–	–	588
Deferred tax on share based payments recognised in equity	–	–	–	–	–	(167)	(167)
Total comprehensive (expense) income	–	–	–	(923)	(10)	46,056	45,123
Total equity at 1 May 2022	236,556	(7,493)	(16,439)	(8,633)	330,435	412,335	946,761
Share options fair value charge	–	–	–	–	–	2,286	2,286
Share options exercised	–	–	1,944	–	–	(1,944)	–
Dividends paid	–	–	–	–	–	(34,984)	(34,984)
Net (purchases) receipts of shares	–	(41,140)	1,233	–	–	–	(39,907)
Total comprehensive income	–	–	–	2,841	32	81,995	84,868
Total equity at 31 October 2022	236,556	(48,633)	(13,262)	(5,792)	330,467	459,688	959,024

Other reserves comprise the capital redemption reserve, revaluation reserve and merger reserve.

Unaudited notes

1. Basis of preparation and accounting policies

Redde Northgate plc is a company incorporated in England and Wales under the Companies Act 2006.

This condensed consolidated interim financial report for the half-year reporting period ended 31 October 2022 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 April 2022, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006, and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year, except for the estimation of income tax (see note 3).

The condensed financial statements are unaudited and were approved by the Board of Directors on 7 December 2022. The condensed financial statements have been reviewed by the auditors and the independent review report is set out in this document.

The interim financial information for the six months ended 31 October 2022, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts. There are no new accounting standards that have been adopted in the period.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 April 2022. Depreciation charges reflect adjustments made as a result of differences between expected and actual residual values of used vehicles, taking into account the further directly attributable costs to sell the vehicles.

The Directors apply judgement in determining the appropriate method of depreciation (straight line) and are required to estimate the future residual value of vehicles with due consideration of variables including age, mileage and condition.

Residual values have increased recently due to the well-publicised new vehicle supply constraints increasing demand for our vehicle assets. This disruption is not anticipated to continue into the medium term but has increased the level of judgement in this area as it is more difficult to estimate the future residual value of vehicles at the point they are expected to be sold. Depreciation rates have been adjusted from 1 May 2022 with the adjustment presented outside of underlying results. Depreciation rates will remain under review as the longer term impact on residual values becomes clearer.

The expected adjustment for settlement of claims due from insurance companies and self-insuring organisations remains a critical area of accounting judgement and estimation uncertainty. The approach taken in the period remains consistent with that outlined in the accounting policies for the year ended 30 April 2022. The carrying value of contract assets for claims from insurance companies at 31 October 2022 was £231,898,000 (30 April 2022 £193,834,000). A 3% difference between the carrying amount of claims in the balance sheet and the amounts finally settled would lead to a £7.0m charge or credit to the income statement in subsequent periods.

Going concern assumption

The Directors have taken into account the following matters in concluding whether or not it is appropriate to prepare the interim financial statements on a going concern basis:

Assessment of prospects

The Group is well established within the markets it operates and has demonstrated resilience through the Covid-19 period and beyond and also throughout previous economic cycles.

The Group's prospects are assessed through its strategic planning process. This process includes an annual review of the ongoing strategic plan, led by the CEO, together with the involvement of business functions in all territories. The Board engages closely with executive management throughout this process and challenges delivery of the strategic plan during regular Board meetings. Part of the Board's role is to challenge the plan to ensure it is robust and makes due consideration of the appropriate external environment.

Assessment of going concern

The strategy and associated principal risks underpin the Group's three year strategic plan ("Plan"), which is updated annually. This process considers the current and prospective macro-economic conditions in the countries in which we operate and the competitive tension that exists within the markets that we trade in.

The Plan also encompasses the projected cash flows, dividend cover assuming operation of stated policy and headroom against borrowing facilities and financial covenants under the Group's facilities throughout the planned period. The Plan makes certain assumptions about the normal level of capital recycling likely to occur and therefore considers whether additional financing will be required. Headroom against the Group's existing banking facilities at 31 October 2022 was £308m. This compares to headroom of £382m at 30 April 2022. At the date of signing these unaudited financial statements, all of the Group's principal borrowing facilities have maturity dates outside of the period under review, therefore the Group's facilities provide sufficient headroom to fund the capital expenditure and working capital requirements for at least 12 months following the date of this report.

