

Growing sustainably

Speedy Hire Plc
Annual Report and Accounts 2022



Speedy

trust us to deliver



Speedy

Speedy

Terms & Conditions Apply

Strategic Report

Speedy is the UK's leading provider of tools and equipment hire, and services to the construction, infrastructure and industrial markets. Our hire and services business operates from approximately 200 locations in the UK and Ireland, including within selected B&Q stores and on-site facilities at client locations. We also operate internationally through a joint venture in Kazakhstan.

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Who we are

Our vision

To inspire and innovate the future of hire.

Our mission

Speedy is the UK and Ireland's leading provider of tools, specialist equipment and services. We provide exceptional customer experience, accelerating collective success towards a sustainable future.

Our values – People First



Ambitious

We lead with bravery to make anything possible.



Innovative

We nurture a culture where new methods, ideas, and products emerge.



Inclusive

We are all unique, and we all belong.



Together

We are family; proud to work as one to make great things happen.



Trusted

We are responsible and do the right thing, always.

Company facts

3,554

total employees

2,270

hire product lines and approximately 300,000 itemised assets for hire

32%

of our revenue is generated from ECO products, providing a range of environmental benefits

c.40,000

consumable products in our extensive range

c.57,000

customers in the UK and Ireland, ranging from large national contractors to local trades

92%

customer satisfaction score, showing that we have high levels of customer advocacy*

2.5 miles

If we placed our fleet of cut-off saws end-to-end, they would stretch the length of New York's Central Park (2.5 miles)

7.65 miles

Our fleet of Event Staging Platforms would reach the length of Ullswater in the Lake District shore to-shore (7.65 miles)



Our full range of hoists could take you up the Eiffel Tower 32 times (combined mast height of 9,700m)



If we connected all of our welding extensions together, we could run them up and back down Mount Everest and still have some to spare



The pressure produced by all of our press fitting tools combined, is greater than the force produced from the thrust of a space shuttle main engine at lift off

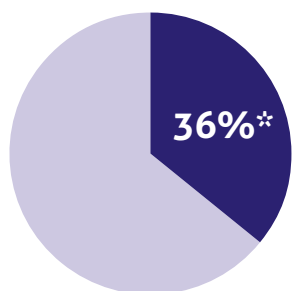


If we combined the heat that all of our welding sets have the potential to produce, it would be as hot as the surface of the sun

* Based on average monthly responses to customer surveys during FY2022

What we do

Services



Our services revenues fall into the following categories:

Rehire

We provide a single hire destination service for customers, offering a complete plant, accommodation and equipment range through our partnerships with the industry's leading suppliers.

Testing, inspection and certification

Through our Lloyds British business we ensure our customers remain compliant by providing testing, inspection and certification services for a broad range of market sectors.

Powered access specialist servicing and refurbishment

Through our national Speedy Powered Access division, we provide specialist servicing and refurbishment services for powered access equipment.

Retail sales

We offer c.40,000 consumable products in our extensive range both through a centrally managed procurement team, and at a local level through our network of Speedy Service Centres and within selected B&Q stores across the UK.

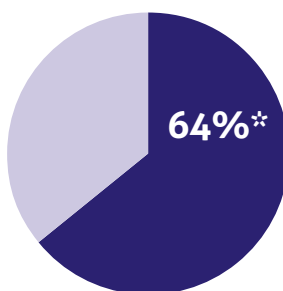
Fuel Management

Speedy is the only UK plant hire company with its own fully integrated fuel division, providing a competitive fuel supply service. This includes low emission Green D+ HVO (Hydrotreated Vegetable Oil) fuel through a fully managed service, including products that can help customers reduce consumption, minimise deliveries and reduce overall costs.

Training

We provide a comprehensive range of industry leading safety and skills training along with other progressive end-to-end training courses.

Hire



We hire approximately 2,270 product lines through our core tools and specialist businesses.

Tools

The latest hand tools and accessories including our extensive range of environmental next generation ECO products.

Lifting

A broad range of equipment for any lifting requirements, including hoists, winches, hydraulic cylinders and jacks supported by our Lloyds British business.

Survey

The most technologically advanced and accurate instruments from leading manufacturers in the industry, all fully maintained and calibrated by expert teams at our approved Service Centres.

Power

An industry leading fleet of the latest energy efficient hybrid and solar generators, compressors and pumps for every size of project.

Rail

RISQS accredited, providing a range of industry compliant assets that are supported by a project management service.

Powered access

Our 'Speedy Powered Access' division provides an industry leading range of equipment including sustainable hybrid boom lifts, specialist platforms and cherry pickers.

*Approximate percentage of Group revenue



Speedy
trust us to deliver
a sustainable future

INNOVATION CENTRE

- Powered Access
- Training
- Plant
- Fencing
- Tools
- Lifting
- Survey

Innovation Centre

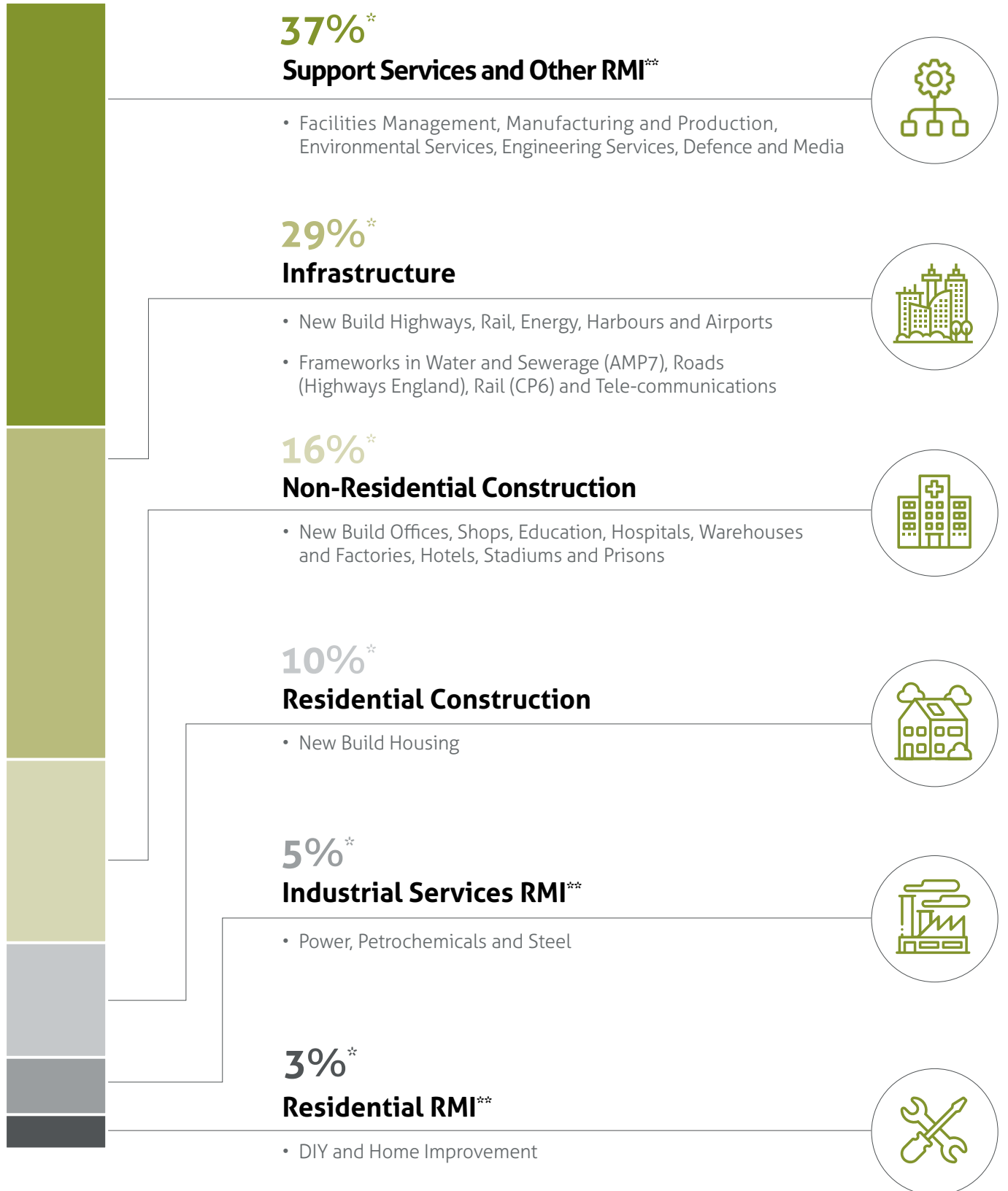
During FY2022 we opened our pioneering Innovation Centre incorporating our Milton Keynes Regional Service Centre as part of a network upgrade programme, providing the blueprint for our future low carbon Service Centre network.

Our network

Our aim is to make it easy for customers to do business with us, through providing a choice of different contact options to suit their needs:



Markets we operate in



*Approximate percentage of Group revenue

**Repair Maintenance Improvement (housing and construction)



Our customer value proposition

Providing a first class customer experience is core to our service offering.

We offer customers a single destination to access the most innovative, safe, sustainable and compliant tools and equipment to hire or buy. In addition we have the ability to test and inspect products to maintain compliance, and provide expert training.

As a result, we protect customers against commercial risk, enable the successful delivery of their projects and ensure their people are operating safely on-site.