Since preparing the plan, a reforecast has been performed which further takes into account developments in the macro-economic environment that have developed such as continued shortage in supply of new vehicles, inflationary pressures across the cost base and exposure to rises in interest rates. The reforecast has been prepared on a conservative basis and demonstrates that sufficient headroom remains against available debt facilities and the covenants attached to those. The Directors therefore have a reasonable expectation that the Group will continue to meet its obligations as they fall due for at least 12 months from the date of this report.

Information extracted from 2022 annual report

The financial figures for the year ended 30 April 2022, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 April 2022 were prepared with UK-adopted International Accounting Standards and the Companies Act 2006 applicable to companies reporting under IFRS and were delivered to the Registrar of Companies on 1 October 2022. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Segmental analysis

Management has determined the operating segments based upon the information provided to the Board of Directors, which is considered to be the chief operating decision maker. The Group is managed, and reports internally, on a basis consistent with its three main operating divisions, Northgate UK&I, Northgate Spain and Redde. The principal activities of these divisions are set out in the Operating review.

	Northgate UK&I Six months to 31.10.22 (Unaudited) £000	Northgate Spain Six months to 31.10.22 (Unaudited) £000	Redde Six months to 31.10.22 (Unaudited) £000	Corporate Six months to 31.10.22 (Unaudited) £000	Group eliminations Six months to 31.10.22 (Unaudited) £000	Group total Six months to 31.10.22 (Unaudited) £000
Revenue: hire of vehicles	180,032	122,685	–	–	–	302,717
Revenue: sale of vehicles	50,305	18,178	255	–	–	68,738
Revenue: claims and services	–	–	324,877	–	–	324,877
External revenue	230,337	140,863	325,132	–	–	696,332
Intersegment revenue	4,104	–	6,537	–	(10,641)	–
Total revenue	234,441	140,863	331,669	–	(10,641)	696,332
Timing of revenue recognition:						
At a point in time	50,305	18,178	128,440	–	–	196,923
Over time	180,032	122,685	196,692	–	–	499,409
External revenue	230,337	140,863	325,132	–	–	696,332
Underlying operating profit (loss)	47,542	30,992	18,857	(5,550)	–	91,841
Income from associates	–	–	1,559	–	–	1,559
Underlying EBIT*	47,542	30,992	20,416	(5,550)	–	93,400
Adjustments to underlying depreciation charge						28,248
Amortisation on acquired intangible assets (note 6)						(10,056)
EBIT						111,592
Interest income						24
Finance costs						(9,681)
Profit before taxation						101,935

* Underlying EBIT stated before amortisation on acquired intangible assets, adjustments to underlying depreciation charge and exceptional items is the measure used by the Board of Directors to assess segment performance.

	Northgate UK&I Six months to 31.10.21 (Unaudited) £000	Northgate Spain Six months to 31.10.21 (Unaudited) £000	Redde Six months to 31.10.21 (Unaudited) £000	Corporate Six months to 31.10.21 (Unaudited) £000	Group eliminations Six months to 31.10.21 (Unaudited) £000	Group total Six months to 31.10.21 (Unaudited) £000
Revenue: hire of vehicles	169,462	107,683	–	–	–	277,145
Revenue: sale of vehicles	61,867	28,112	–	–	–	89,979
Revenue: claims and services	–	–	245,798	–	–	245,798
External revenue	231,329	135,795	245,798	–	–	612,922
Intersegment revenue	1,378	–	6,133	–	(7,511)	–
Total revenue	232,707	135,795	251,931	–	(7,511)	612,922
Timing of revenue recognition:						
At a point in time	61,867	28,112	90,528	–	–	180,507
Over time	169,462	107,683	155,270	–	–	432,415
External revenue	231,329	135,795	245,798	–	–	612,922
Underlying operating profit (loss)	52,928	22,554	13,957	(4,257)	–	85,182
Income from associates	–	–	2,111	–	–	2,111
Underlying EBIT*	52,928	22,554	16,068	(4,257)	–	87,293
Exceptional items (Note 11)						2,374
Amortisation on acquired intangible assets						(9,869)
Gain on bargain purchase (Note 11)						290
EBIT						80,088
Interest income						16
Finance costs						(8,374)
Profit before taxation						71,730