Product



Hire

No capital outlay

Customer benefit

We make life easy for our customers with the industry's leading hire product range and nationwide delivery options, ensuring we can support them with all their project needs, wherever they are working.

- 2,270 product lines, including the latest in sustainable ECO tools and equipment
- Specialist plant and equipment hire
- Available from our retail network across the UK and selected B&Q stores
- Four-hour nationwide delivery on 350 of our most popular products

Product



Buy

Long-term ownership

Customer benefit

We provide our customers with quality retail products, tools and accessories from market leading brands.

- c.40,000 products in our extensive range
- 450 essential hire accessories held nationally
- Available from our retail network across the UK and selected B&Q stores
- Central distribution function for bulk orders

Product



Train

People competence

Customer benefit

We provide a wide range of training programmes ensuring our customers are confident their people are working effectively and safely.

- More than 30 training locations across the UK, audited by a range of organisations including IPAF and PASMA
- Flexible delivery for on-site, off-site and remote learning
- Bespoke short-course training design and development
- More than 200 off the shelf accredited and certified courses
- The only UK hire company to offer portable virtual reality training for working at height

Product



Test

Regulatory needs

Customer benefit

We ensure equipment remains safe to use and is legally compliant through the provision of testing, inspection and certification services by Lloyds British.

- Testing and inspection including structural and proof load
- Height safety testing, certification and installation
- Examination of equipment covering regulatory bodies LOLER, PSSR, COSHH, PUWER
- Crane services including installation, repairs and breakdown

Product



Solutions

Beyond simply
hire and services

Customer benefit

From helping our customers reduce their on-site carbon emissions, to providing expertise on complex lifting activities, we create solutions to a whole range of customer challenges through providing expert consultancy alongside the provision of core hire and services.

Why invest in Speedy

We are a market leading hire and services company.

We have a clear customer focused growth strategy underpinned by an ambitious award winning Environmental, Social, Governance (ESG) programme that drives innovation and sustainability in our sector.

1

A strong balance sheet

We have a strong balance sheet and significant banking facility headroom, with which to grow the business organically and through value enhancing acquisitions.

6

Unique delivery promise

We provide a unique industry leading national four-hour delivery promise on our 350 most popular products to both trade and consumers.

2

UK Infrastructure sector

We have significant exposure to the UK Infrastructure sector that the UK government is increasingly committed to supporting.

7

ESG programme

Our ESG strategy drives our commitment to keeping colleagues and customers safe, reducing our impact on the environment, supporting our people and local communities and operating as an industry leading sustainable company.

3

UK retail sector

We have accelerated our penetration of the growing consumer DIY market through the launch of our dedicated consumer website and partnership with B&Q including on diy.com.

8

Innovation

We embrace state of the art technology through digital and product innovation, actively working with our suppliers through our ESG strategy to deliver award winning, sustainable solutions for customers.

4

Support services

We operate in RMI* and Support Services that create a visible, resilient, less cyclical revenue stream.

9

Customer satisfaction

We have high levels of customer advocacy, with a 92%** customer satisfaction score, and an 'Excellent' rating on Trustpilot.

*Repair Maintenance Improvement (housing and construction)

**Based on average monthly responses to customer surveys during FY2022

5

Diversification

We aim to grow our services businesses; this diversification will ensure we are more resilient to an economic downturn.

10

Industry leading

We are continually improving asset utilisation and availability year-on-year which is fundamental to ensuring that we provide great customer service.



We supply large national customers, including 88 of the UK's top 100 contractors, as well as local trades and industries.



GOING GREENER FASTER **The Decade To Deliver**

Our ESG strategy

At Speedy, we are proud to be at the forefront of sustainability and innovation. During the year we developed a new strategy to accelerate our environmental and social agenda; we call it the Decade to Deliver.

In order to truly create a positive impact we are the first hire company to commit to science based targets, publishing ambitious targets for the next 10 years.

Our ESG programme is sponsored by our Chief Executive, Russell Down. I Chair our ESG Committee which is made up of senior managers from across the business. We meet regularly to drive continuous improvement in our ESG KPIs which are aligned with the United Nations Sustainable Development Goals 2030 (UNSDGs).

Our ESG framework aligns with the vision to inspire and innovate the future of hire.

- We are committed to operating efficiently as an industry leading sustainable company building on a strong track record of safety and carbon-saving innovation.
- We support our people and local communities, from looking after their wellbeing and boosting diversity, equality and inclusivity, to supporting charity and community projects wherever we operate. We operate safely and ethically, and maintain a Code of Conduct, robust audit functions and processes.

For full details of what we have achieved in the last year, and our ambitious plans and targets for the future, please see our comprehensive ESG Report.

Amelia Woodley,
ESG Director

Chairman's statement



David Shearer, Chairman

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

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

Results

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

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

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

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

Dividend

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

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

Board and people

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

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

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

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

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

Future

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

David Shearer, Chairman

Chief Executive's Review



Russell Down, Chief Executive

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

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

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

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

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

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

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

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

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

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

Financing and liquidity

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

Share buyback

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

Results

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

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

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

Dividend

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

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

Strategy and operational review

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

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

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

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

Chief Executive's Review continued

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

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

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

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

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

ESG

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

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

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

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

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

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

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

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

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

People

We launched our People First strategy during the year that prioritises personal and professional development, wellbeing and equality, diversity and inclusion within the workplace. We have increased the number of graduates and apprentices within the

business and are working towards having 5% of our employees on earn and learn programmes within 5 years as part of our commitment to the '5% club'. To recognise the considerable experience and expertise we have within the business, we have also introduced a 'late careers' mentor programme. This ensures the skills we need for the future are retained whilst passing them on to new colleagues.

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

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

Summary and outlook

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

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

Russell Down, Chief Executive

Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2021 performance
Revenue £m	A measure of the work we are undertaking.	£386.8m	£363.6m
Revenue (excluding disposals) £m	A measure of our underlying activity with customers having removed planned hire fleet asset disposal income.	£381.7m	£359.4m
EBITA¹ £m	A measure of the profit we generate from our revenue.	£32.6m	£25.4m
EBITA¹ margin %	Highlights how successful Speedy is in maximising its return from the revenue generated.	8.4%	7.0%
EBITDA¹ £m	A measure of operating return before depreciation and amortisation.	£99.5m	£90.5m
EBITDA¹ margin %	Highlights value generated either through operational efficiency or the quality of the revenue.	25.7%	24.9%
Adjusted profit before tax¹ £m	A measure of profit we generate adjusted to exclude amortisation and exceptional items.	£30.1m	£20.7m
Profit before tax	A measure of profit we generate from our revenue activity having accounted for all costs before taxation.	£29.1m	£8.3m

KPI	Why this KPI is important to our strategy	How we have done	FY2021 performance
Utilisation %	A measure of how many of our assets are on hire to customers by net book value.	57%	54%
ROCE² %	A measure of how well Speedy is delivering a return from the capital invested.	13.1%	8.4%
Net debt³ £m	A measure of the Company's borrowings.	£67.5m	£33.2m
Net debt³ to EBITDA¹ x	A measure of how leveraged the balance sheet is.	0.9x	0.5x
NBV of property, plant and equipment £m	As assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	£257.7m	£233.1m
Adjusted earnings per share⁴ pence	A measure of the return generated for the holder of each of our ordinary shares.	4.24p	3.22p

Explanatory notes:

- | | | | |
|---|--|---|---|
| 1 | Before exceptional items, see Note 12 to the Financial Statements | 3 | See Note 21 to the Financial Statements |
| 2 | Return on Capital Employed: Profit before tax, interest, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt ³), for the last 12 months | 4 | See Note 10 to the Financial Statements |

Our strategy

We have a clear customer focused growth strategy underpinned by our ambitious award winning Environmental, Social, Governance (ESG) programme.

Key strategic priorities for FY2023



Increasing market share



Retail and trade



Digital



Sustainability



People





We aim to continuously improve our service, such that a first class customer experience comes as standard.

Our aim is that whenever and wherever our customers do business with us, they can expect a consistent level of quality standards, and receive the same level of experience from point of order through to delivery and collection. During FY2022 we have made significant steps in further improving our business to achieve this.

We are focusing on further penetrating our addressable markets through cross-selling products and services to achieve an increased share of revenue with major customers in the infrastructure markets including rail, utilities and highways. This enables customers to take advantage of supply chain efficiencies, and by ensuring service sits at the heart of our full customer proposition, we aim to drive loyalty whilst increasing market share.

We are also winning contracts with new customers through the provision of our integrated proposition that includes both our core hire and services offering, combined with our partnered services division enabling customers to utilise Speedy as a one-stop-shop for all of their hire needs.

We are continuing to grow our SME customer base, and are growing our share of the consumer market through a robust investment in marketing the Speedy DIY brand to customers nationally. In April 2022 we launched a national marketing campaign. The campaign is driving awareness targeting both SME and consumers across terrestrial television, national radio and through outdoor and online digital channels to drive both awareness of our brand in the market and sales through increasing footfall through our network and driving traffic to our trade and DIY website.

To fuel this growth we have invested £68.4m in growing our fleet during FY2022 to provide customers with the products they need across both B2B and B2C markets.