	Northgate UK&I Year to 30.04.22 (Audited) £000	Northgate Spain Year to 30.04.22 (Audited) £000	Redde Year to 30.04.22 (Audited) £000	Corporate Year to 30.04.22 (Audited) £000	Group eliminations Year to 30.04.22 (Audited) £000	Group total Year to 30.04.22 (Audited) £000
Revenue: hire of vehicles	342,733	220,555	–	–	–	563,288
Revenue: sale of vehicles	111,802	38,137	–	–	–	149,939
Revenue: claims and services	–	–	530,330	–	–	530,330
External revenue	454,535	258,692	530,330	–	–	1,243,557
Intersegment revenue	3,886	–	13,354	–	(17,240)	–
Total revenue	458,421	258,692	543,684	–	(17,240)	1,243,557
Timing of revenue recognition:						
At a point in time	111,802	38,137	178,896	–	–	328,835
Over time	342,733	220,555	351,434	–	–	914,722
External revenue	454,535	258,692	530,330	–	–	1,243,557
Underlying operating profit (loss)	97,957	43,888	31,769	(9,610)	–	164,004
Income from associates	–	–	3,866	–	–	3,866
Underlying EBIT*	97,957	43,888	35,635	(9,610)	–	167,870
Exceptional items (Note 11)						2,308
Amortisation on acquired intangible assets						(19,778)
Gain on bargain purchase (Note 11)						355
EBIT						150,755
Interest income						34
Finance costs						(18,100)
Profit before taxation						132,689

3. Taxation

The charge for taxation for the six months to 31 October 2022 is based on the estimated effective rate for the year ending 30 April 2023 of 19.6% (31 October 2021 – 22.6% and 30 April 2022 – 23.5%). The April 2022 full year tax rate was impacted by tax rate change adjustments to deferred tax balances recognising an increase in UK statutory tax rates from 19% to 25% from April 2023.

4. Earnings per share

	Six months to 31.10.22 (Unaudited) Statutory £000	Six months to 31.10.21 (Unaudited) Statutory £000	Year to 30.04.22 (Audited) Statutory £000
Basic and diluted earnings per share			
The calculation of basic and diluted earnings per share is based on the following data:			
Earnings			
Earnings for the purposes of basic and diluted earnings per share, being profit attributable to owners of the Company	81,995	55,489	101,545
Number of shares			
Weighted average number of Ordinary shares for the purpose of basic earnings per share	238,687,578	246,091,423	245,997,303
Effect of dilutive potential Ordinary shares - share options	5,769,273	5,574,749	5,242,307
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	244,456,851	251,666,172	251,239,610
Basic earnings per share	34.4p	22.5p	41.3p
Diluted earnings per share	33.5p	22.0p	40.4p

The calculated weighted average number of Ordinary shares for the purpose of basic earnings per share includes a reduction of 7,403,845 shares (31 October 2022: nil and 30 April 2022: 94,120) relating to treasury shares acquired.

5. Dividends

In the six months to 31 October 2022, a dividend of £34,984,000 was paid (2022 – £29,295,000) representing the final dividend for the year ended 30 April 2022. The Directors have declared an interim dividend of 7.5p per share for the six months ended 31 October 2022 (2022 – 6.0p).

The final dividend of 15.0p in relation to the year ended 30 April 2022 was paid in September 2022.

6. Intangible assets

Net book value	Goodwill	Other intangible assets			Grand total	
		Customer relationships	Brand names	Other software	Total	
	£000	£000	£000	£000	£000	£000
At 1 May 2021	114,503	150,346	12,156	8,328	170,830	285,333
Acquisition	400	50	100	–	150	550
Additions	–	–	–	510	510	510
Disposals	–	–	–	(75)	(75)	(75)
Amortisation	–	(8,701)	(537)	(1,078)	(10,316)	(10,316)
Exchange differences	–	–	–	(81)	(81)	(81)
At 1 November 2021	114,903	141,695	11,719	7,604	161,018	275,921
Acquisition	23	–	–	–	–	23
Additions	–	–	–	863	863	863
Disposals	–	–	–	(92)	(92)	(92)
Amortisation	–	(8,715)	(481)	(1,259)	(10,455)	(10,455)
Exchange differences	–	–	–	(22)	(22)	(22)
At 1 May 2022	114,926	132,980	11,238	7,094	151,312	266,238
Acquisition	3,855	4,500	400	–	4,900	8,755
Additions	–	–	–	701	701	701
Amortisation	–	(8,846)	(538)	(1,289)	(10,673)	(10,673)
Exchange differences	–	–	–	79	79	79
At 31 October 2022	118,781	128,634	11,100	6,585	146,319	265,100

At 31 October 2022

Cost or fair value	333,448
Accumulated amortisation and impairment	(68,348)
Net book value	265,100

Amortisation was included within the income statement as follows:

	(Unaudited) to 31.10.22 £000	(Unaudited) to 31.10.21 £000	(Audited) to 30.04.22 £000
Included within underlying operating profit as administrative expenses	617	447	993
Excluded from underlying operating profit*	10,056	9,869	19,778
	10,673	10,316	20,771

* Amortisation of intangible assets excluded from underlying operating profit relates to intangible assets recognised on business combinations.

7. Property, plant and equipment

Net book value	Vehicles for hire and credit hire	Other property, plant & equipment	Total
	£000	£000	£000
At 1 May 2021	937,340	146,580	1,083,920
Acquisition	–	3	3
Additions	209,173	28,948	238,121
Disposals	(1,849)	(3,171)	(5,020)
Transfers	2	(2)	–
Transfer to inventories	(66,674)	–	(66,674)
Depreciation	(83,879)	(10,912)	(94,791)
Impairment reversal (Note 11)	–	2,999	2,999
Exchange differences	(12,090)	(1,610)	(13,700)
At 1 November 2021	982,023	162,835	1,144,858
Acquisition	–	–	–
Additions	169,350	15,647	184,997
Disposals	(1,873)	(1,511)	(3,384)
Transfers	89	(89)	–
Transfer to inventories	(59,098)	–	(59,098)
Depreciation	(90,758)	(11,613)	(102,371)
Impairment (Note 11)	–	(1)	(1)
Exchange differences	(2,700)	(386)	(3,086)
At 1 May 2022	997,033	164,882	1,161,915
Acquisition	7,203	148	7,351
Additions	199,529	6,661	206,190
Disposals	–	(91)	(91)
Transfers	16	(16)	–
Transfer to inventories	(53,230)	–	(53,230)
Depreciation	(67,161)	(10,144)	(77,305)
Exchange differences	11,517	1,410	12,927
At 31 October 2022	1,094,907	162,850	1,257,757
At 31 October 2022			
Cost or fair value			1,936,260
Accumulated depreciation			(678,503)
Net book value			1,257,757

Included within property, plant and equipment above, are right of use assets under HP and IFRS 16 (leases) with net book value of £166,044,000 (30 April 2022: £163,907,000).

Depreciation was included within the income statement as follows:

	(Unaudited) to 31.10.22 £000	(Unaudited) to 31.10.21 £000	(Audited) to 30.04.22 £000
Included within underlying operating profit as cost of sales	104,090	94,791	197,162
Excluded from underlying operating profit*	(28,248)	–	–
	75,842	94,791	197,162

* see GAAP reconciliation on page 5.

8. Interest in associates

	£000
At 1 May 2021	6,047
Group's share of:	
Profit from continuing operations	2,111
Distributions from associates	(2,126)
At 1 November 2021	6,032
Group's share of:	
Profit from continuing operations	1,755
Distributions from associates	(1,944)
At 1 May 2022	5,843
Group's share of:	
Profit from continuing operations	1,559
Distributions from associates	(1,868)
At 31 October 2022	5,534

9. Analysis of consolidated net debt

	(Unaudited) to 31.10.22 £000	(Unaudited) to 31.10.21 £000	(Audited) to 30.04.22 £000
Cash and bank balances	(18,956)	(34,817)	(24,561)
Bank overdrafts	–	31,493	8,792
Bank loans	195,990	347,759	118,573
Loan notes	322,931	84,490	314,264
Leases arising following adoption of IFRS 16	129,520	116,793	130,444
Leases arising under HP obligations	30,557	40,908	33,835
Cumulative preference shares	500	500	500
Confirming facilities	793	98	700
Consolidated net debt	661,335	587,224	582,547

10. Notes to the cash flow statement

	Six months to 31.10.22 (Unaudited) £000	Six months to 31.10.21 (Unaudited) £000	Year to 30.04.22 (Audited) £000
Net cash generated from operations			
Operating profit	110,033	77,687	146,534
Adjustments for:			
Depreciation of property, plant and equipment	75,842	94,791	197,162
Net impairment of property, plant and equipment	–	(2,999)	(2,998)
Amortisation of intangible assets	10,673	10,316	20,771
Loss on disposal of vehicles for credit hire and other property, plant and equipment	705	241	581
Loss on disposal of intangible assets	–	–	34
Share options fair value charge	2,287	1,910	3,695
Operating cash flows before movements in working capital	199,540	181,946	365,779
Increase in non-vehicle inventories	(1,193)	(463)	(1,169)
Increase in receivables	(58,454)	(26,469)	(54,400)
Increase (decrease) in payables	39,347	(5,914)	22,253
Cash generated from operations	179,240	149,100	332,463
Income taxes paid, net	(14,689)	(9,893)	(27,382)
Interest paid	(8,378)	(7,503)	(13,275)
Net cash generated from operations before purchases of and proceeds from disposal of vehicles for hire	156,173	131,704	291,806
Purchases of vehicles for hire	(176,993)	(188,787)	(292,935)
Proceeds from disposal of vehicles for hire	58,876	75,859	128,772
Net cash generated from operations	38,056	18,776	127,643