Increasing market share continued

Strategy in action: Securing a new powered access contract with Ilke Homes

In January 2022 we secured a new contract with national customer Ilke Homes. The new contract replaces the incumbent supplier at their factory facilities in Knaresborough. We are now supplying a fleet of 28 powered access units, all of which are running on green HVO fuel which was a key factor for the customer's targets in reducing carbon on-site.

Outside of the renewal of the hire agreement we are developing our relationship further with Ilke Homes by tendering for a range of services including testing and inspection through our Lloyds British brand, supplying PPE consumables and the provision of industry training.

"We have a long standing trusted relationship with Speedy to supply a number of product categories and were delighted to extend this relationship with them to supply our powered access needs at our manufacturing facility in Knaresborough. Key to selecting Speedy was the clear investment in their fleet and their ability to pre-fuel and supply HVO fuel to run the machines, reducing our carbon footprint."

Peter Wickes, Strategic Category Manager





Our unique four-hour delivery promise

We are the only UK hire company to promise four-hour delivery, which applies to our 350 most popular products nationwide.

In July 2021 we invested £10 million in new products for our four-hour guaranteed delivery promise, to meet an increasing level of customer demand for faster site deliveries. 25,000 new assets were added to the company's most popular 350 products through this strategic investment.

We fulfilled over 6,800 four-hour deliveries during FY2022, representing a significant year-on-year increase in demand from customers for this unique service.

350

of our most popular products available with four-hour delivery

£10m

invested in our new products for our four-hour guaranteed delivery promise

6,800

four-hour deliveries fulfilled during FY2022

Increasing market share continued

Strategy in action: On site at Hinkley Point C

We first started working on Hinkley Point C nuclear power station (HPC) in 2014, providing products and services from every division within Speedy, including tools; lifting; survey; safety; plant; fuel; testing; inspection and certification through our Lloyds British brand, training, powered access, consumable sales and partnered services.

Our HPC service centre takes ownership for all orders to site, working closely with our regional depot network and facilitating the site booking process on their behalf. This enables us to offer a smooth, reliable, efficient service to the HPC site.

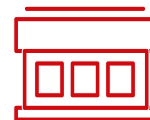
We have a dedicated on-site team that ensure existing relationships are maintained and developed further. Since 2014, site relationships have evolved considerably. In just the past two years we have supplied over 130 different sub-contracting companies on site, and we continue to develop this approach as the project moves through each phase.

Our aim is not just to continue to grow relationships as new contractors arrive on site, but with contractors before they even arrive to the project, through working internally with our team of national account managers to engage with those customers in advance.

"Speedy not only provide an efficient service to site, they also have the capability to back this service with a dedicated fitter and technical support team. Their site team are very customer focused and have developed strong, long lasting relationships with key contacts on HPC. We are looking forward to continuing to drive innovation by working closely with strategic suppliers and the client Nuclear New Build Generation Company (NNB GenCo)."

Alan Wiltshire , Operations Director, Efinor





We continue to grow our SME customer base through digital marketing activities and tele-sales channels through our central hub in South Wales, dedicated to servicing our SME customers.

During 2020 we developed our strategy to begin proactively targeting consumers, and in July 2020 we commenced a trial to open Speedy outlets within a number of B&Q stores.

Following the initial success, we extended the trial and opened more outlets in January 2021, formally extending our partnership in October last year. We have now rolled out more Speedy outlets and have a presence in 36 B&Q stores across the UK.

The in-store B&Q outlets give retail and trade customers the opportunity to hire tools and equipment from Speedy during their B&Q shopping experience.

The offer in the B&Q concessions includes a wide range of DIY and trade products, including Speedy's four-hour national delivery promise. Through B&Q's extended opening hours, for the first time our customers can now order and collect Speedy products seven days a week.

The Speedy concessions are strategically located alongside the TradePoint areas to promote the opportunity of hire to both retail and trade customers. The product range on offer complements B&Q's own range and includes more specialist tools and equipment for the trade and DIYer, including mobile access platforms, tower scaffolds, mini diggers and dumpers, plate compactors, floor sanders, mixers and heaters.



Pictured: Graham Bell, CEO B&Q UK and Ireland and Russell Down, Chief Executive Speedy

Retail and trade continued

"At B&Q we're committed to testing new initiatives and we were delighted to cement our partnership to offer a tool and equipment hire service in our stores with Speedy. Customers want speed and convenience when it comes to DIY, and the partnership with Speedy makes it quicker and easier to get the tools and equipment they need, when they need them. Tool hire is a cost effective solution that cuts waste from unnecessary purchases, and we're pleased to offer it to more and more customers across the UK and we're excited by the potential of offering this hire service in store and the positive response we're seeing from our customers."

Chris Bargate, Strategy and Development Director, B&Q

Introducing the potential of hiring a wide range of tools and equipment empowers homeowners to be more ambitious with their DIY projects. It provides them with a convenient and accessible way of completing larger home improvements that require bigger ticket DIY tools that are otherwise unaffordable to purchase.

With sustainability high on the agenda, hiring tools that if purchased may only be used a handful of times and then stored also benefits the environment, reflecting a more circular economy in the re-use of DIY tools and equipment.

Our existing customers will also have access to the new trade counters seven days a week to order and collect products, adding to our existing 200-strong national service centre network.

We have launched a retail website targeting DIY customers. Using consumer research and online shopping analysis, the new website area has been developed to feature rich, consumer friendly content such as skills and project blogs and 'how-to' videos for equipment use. A key development has been to ensure that all pricing include VAT, whereas on our traditional trade area of the website which promotes prices ex-VAT.

In April our retail website links went live as an official partner on B&Q's website [diy.com](https://www.diy.com) which will significantly enhance our reach into B&Q's online customer base.





We are utilising technology to improve the customer and user experience through closely reviewing the customer journey, including on a digital basis, from point of enquiry through to delivery, collection, invoicing and cash collection.

We have created a new post of Chief Digital Officer to accelerate change in this area. We have simplified internal processes through new technology that makes us more efficient. State of the art systems and increasing use of artificial intelligence is enabling better decision making to further enhance our service to customers through improved product availability to meet demand.

Implementation of a new ERP system

During the year we successfully undertook the replacement of our ERP (Enterprise Resource Planning) system, Microsoft AX12, upgrading to the cloud based Microsoft Dynamics365. The project included support from colleagues across the operational, sales and support functions to ensure all risks and issues were captured and addressed through robust testing. The new system went live in October 2021 and brings the benefits of simplifying some of our key business processes and significantly improving the user experience, which increases our colleague's productivity and improves our customers' in-store, telephone and digital experience.



Digital continued

Enhancing the digital customer experience

As technology advances and customer's demands change, we continually develop our digital platforms to improve the digital customer experience on our websites and mobile app.

During the year we introduced two major improvements to the digital customer experience. We introduced an online availability checker. This enables our customers to check availability on a product before going through the checkout process, so that they can identify if the products they want to hire are located nearby for collection, and for the dates they select. The results that are returned include both Speedy Service Centres and our retail locations in B&Q.

For customers with a MySpeedy account, we have also made significant back-end technical improvements within the order approval workflow, which enables customers to combine our digital ordering process with their own internal approval processes to submit approved orders.

These developments are a significant step forward in our web and App functionality, with further enhancements planned during FY2023 to ensure we continue to provide an industry leading digital customer experience.

[Watch our video detailing our digital customer offering at speedyservices.com/digital](https://speedyservices.com/digital)

Balanced scorecards improving performance

Implementing improved dynamic management information during the year has enhanced the performance of our teams around the business. We have introduced a balanced scorecard for all our operational centres, measuring and publishing performance against key measures including revenue, efficiency and service levels. This has raised the bar and delivered improved performance during the year.





During FY2022 we have invested £68.4m in our asset fleet, 56% of which into sustainable options for customers incorporating solar, electric and hybrid technologies.

We have implemented a policy to ensure that we invest a minimum 50% of capex in sustainable products to support customer demand and to ensure we meet our own ESG targets in reducing carbon.

Responding to this customer demand that helps drive down their carbon emissions has enabled us to win new contracts throughout the year whilst retaining and developing existing customer relationships.

We have continued to modernise our vehicle fleet and service centre network which will significantly reduce our carbon emissions.

The largest contributor to our carbon footprint is the emissions generated by our commercial vehicle fleet. To mitigate this our target is to ensure that the majority of our vehicles are electric or hybrid by 2025, demonstrating our commitment to improving

the environment through this industry leading initiative. Whilst this will play a key role in meeting our own carbon reduction targets, it also demonstrates our commitment to our customers as a key part of their supply chain.

We invested in 64 new hybrid transit vans and are trialling a number of additional electric vehicles: Mercedes Canter; 7.5t Maxus E-delivery 3; and the Maxus E-Delivery 9 chassis cab. During the year we also launched the first all-electric 27 tonne vehicle used in the construction industry to deliver our powered access products.

In 2021 we reviewed our company car list which now comprises entirely of electric and hybrid vehicles. We have a fleet of c.500 company cars and estimate future savings of up to 260 tonnes of CO₂ annually from replacing diesel and petrol models. Our aim is for our company car fleet to be 100% hybrid/electric by 2023. To ensure an effective transition of the car fleet, we are continuing to install electric vehicle charging points across our UK Regional service centre network.



Sustainability continued

During FY2022 we have invested in sustainable products including:

Dingli zero-emission battery powered scissor lifts and mast lifts

Niftylift hybrid powered access boom units

Electric SkyJack scissor and boom lifts

200

of the industry's first V20 plug-in hybrid outdoor lighting tower through an exclusive partnership with Generac

1,800

new Hilti cut off saws which have a disposal rate of 99.7%, meaning almost all the product can be recycled and reused at its end of life or incinerated to generate energy

HS2

The development of an industry first retrofitted Stage V generator for use on HS2

Industry first Innovation Centre

In November we launched our new Innovation Centre in Milton Keynes; an industry-first low carbon facility that showcases net-zero equipment and provides an extensive ECO hire range including electric, solar and hydrogen powered technologies. This innovative equipment will help to lower contractors' environmental impact from suppliers including Hilti, Milwaukee and Generac at the new 100,000 sq ft site. The centre's energy is currently being supplied by the solar photovoltaics installed on the roof, making it a fully renewable net zero building.

All commercial vehicles operating out of the site are electric or fuelled by hydrotreated vegetable oil (HVO), which emits up to 90% less CO₂e when compared to red diesel. This not only improves air quality on the site, but also minimises the environmental impact of deliveries to, and on our customer's sites. The centre is powered by 670 solar panels and utilises pioneering bespoke energy efficient lighting and climate control technology. The Innovation Centre also features a wellbeing and wildflower garden, providing a positive outdoor environment for our people to use when on lunch or during breaks, an 18-metre living wall that improves air quality around the site, and beehives made from repurposed hard hats. The site uses furniture, from desks to garden benches, made from recycled materials to help further lower its environmental impact.

The site is a blueprint for our network plans going forward, and adds to the list of larger new Regional Service Centre's launched during the year including sites at Reading, Swindon, Doncaster, Leicester, Aberdeen and Edinburgh. These sites are all located to be accessible to the local and regional markets, and equipped to service our national customers with a comprehensive range of specialist and core hire tools, equipment, plant and powered access, as well as state of the art training facilities under one roof.

The brand new sites also create an enhanced experience for both our customers who visit the facilities and for colleagues through an enhanced and technically optimised working environment. Throughout the year we have held a large number of major customer tours to demonstrate the positive environmental impact of the site, inspiring them to take back ideas that will benefit their own businesses.

A strategic partner to major customers

We are a strategic supplier to Balfour Beatty. Our values are aligned with them ensuring innovation is at the forefront of enabling a responsible approach to customer projects, focusing on environmental sustainability through emerging technology that reduces carbon emissions.

In November 2021 we were delighted to support Balfour Beatty's COP26 event where we showcased the latest in environmental and sustainable products, as well as sustainable delivery solutions including our brand-new battery operated electric truck.



PICTURED: Balfour Beatty CEO Leo Quinn with Speedy Account Director Alan Jones

Strategy in action: Providing bespoke sustainable solutions on HS2

We first started working with HS2 in 2014 to commence enabling works with Costain Skanska Joint Venture in the South and Fusion Joint Venture in the home-counties. Initially supporting a broad range of tool and equipment hire, the range of services has expanded to include training, testing, inspection and certification through our Lloyds British brand, consumable sales and fuel management.

We assist in enabling the delivery of their projects through working as one team across our operations, sales, transport, health and safety, commercial and supply chain teams to focus on a personal service level delivered through a national network.

Since the introduction of an 'Implanted' on-site model when enabling works on the Costain Skanska JV in 2014, we have provided a physical presence at site level in the form of an implant manager who is trained to understand HS2's complex needs, providing the operatives and management on-site expert advice to deliver the right service or product solution.

As the relationship has moved into the Main Works programme over the past three years we have focused on the key areas of community, innovation and reducing carbon to deliver social, environmental and economic value. We now have deep and strong relationships across nine different joint ventures working on HS2. We have further developed the core areas of our hire products and related services by assisting in the client's logistical and on-site wellbeing agendas to create a positive, collective impact both on-site and in the local environments.



© HS2



The core to successful and sustainable growth is the wellbeing and development of our people. Therefore, putting people first is at the heart of our growth strategy.

To do this we are focused on personal and professional development from cradle to cradle, involving the recruitment of bright new graduates and apprentices to developing early and late career programmes for our existing colleagues.

Colleague engagement

As a people focused business, colleague engagement is central to our success. During the year we have set up a number of forums and committees that focus on specific areas that our people are passionate about with the collective objective of making Speedy the best company to work for in our sector. The forums and committees are sponsored by Executive Board members, with progress against action plans reviewed regularly at Executive Board meetings and the ESG Steering Group.

Successful recruitment programmes

In January 2021 we joined the 5% Club, a group of employers working to create a shared prosperity across the UK, committed to raising the number of apprentices, graduates and sponsored students on formal programmes to 5% of the total workforce by 2025.

This commitment is helping us ensure that the business has a sustainable future, creating opportunities for young people with new skills that will become the leaders of tomorrow.

During the year we have taken on new graduates on a two year programme. This provides a range of training, personal development and experience to develop a thorough understanding of Speedy and our business in its entirety. The aim for our graduates is to learn relevant skills, knowledge and behaviours to develop a successful career, assisting in effective succession planning for the future growth of the Company. We also operate a Rotational Graduate Scheme. This three year programme leads on a specialist area with graduates completing six x six month placements made up of core, mandatory placements and optional placements that the graduate themselves can select. It includes all the benefits of the two year programme, and through the exposure and experience of working across the business, identifies which area each participant can start building their Speedy career.



PICTURED: Chief People Officer Ellie Armour was joined by co-signatory Colonel Paul Gilby alongside veteran colleagues from across the company to sign the covenant.

Additionally we have 82 colleagues participating in apprenticeship schemes across the business made up of a mix of new apprentices, who are primarily in engineer based roles, and existing colleagues who are using apprenticeships to up-skill and progress their careers. Our apprentices range from 16-40+ years old and follow various pathways; we don't have a one size fits all approach.

In November 2021 we committed to creating equal opportunities for ex-servicemen and women and their families after signing the Armed Forces Covenant, a promise by the nation ensuring that those who serve or who have served in the armed forces, and their families, are treated fairly. Under the agreement, we have pledged to establish a tailored employment pathway for veterans by working with not-for-profit service Career Transition Partnership, and by recognising military skills and qualifications in interview processes. Speedy joins other major employers in the construction industry including some of the UKs largest contractors in signing the covenant. This signals to ex-service men and women that they are armed forces friendly organisations at a time when almost one in five (17%) veterans in work say that finding the right job is very difficult*.

*Veterans work moving on report, 2018, Deloitte

Personal and professional development

Personal and professional development is at the heart of our people strategy. We are committed to investing in our people throughout their career with Speedy.

To this end, during FY2022 we have invested in early careers roles and introduced a 'late careers' mentor programme. This ensures we have the talent coming into and through the business with the skills we need for the future, whilst harnessing the exceptional skills we already have in the business to pass down to new colleagues.

Our 'Career Line of Sight' scheme which launched in the prior year and supports the learning and development of our people at all levels of seniority has been extremely successful, creating a clear vision for colleagues to follow in developing their career's at Speedy.

Rewards and benefits

We aim to provide competitive reward and benefits packages that attract, motivate and retain people in the most efficient manner. During FY2022 we benchmarked and adjusted the salaries of further roles across the business which helped to retain the key skills required to compete in the marketplace.

We run a number of incentive and recognition schemes which span all colleagues, most of which are performance related. We also regularly review and update our employee benefits package as we recognise that salary is not the only component that motivates employees.

We are committed to the People's Charter with the Supply Chain Sustainability School, which we are audited against annually.

More information about our People First strategy can be found within the ESG Report.



cobo

Speedy

trust us to deliver

**GO GREENER
FASTER**

Blind spot
Take care

FORS
FLYING OPERATOR
REGISTRATION

3Y
1202

FLAMMABLE
LIQUID

CORROSIVE

SPECIALIST ADVICE
0845 6055400

Speedy

The Decade to Deliver

Responsibility and sustainability have always been at the heart of everything we do at Speedy.



Russell Down,
Chief Executive

The need to accelerate how we can collectively reduce our impact on the planet as an industry and across society has never been more critical. We believe that the next ten years will define the next hundred.

For over 45 years customers have trusted us to enable the successful delivery of their projects. Hire is already a sustainable business model, but it could be even better. That's why we are accelerating our ESG programme with ambitious targets to ensure that the next ten years defines the next hundred. It's why we've called our new strategy The Decade to Deliver.

We're rolling out our plan to make hire, and the services, solutions and equipment that make it all possible, even more sustainable than it already is. That means less carbon, more innovation and serving our people, communities, investors and the environment better than ever.

Our aim is that every project big or small that involves the hire of our equipment, or the utilisation of our services will be sustainable. This way we can focus on making Speedy a more sustainable business, and our customers successful by helping them achieve their sustainability targets.

For our trade customers, from major contractors through to sole traders, we want to ensure that both our products and logistical operations are designed to drive down carbon, through developing new technologies and processes with our suppliers.

For households and DIYers too many tools spend their time in sheds, warehouses and garages getting old instead of getting used. It's the same for equipment too. Hire can be a sustainable way to solve that problem. And we're making it our mission to ensure consumers are aware of a more sustainable way of completing their projects through hire.