11. Exceptional items

During the period the Group recognised exceptional items in the income statement as follows:

	Six months to 31.10.22 (Unaudited) £000	Six months to 31.10.21 (Unaudited) £000	Year to 30.04.22 (Audited) £000
Reversal of previous impairment of property, plant and equipment	–	(2,999)	(2,998)
Other costs	–	625	690
Exceptional administrative expenses	–	(2,374)	(2,308)
Restructuring credits	–	(3,099)	(3,545)
FMG RS set up and integration costs	–	725	1,237
Exceptional administrative expenses	–	(2,374)	(2,308)
Gain on bargain purchase	–	(290)	(355)
Total exceptional items included within EBIT	–	(2,664)	(2,663)
Exceptional finance costs: refinancing expenses	–	–	1,463
Total pre-tax exceptional items	–	(2,664)	(1,200)
Tax charge on exceptional items	–	506	228

During the period there were no items recognised as exceptional.

Restructuring costs

In the prior period, the Group incurred total exceptional restructuring credits of £3,099,000 of which £2,835,000 arose in Redde and £264,000 arose in Northgate UK&I. These costs were incurred in relation to restructuring activities that were undertaken during the period as part of the integration and reorganisation of the Combined Group. These credits include £2,999,000 reversal of previous property impairment (Note 7) in relation to underutilised property being successfully sublet by the Group, and £100,000 of other restructuring credits.

FMG RS set up and integration costs

In the prior period, the Group incurred costs of £725,000 in relation to the set-up of FMG RS and integration of the business.

12. Business combinations

On 2 July 2022 the Group acquired the equity interests of Blakedale Ltd “Blakedale”. The acquisition is in line with the Group strategy and vision to become the leading integrated mobility solutions provider. The acquisition has been included within the Northgate UK&I segment. A provisional purchase price allocation exercise has been undertaken in accordance with IFRS 3 ‘Business Combinations’.

Details of this provisional purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	£000
Total cash consideration	10,043

The provisional assets and liabilities recognised as a result of the acquisition are as follows:

	£000
Customer relationships (Note 6)	4,500
Brand names (Note 6)	400
Property, plant and equipment (Note 7)	7,351
Cash and bank balances	141
Stock	468
Trade and other receivables	2,293
Trade and other payables	(6,885)
Corporation tax	(106)
Deferred tax	(1,974)
Net identified assets acquired	6,188
Goodwill recognised on acquisition	3,855

Acquisition costs

Acquisition costs in relation to Blakedale Ltd of £372,000 have been charged to the income statement as administrative expenses.

Blakedale’s contribution to the Group results

Blakedale’s contribution to underlying operating profit was a £283,000 profit for the period from 2 July 2022 to 31 October 2022. Revenue during this period was £2,570,000.

Prior period

On 30 June 2021 the Group acquired the equity instruments of Charged Electric Vehicles Limited for a consideration of £553,000. A provisional purchase price allocation exercise was undertaken in accordance with IFRS 3 ‘Business Combinations’, which identified net assets acquired of £153,000, resulting in goodwill of £400,000 recognised in the balance sheet. The acquisition was included within the Northgate UK&I segment.

13. Related party transactions

Related party transactions of the Group are consistent with those disclosed in Note 32 of the Group’s annual financial statements for the year ended 30 April 2022. No new related party transactions have been entered into during the period.

Interim announcement – Statement of the Directors

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with the UK-adopted International Accounting Standard 34;
- the interim management report includes a fair review of the information required by DTR 4.2.7 (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a true and fair review of the information required by DTR 4.2.8 (disclosure of related party transactions and changes therein).

By order of the Board

Philip Vincent

Chief Financial Officer

7 December 2022

Independent review report to Redde Northgate plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Redde Northgate plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of Redde Northgate plc for the 6 month period ended 31 October 2022 (the "period"). Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 31 October 2022;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion,

has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Newcastle upon Tyne
7 December 2022