The famous Speedy Spirit that our people display means they'll always go the extra mile to get things done, but we can't do this alone. We've learnt that you go furthest, fastest when you go together. The Speedy family will be working even harder with its customers, suppliers and communities to have the biggest positive impact we can.

We're going to start a revolution that changes the way people see hire, bringing this great sustainable choice to more people, places and products than ever before. The faster we can make that happen, the sooner we can make this the decade of sustainable hire.

Environmental Social Governance Report continued

Speeding up on sustainability The Decade to Deliver

We have always been at the forefront of sustainability and innovation. During FY2022 we developed our new ESG strategy 'The Decade to Deliver', inspiring people to make hire their first choice. Our strategy focuses on four pillars:



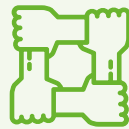
Accelerating Innovation

Hire is already built for sustainability. But this decade, we're going to make hire even more sustainable than it already is by working even harder with our customers, suppliers and innovators.



Climate Solutions

When it comes to climate change, we're all facing the heat. We're going net zero carbon fast and we are helping our customers do the same. That means accelerating towards low carbon delivery vehicles and innovative products and services to help our customers respond rapidly.



Including Everyone

Delivering on the promise of a sustainable future, Speedy requires great people working together on shared goals. At Speedy we look out for one another and help each other grow. By welcoming everyone into the Speedy family and helping them be the best they can be, we can really make this decade count.



Part of the Community

Speedy people are part of local communities all over the country. It is in our nature to join in, help solve the challenges we face today and get ready for the future. A decade of supporting our communities will help make a meaningful difference.

Our sustainability strategy framework

Our ESG (Environmental, Social, and Governance) programme is sponsored by Chief Executive, Russell Down. The ESG Committee made up of senior members from across the business, meet regularly to drive continuous improvement in our ESG KPIs, which are aligned with the United Nations Sustainable Development Goals 2030 (UNSDGs).

The ESG framework aligns with our vision 'To inspire and innovate the future of hire' and our mission that 'Speedy is the UK and Ireland's leading provider of tools, specialist equipment and services. We provide exceptional customer experience, accelerating collective success towards a sustainable future.

The commitment to operating efficiently as an industry leading sustainable company builds on our strong track record of safety and carbon-saving innovation. It re-enforces our commitment to people and local communities, from looking after their wellbeing and boosting diversity, equality and inclusivity, to supporting charity and community projects wherever we operate.

It underpins our commitment to strong governance, trading safely and ethically, and supports our Code of Conduct, robust audit functions and processes.

During FY2022, through the continued development of our ESG programme, building it into every aspect of our business strategy to focus on sustainable growth, we were recognised as an industry leader in ESG practices by the Institutional Shareholder Services group of companies (ISS).

The Decade to Deliver

A HIRE REVOLUTION: Inspiring people to make hire their first choice		WORKING TOGETHER	
<p>Accelerating innovation</p> <p>Hire is built for sustainability. This decade, we're going to make hire even more sustainable than it already is by working even harder with our customers, suppliers and innovators to push for even better designed products: built to last, designed to be repaired and made to be recycled.</p>	<p>Climate solutions</p> <p>When it comes to climate change, we're all facing the heat. We're going net zero carbon, fast and we are helping our customers do the same. That means accelerating towards low carbon delivery vehicles and innovative products and services to help our customers respond rapidly.</p>	<p>Part of the community</p> <p>Speedy people are part of local communities all over the country. It's in our nature to join in, help solve the challenges we face today and get ready for the future. A decade of supporting our communities will help make a meaningful difference.</p>	<p>Including everyone</p> <p>Delivering on the promise of a sustainable Speedy requires great people working together on shared goals. At Speedy we look out for one another and help each other grow. By welcoming everyone into the Speedy family and helping them be the best they can be, we can really make this decade count.</p>

Environmental Social Governance Report continued



Climate Solutions



We have a long track record in providing the energy efficient equipment, logistics and progressive ways of working to aid the construction industry in its quest for a net zero carbon-built environment. In FY2022, our key carbon reduction achievements include:

- A reduction in carbon output from 26,606 tonnes in 2015 to 16,775 tonnes in FY2022 which equates to a 55% (calculated as $4.94/11.0-1$) reduction per employee.
- A carbon reduction on a per capita basis from approximately 11 tonnes in 2015 to 4.94 tonnes in FY2022.

Most of our carbon emissions are related to our fuel consumption in our commercial fleet and company cars. We have already implemented several initiatives to reduce these emissions, which include:

- Our company car fleet list is now completely made up of Ultra Low Emission Vehicles (ULEVs), with the aim of all company cars being 100% electric/hybrid vehicles by 2023.
- Offering 300 existing company car users the opportunity to change any non-electric or hybrid vehicles early to encourage our colleagues to reduce their carbon emissions.
- Commencing the roll out of a low carbon commercial vehicle fleet to achieve a 50% carbon reduction by 2030. This has included introducing electric vehicles to our fleet with a further 150 planned for FY2023.
- Switching from diesel to HVO D+, a standard low emission fuel, across our highest fuel consuming HGVs and tankers saving 794T of CO₂e.

Science based carbon reduction targets

Climate change is one of the biggest challenges we face today. At Speedy we are going net zero fast both as a business and for our customers. As part of our commitment to significantly reduce our carbon emissions we are the first UK hire company to sign up to the Science Based Targets (SBT) under the Science Based Targets Initiative (SBTi) to achieve net zero carbon before 2050, in line with climate science and government policy. Our move to commit to a SBT reinforces our commitment to be a market leader in sustainability.

A science based target (SBT) provides a clearly defined pathway for Speedy to reduce its greenhouse gas emissions, in line with the Paris Agreement to limit climate warming by 1.5°C by 2050, thereby helping to prevent the impacts of climate change and ensuring sustainable business growth.

As a sustainability leader we believe it is important to align our net zero carbon commitment to the latest climate science, so we are re-modelling our net zero plans to the new SBTi's Corporate Net Zero Standard, the world's first framework for corporate net zero target setting.

Our focus is on rapid, deep emission cuts across our value chain (Scope 1, 2 and 3 emissions) as this is the most effective and scientifically sound way of limiting global

temperature rise to 1.5°C. Scope 1 and 2 includes the emissions we generate from our own activities such as the fuel we use in our vehicles and the electricity and heat we purchase. Scope 3 includes the emissions generated by suppliers and end users such as our customers.

In FY2022 we partnered with consultancy carbon Intelligence to set our near and long-term targets and decarbonisation roadmap.

Scope 1 and 2 emissions near term targets

We will make rapid emission cuts now, so that by FY2031 our absolute Scope 1 and Scope 2 emissions are reduced by 50% from a 2019 baseline. We are taking a leadership position by setting our ambition slightly higher than 1.5°C thus encouraging investment in innovation and future proofing our future business growth.

Our Scope 1 emissions make up most of our scope 1 and 2 footprint of which diesel use in our company owned/controlled vehicles accounts for 88%. We are therefore focusing our immediate efforts on decarbonising our company cars and commercial vehicle fleet through alternative sustainable fuels, low carbon technologies and fuel-efficient driving.



Environmental Social Governance

Report continued

By the end of 2023 100% of our company cars will be electric/hybrid. By 2030 we will transition the commercial fleet to HVO D+ or electric vehicles whilst in parallel working with vehicle manufacturers on hydrogen technologies.

For our larger vehicles such as HGVs and tankers we have already replaced diesel with HVO D+ to reduce carbon emissions whilst we work with manufacturers on electric vehicle and hydrogen technologies. In FY2022 we saved a total 794T of CO₂e by replacing diesel with HVO D+.

For our smaller vehicles we have started to transition to electric and will be introducing a further 150 electric vehicles into the commercial fleet in FY2023.

A small proportion of our scope 1 emissions is related to our gas usage where we will transition from natural gas to alternative fuels and technologies by 2030.

For our Scope 2 emissions we will continue to prioritise renewable energy procurement. In FY2022 88% of the electricity procured was renewable and we are continuing to work with our property team and landlords to transition the remaining 12% so that 100% of our electricity is renewable by 2027 in UK/IR.

Scope 3 emissions near term targets

As part of our net zero commitment, we have undertaken a scope 3 screening assessment to map the carbon footprint across our value chain and set near term reduction targets. Our initial scope 3 screening has identified three hotspots to focus carbon reduction efforts;

- Downstream leased assets such as the use of electricity and fuel in the equipment we hire to our customers, which forms over half of our scope 3 carbon footprint.
- Use of Sold Products such as the fuel that we sell to our customers.
- Capital Goods such as the tools we purchase.

Our scope 3 assessment and near-term targets will be finalised during 2022.

Working together with the value chain to achieve net zero carbon

Under our Supply Chain Policy we are working with our people, customers and suppliers to ensure sustainability sits at the heart of everything they do and want.

But we are taking our supply chain one step further. We have already started a transformation programme to align our supply chain to the ISO20400 sustainable procurement standard, to embed sustainability across our procurement processes and to mobilise the value chain towards net zero carbon. We recognise we cannot achieve this alone so our focus is deep collaboration with our suppliers and customers so that our transition to net zero carbon is orderly and cost efficient.

In FY2023 we will be focusing on our three key hotspots; downstream leased assets, use of sold products and capital goods. We will work across our value chain to improve our Scope 3 data to reduce our carbon emissions.

We are a Gold Member of the Sustainability Supply Chain School (SSCS) supporting a common approach to addressing sustainability across the supply chain. Our Chief Operating Officer, Dan Evans, sits on the board of the SSCS.

Long term net zero target

In FY2023 we will continue to work with Carbon Intelligence to set our long-term target of reducing our emissions by 90-95% before 2050. Any limited emissions that cannot be eliminated will be neutralised through carbon removals. Only at this point will Speedy claim to be net zero carbon, which aligns to the latest climate science and frameworks.

In FY2023 we will submit our SBT and decarbonisation roadmap to the SBTi for verification.

"In choosing to pursue both short-term and long-term science-based emissions reductions targets, Speedy is demonstrating leadership and determination to reduce its impact on the planet and manage its business transition to a net zero world."

Jonathan Sykes,
Executive Chair of Carbon Intelligence

Strategy in action: Low carbon vehicles and logistics

We aim to lead the industry in running a low carbon fleet, with a target of ensuring that most of our vehicles are either running on sustainable fuels such as HVO D+ or have transitioned to carbon friendly technologies such as electric and/or hydrogen by 2030.

This commitment will play a key role in meeting our own science based carbon reduction targets, and our commitment to our customers as a key part of their supply chain.

During the year we launched the first all-electric 27 tonne vehicle used in the construction industry to deliver our powered access products.

We invested in 64 new hybrid transit vans and have introduced several additional electric vehicles: Mercedes Canter; 7.5t Maxus E-delivery 3; and the Maxus E-Delivery 9 chassis cab. We are also introducing a further 150 Ford E electric transits to our commercial fleet in FY2023.

95% of our fleet now meets the EuroCat6 standard with the aim to reach 100% by FY2023 helping to reduce air pollutant emissions from our vehicles and improve air quality.

Our company car list now consists entirely of Ultra Low Emission Vehicles (ULEVs). We have a fleet of c.500 company cars and estimate future savings of up to 260 tonnes of CO₂e annually from replacing diesel and petrol models. Our aim is for our live company car fleet to be 100% hybrid/electric by the end of 2023. To support the transition we have also continued to install electric vehicle charging points across our UK Nation and Regional Service Centre network.

Industry first fleet decarbonisation initiative

During November 2021 we began fuelling our delivery fleet with hydrotreated vegetable oil (HVO D+) in an industry-first that will save between 2,500 to 5,000 tonnes of CO₂e over 12 months.

The initiative covers heavy goods vehicles (HGVs) and tankers at 21 of our largest operational locations across the country, representing 92% of our HGV fleet.

HVO D+ emits up to 90% less carbon compared to red diesel and the switch will save the equivalent CO₂ of heating 1,820 UK homes for a year.

We are proud to have become the first hire provider to deliver low-emission fuel and equipment in vehicles also run on biofuels, helping to cut emissions in the construction supply chain. The initiative is part of the first major phase to transition to a fully low-carbon fleet by 2030.

The first all-electric 27 tonne vehicle

During the year we added an electric powered access delivery vehicle in an industry first as part of our programme in decarbonising our fleet.

The new Electra 27t all electric beavertail truck has the potential to save up to 59,541kg of CO₂e annually when compared to diesel, which will also positively impact supply chain emissions for customers.

The vehicle is specially designed to transport powered access equipment, including scissor lifts, boom lifts and mast booms. It is based at our Innovation Centre in Milton Keynes - a net zero facility built to service the region's customers and showcase our range of net zero tools and equipment for contractors, and will support the first building phase of the HS2 line between London and Birmingham.



Environmental Social Governance

Report continued

Energy usage

Speedy is committed to reducing its energy usage and improving energy efficiency across our property estate as detailed in our Energy Policy. We continue to roll out many energy saving initiatives including the introduction of LED lighting and improving the energy efficiency of heating systems in buildings. 'Toolbox Talks' are also undertaken with colleagues to ensure they understand the impact of energy usage, waste and savings.

Speedy was first awarded ISO 50001 accreditation in 2015 and certified to the 2018 standard in 2020, as a result of our robust energy management systems. Regular energy audits are conducted on an annual basis as required for the ISO 50001 certification.

The annual quantity of carbon dioxide equivalent resulting from activities for which the company is responsible, including the combustion of fuel or the operation of any facility, during FY2022 was 15,861 tonnes.

The annual quantity of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company for its own use during FY2022 was 256 tonnes, with 88% of our energy coming from renewable sources.

The methodologies used to calculate the information provided on emissions and energy consumption adopted by Speedy to calculate carbon emissions for FY2022 was provided using the DEFRA calculation for UK and IEA for international figures.

Total CO₂e emissions per employee for FY2022 was 4.94te. This represents a 23% reduction from the baseline year of 2019.

Strategy in action: Net zero Innovation Centre

In FY2022 we launched our new Innovation Centre at Milton Keynes designing energy efficient features throughout the building from LED lighting, a building management system and photo-voltaic (PV) cells. Our Innovation Centre recently went carbon zero as the small energy the centre was using is now being supplied by the photo-voltaic cells with the remaining energy being exported back to the electricity grid.

We have also set a new sustainability standard for our properties and are working on a programme to retrofit our existing buildings with more energy efficient features.



The Innovation Centre team at Milton Keynes.

Environmental Social Governance Report continued



Accelerating innovation

Hire is built for sustainability. This decade, we're going to make hire even more sustainable than it already is by working even harder with our customers, suppliers and innovators to push for even better designed products: built to last, designed to be repaired and made to be recycled.

We already have a long track record in providing the energy efficient equipment, logistics and progressive ways of working to aid the construction industry in its quest to be net zero carbon.

During the last year we have worked with our supply chain partners to develop new cordless, hybrid, solar and hydrogen technologies to meet these needs, along with providing renewable fuel to minimise pollution. Key achievements include:

- We were the first UK hire company to develop and launch a new line of high-performance outdoor battery powered lighting towers with Hilti.
- Partnering with Generac, we developed and introduced to market the V20 lighting tower, the first outdoor lighting tower that can be powered by battery, electricity, solar panels or green HVO fuel.

In addition, we made significant investments in sustainable products, and introduced new sustainable initiatives including:

- Investment of over £10m in new electric and hybrid powered access products.
- Investment of over £2.5 million in our lighting fleet to boost our low emission offering.
- Supplied c.6 million litres of HVO D+ to our customers reducing our customers and our Scope 3 emissions by 17,000T CO₂e.

Our ECO products represent approximately 30% of our itemised equipment fleet, providing our customers with innovative solutions to reduce carbon. Our aim is for ECO products to account for most of our itemised equipment fleet by 2027.



Strategy in action: Introducing an industry-first ECO hybrid lighting tower

During September 2021 we brought to market the industry's first plug-in hybrid outdoor lighting tower. 200 new Speedy V20 Eco Hybrid units were introduced into our lighting range through an exclusive sole supply partnership with Generac.

The four-in-one units can run directly from the mains, an internal battery, a solar panel hired separately, or on green HVO D+ (hydrotreated vegetable oil) fuel and they can operate automatically in reaction to changing light levels. An external battery pack can power the towers for up to five days at 10 hours per day.

In addition we invested in a wider range of sustainable products including 225 new MX Fuel Lighting Towers, 200 X-Eco Lighting Towers, 100 VB9+ Lighting Towers and 100 solar powered lights for contractors to hire across the UK.

The 825 new towers from Generac, Trime and Milwaukee are helping our customers to reduce carbon emissions through electric-only operation, while offering users options which run on HVO D+ if projects require.

Many of the towers will be used to support major rail development projects across the country, with a large quantity already earmarked for HS2 delivery partners.

"The new, sustainable products will enable contractors to reduce carbon footprints across their projects. Working closely with Generac on the launch of the Speedy V20 ECO Hybrid towers is an excellent example of how we're using our intermediary position in the construction supply chain to introduce new, transformative technology to the market. The investment represents a significant expansion of our fleet, giving contractors greater access to high-performance and versatile lighting that's capable of meeting the varied demands of live sites."

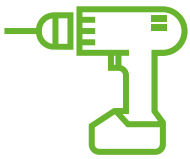
Andy Connor, Group Innovation and Supply Chain Director



Environmental Social Governance Report continued

ECO product development roadmap

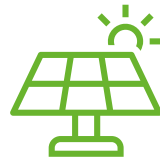
Our roadmap to growing our ECO product range:



2021/22

A focus on cordless technology

- Our target is that 30% of products will be ECO in design and operation by the end of 2022 which we have already achieved.
- We're developing fuel cell technology with key partners and reviewing alternative options.
- We will market and promote alternative fuel options for diesel (HVO).
- Introduce cordless tools to improve technology that replaces small engine driven products.



2022/23

A focus on solar technology

- Our target is that 40% of product range will be ECO friendly by the end of 2023.
- We will further invest in solar technology (Speedy lighting range).
- Implement Stage V engines across existing range and invest in new product.
- Create a circular economy and a cradle-to-cradle strategy for key fast moving and recyclable products.





2023/24
A focus on hydrogen technology

- Our target is that 50% of our product range will be ECO friendly by the end of 2024.
- Develop fuel cell technology - Hydrogen product development established.
- Optimise the infrastructure that will support hydrogen both internally and externally.
- Phase out of fossil fuels by the development of substitute fuels that will work with existing ICE (Internal Combustion Engine) technology.
- Take advantage of carbon capture technology for vehicles and plant.



2025 and beyond
A focus on recycling

- Our target is that 70% of our product range will be ECO friendly by the end of 2027.
- All products will be delivered from suppliers in ECO friendly packaging.
- 110v will be replaced by cordless across the full range of products.
- Full ECO product offering will be made up of solar, hydrogen, battery and recycled options.
- Introduce carbon reporting via telematics in place via Speedy APP.



6,200

During the year we were proud to light up the perimeter of the COP26 climate summit in Glasgow with a sustainable lighting system that saved an estimated 6,200 litres of diesel and 16 tonnes of CO₂e.

Environmental Social Governance Report continued

Strategy in action: Working in partnership with Keltbray

In December 2021 Keltbray, a leading UK specialist engineering business, announced it had swapped 80% of its red diesel demand for Hydrotreated Vegetable Oil (HVO) and its commitment to completely removing red diesel from across all of its projects by the end of the year.

The decision followed a successful trial using the fuel supplied by Speedy and analysis on two identical Caterpillar 25tonne machines, one on standard red EN590 diesel and one on HVO fuel.

Earlier in the year, Keltbray announced it was the first major construction firm to trial HVO fuel. Before the announcement, the fuel was yet to enter Keltbray's excavator fleet and was being trialled to assess whether it could reduce the impact from construction plant operations.

Following analysis of the results and verification by Imperial College London (UCL), the local air quality benefits calculated saw an 8% reduction in CO₂ when testing newer machines. There was a 20% reduction in CO₂ when Keltbray carried out tests on older machines.

To further reduce the carbon emissions, the fuel is stored on site in bowsers with telematics which communicate with Speedy, to indicate when the tanks need topping up. This in turn reduces the frequency of fuel deliveries to site.



Improving air quality

In helping customers reduce project carbon emissions and improve air quality, we have supplied several major projects with Green D+ Hydrotreated Vegetable Oil (HVO D+) fuel, Speedy's standard low emission fuel which is the only HVO fuel approved for use in Speedy equipment.

HVO D+ is a renewable fuel that has been produced from vegetable fats, oil and a by-product of the waste and fish industry. It reduces carbon emissions by up to 90% compared to regular fossil fuel. It can be used in modern vehicles, generators, construction machinery and industrial power systems. For every 500 litres of Green D+ HVO fuel used, one tonne of CO₂ is saved versus fossil fuel. Green D+ HVO fuel is now provided as our standard low emission fuel.

In support of the UK Government commitment to reduce emissions from transport to improve air quality and to support our customers air quality objectives, HVO D+ also helps to reduce NOx (Nitrous Oxides) levels by up to 30% and PM (Particulate Matter, PM25 and PM10) by over 86% helping to improve air quality.

Going circular

Hire is already built for sustainability, but we are taking the principle of circular economy further. Working within our business and across our supply chain we are designing out waste and pollution and keeping products and materials in use thus reducing resource use, carbon emissions and increasing re-use and recycling and minimising waste disposal.

Repair, reuse, recycle

In FY2022 we partnered with Oxford Plastics to recycle end of use hard plastics barriers into new products such as the LowPro trench covers and road plates eliminating waste, maximising recycling and reducing whole life cycle carbon by 80%. By replacing steel road plates with the LowPro 23/05 we removed 39T of carbon from the product lifecycle.

In partnership with CargoStop International we set up a collaboration to recycle CargoStraps. When CargoStraps are no longer useable they are returned to CargoStop who separate the metal clasps and ratchets from the webbing. The metal is sent for processing and smelting where they can be used again. The webbing responsibly recycled making the whole product completely recyclable.

We have also increased our refurbishment facilities to maximise the use of our assets thus reducing resource use, carbon emissions and waste. We have adopted the circular economy principles to maintain, repair and refurbish products as well as upgrading products to ECO solutions. This has included;

- Hybridising our diesel lighting fleet to reduce fuel usage and emissions by 50% and extending the life of the product by 7 years.
- Retrofitting our Stage 3a generators with the Eminox retrofit technology so existing plant can be operated at Stage V equivalent to meet the London LEZ (London Low Emissions Zone) for Non-Road Mobile Machinery (NRMM), a key requirement for projects such as HS2.



How much carbon is in a drill?

Working in partnership with Hilti we completed our first life cycle assessment to carbon footprint the lifecycle of a TE70 Rotary Hammer. The aim of the assessment was to identify the carbon hotspots to focus carbon reduction efforts and to provide carbon data to our customers to enable them to make sustainable choices.

In FY2023 we will be continuing our work to carbon footprint our top products working collaboratively with our supply chain to reduce emissions and our customers to influence sustainable hiring choices.

Environmental Social Governance Report continued

Waste and recycling

We reduce our waste through applying the waste hierarchy of prevention, reduction, recycling and re-use for our key waste streams such as cardboard, wood, metal, plastic, paper, waste oils, and food waste.



We achieved zero waste to landfill in FY2022.

Working in partnership with our suppliers, waste mapping exercises and audits have been undertaken to identify our key waste streams to maximise waste reduction and increase recycling and reuse.

We are also reducing our paper use across the service centre network through the introduction of electronic PDAs and transacting electronically. We also encourage customers to use the MySpeedy App for paperless transactions.

We achieved zero waste to landfill in FY2022. All our general waste is sent to transfer stations for further processing and the non-recyclables are transported to Refuse-Derived Fuel (RDF) plants for incineration. Incineration from RDF plants is not harmful to the environment as the steam heats houses in the areas (district heating).

In FY2023 we will be working with our waste broker and suppliers to further integrate circular economy principles to reduce waste and maximise recycling and reuse. We have set targets to achieve 80% recycling by 2024. In addition, we will be launching new waste initiatives throughout the business with site by site monitoring and comparison of recycling rates.

Sending packaging packing

We work with our suppliers to reduce or, in some cases, eliminate packaging which would otherwise be passed on to us to dispose of. As part of our supply chain collaboration to ISO20400 we will be working closely with our suppliers to eliminate packaging across our supply chain. Where packing is required it will be reusable, recyclable, or compostable.



Speedy Hire Plc Corporate Greenhouse Gas (GHG) Report

This GHG Report has been compiled covering the fuels combusted directly by Speedy operations, fugitive refrigerant gases, energy consumed in our UK Mainland activities, Northern and Republic of Ireland operations and our International business and includes the business travel and waste disposal activities of our UK Mainland offices and depots.

Combustion of Fuel and Operation of Facilities

Over FY2022 Speedy reduced its fuel use and carbon emissions across its commercial vehicles and company cars. Our company car list is 100% electric/hybrid and we have offered 300 existing company car users the opportunity to change any non-electric or hybrid vehicles early to encourage our colleagues to reduce their carbon emissions. We have transitioned our HGVs and tankers across our NSCs (National Support Centre's) and powered access depots from diesel fuel to HVO D+ to reduce our emissions by up to 90% saving 794T of CO₂e in FY2022. We have continued to roll out electric vehicles across our commercial vehicle fleet with a further 150 vehicles due in FY2023.

Electricity, Heat, Steam and Cooling purchased for own use

In FY2022 88% of the electricity we procured was renewable energy significantly reducing our carbon emissions. Our innovation centre at Milton Keynes has energy efficient features designed throughout from LED lighting, a building management system and photo-volatic (PV) cells. Our innovation centre recently became a fully renewable net zero-facility as the small amount of energy the centre is using is now supplied by the photo-voltaic cells.

Scope 3 Business Travel – Rail and Air

There has been a significant reduction in the use of rail and air travel due to the introduction of hybrid working following the global pandemic. As a business we are continuing to encourage our colleagues to reduce travel where possible through optimising videoconferencing and when required to use rail more frequently as a more sustainable source of travel.

Scope 3 – Waste

Our Scope 3 emissions from waste has slightly increased in FY2022 due to greater collaboration with our waste providers in collating data across multiple waste streams. We have expanded our waste data from general waste, recycling and confidential waste to include oily rags, filters, waste absorbent materials, waste water from wash down activities, sludges, waste oil and fuel along with battery waste.

The overall CO₂ emitted per employee has reduced to 4.94te in line with our objective of reducing our carbon footprint.

Environmental Social Governance

Report continued

Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013. We do not have any responsibility for any sources that are not included in our consolidated statement except those quoted in the Omissions section. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1, 2 and 3, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting FY2022. This year's report includes Well to Tank, Transmission and Distribution, and Waste factors also.

Omissions

The combustion of diesel for the testing of equipment/machinery could not be established for this reporting period.

Carbon emissions from our Middle East operations are not included in our carbon data for FY2022 and comparison year of 2019 as the business was sold in March 2021. This is to enable like for like comparisons.

Data confidence

The data used to report the GHG emissions was reviewed and examined and gives a 'High' level of confidence +/- 4.1. This was established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty', and has been independently verified.

Global GHG emissions

The GHG emissions are from 1st April 2021 to 31st March 2022. We have seen a reduction in our CO₂e per employee of 23%. A detailed breakdown is provided in the table below compared against the prior year:

Emissions From	Tonnes of CO ₂ e	
	Current Reporting Year FY2022	Current Reporting Comparison 2019*
Combustion of Fuel and Operation of Facilities	16,125.98	18,676.52
Electricity, Heat, Steam and Cooling purchased for own use	236.48	2,938.62
Refrigerants	20.11	13.17
Total Scope 1 and 2 Emissions	16,382.57	21,628.31
Scope 3 Business Travel – Rail and Air	153.36	373.33
Scope 3 Waste	55.94	40.57
Scope 3 Transmission and Distribution of Electricity	183.00	267.05
Total Scope 3 Emissions	392.30	680.95
Tonnes CO₂e per employee	4.94	6.45

*Comparison to baseline calendar year

Task Force on Climate-Related Financial Disclosures report

In accordance with Listing Rule LR 9.8.6 (8), the following outlines Speedy's response to Recommendations and Recommended Disclosures of the Taskforce for Climate-Related Financial Disclosures (TCFD).

The findings in this disclosure are based on an in-depth study which brought risk owners from across the Group together with external climate risk experts. This document summarises our progress against the four core elements of the TCFD disclosures:

Governance

Our governance structure to provide effective oversight over our climate-related risks and opportunities

Risk Management

How we identify, assess and manage climate-related risks

Strategy

The actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning over the short, medium and long-term

Metrics and Targets

How we measure and manage our performance in addressing these risks and opportunities

Speedy has already made significant progress in aligning with the TCFD recommendations, identifying and assessing climate-related risks and opportunities and ensuring robust and effective governance is in place. As part of our roadmap to reach full compliance with the recommendation in FY2023, the next priority is to take our top climate-related risks and opportunities through scenario analysis to assess and enhance our resilience. Speedy has set near-term 2030 Science-Based Target for Scopes 1 and 2 emissions (subject to SBTi verification), in line with a 1.5°C scenario and work is underway for Scope 3. Next, we plan to establish a longer-term net-zero target.

Governance

Board-Level Oversight

The Board recognises the systemic threat posed by climate change and the urgent need for mitigating measures. Ultimate responsibility lies with the Board for ensuring that Speedy effectively responds to climate-related risks and opportunities and for approving the Company's ESG strategy. The Board discharges these responsibilities directly and through its committees as follows:

- The **Audit & Risk Committee** is responsible for overseeing climate-related risk, reviewing the effectiveness of risk management and internal control processes and ensuring the Company's compliance with its disclosure obligations. The Committee ordinarily meets four times a year.
- The newly established **Sustainability Committee** will oversee how climate-related risks and opportunities are managed. This is part of the Committee's responsibility for overseeing the Company's ESG strategy and performance against targets. The Committee will meet as required and not less than twice a year.
- The **Remuneration Committee** integrates Speedy's climate performance metrics into the Company's variable remuneration, where relevant, ensuring that elements of bonuses are linked to the Company's decarbonisation progress.

Each Board Committee liaises directly with relevant Management and Executive Directors and provides regular reports to the Board. The Board also receives reports directly from Executive Directors on matters judged material by them or the Executive Board, which meets monthly. As a member of all three bodies, the Chief Executive represents the link between the ESG Steering Committee (see below), the Executive Board and the PLC Board, where matters are reported or escalated as necessary in accordance with governance and policy set by the PLC Board. The Board also receives regular written updates for discussion.

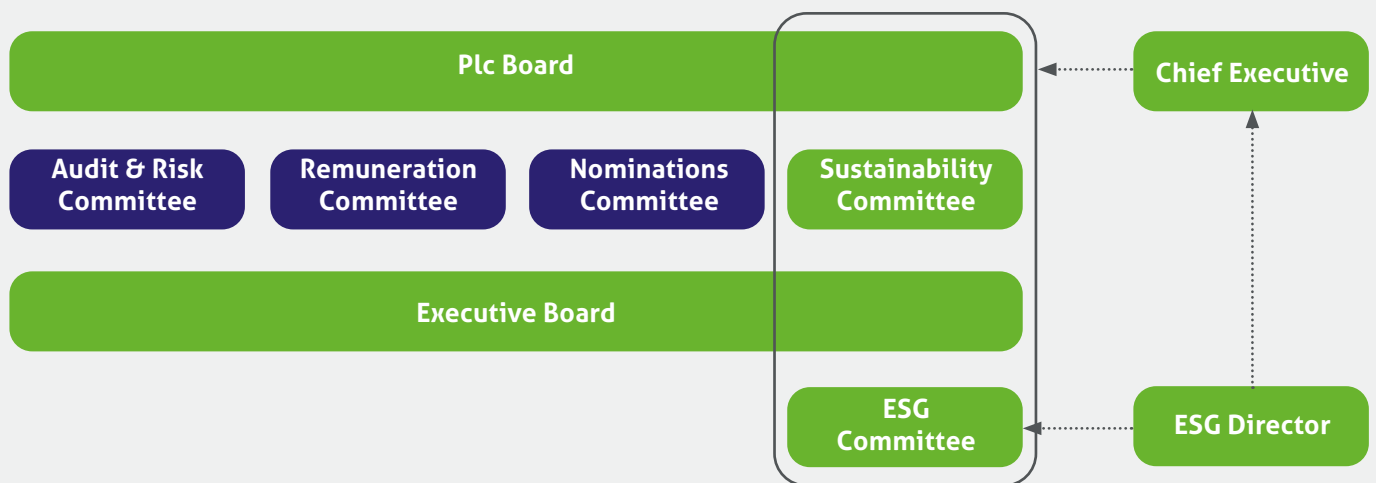
Management-Level Oversight

At management level, the climate strategy and performance of the Group is overseen by the ESG Steering Committee. This broad-based group of senior leaders is chaired by the ESG Director and sponsored by the Chief Executive.

Environmental Social Governance Report continued

The ESG Steering Committee includes standing members or periodic reports from leaders of the following functions: Risk & Assurance; Finance; Operations, Logistics and Warehousing; Fleet; Fuel; Sales; Property; Commercial; HSSEQ; ESG; Innovation and Supply Chain; HR; Marketing and Communications. This Committee meets not less than quarterly.

The ESG Director, via the Steering Committee, is responsible for maintaining an up-to-date risk register covering each area of the business. To do so, the ESG Director seeks climate-related information from a variety of internal and external stakeholders, as well as climate risk specialists. Climate-related risk is consolidated into the Group risk register which is used by the Board to assess our principal risks.



Risk Management

Identifying and Assessing Climate-Related Risks

To establish Speedy’s exposure to climate-related risk, a comprehensive list of risks that includes both physical and transition risks was developed with the support of specialist advisors. Physical risks are acute (e.g. flooding and storms) or chronic (e.g. rising temperatures) while transition risks relate to the shift to a low-carbon economy. Transition risks can include policy and regulatory, technological, market, reputational or legal risks.

These risks and the broader requirements of TCFD have been assessed by internal stakeholders and risk owners to evaluate their materiality based on likelihood and impact. These ratings encompass financial and non-financial factors. This approach, which will be regularly reviewed and updated, is aligned to our risk management framework and is based on current expectations of climate trajectories and global action.

Managing Climate-Related Risks

The risks identified are refined according to their materiality. These risks are then embedded by the ESG Steering Committee into the risk management framework and a determination is made whether to transfer, control or mitigate each one.

To further understand the impacts of our top risks, we are preparing to take each risk through scenario analysis in

FY2023. This process will use three different climate scenarios, including a 2°C or lower scenario. Analysing our top risks across these scenarios will enable Speedy to better understand how climate-related risk will impact the business.

Another priority for FY2023 is to review the controls we have in place that support climate related risk management processes, such as our business continuity, financial and strategic planning. We will assess the effectiveness of these processes in mitigating our climate-related risks and develop improvement plans. Our goal is to ensure Speedy’s resilience, enabling the Company to survive and flourish in any of the multiple, plausible future climate scenarios that may unfold.

Integrating Climate-Related Risk into Overall Risk Management

The climate-related risks in the table opposite form part of our ESG risk register which is managed by the ESG Steering Committee. The ESG risk register is embedded into the Group risk register in accordance with the Company’s risk management policies and procedures. As we refine our governance of climate-related risks, integrating them more comprehensively into our overall risk management framework and financial planning process will be a key focus in FY2023.

Speedy’s risk management policies and supporting risk management processes help ensure that we swiftly identify, assess and respond to risk. Our ESG policies underpin how we manage climate-related risk in both our operations and our supply chain.

Strategy

Climate Risks, Opportunities & Impact

We have explored climate risks across every aspect of the Group's business: our products and services; our operations; our value chain; our adaptation and mitigation activities; as well as our investment in new innovative products. As a result, we identified ten climate risks which are potentially material to the Group (Table 1). Of these, eight are transition risks and two are physical risks. In addition, we identified three opportunities that are of strategic importance to the Group (Table 2). These climate-related risks and opportunities have been categorised by time horizons within which we anticipate most of the impacts will occur.

Short term: 0-2 years (2022-2024)
Medium term: 2-5 years (2024-2027)
Long term: 5-10 years (2027-2032)
Very long term: 10-28 years (2032-2050)

During FY2023 we will undertake climate-related scenario analysis to assess and enhance the resilience of our strategy. This exercise will enable the Company to ensure that our strategy correctly considers and addresses risks and uncertainties and capitalises on opportunities presented under three plausible climate futures, including a well below 2°C scenario.

Table 1. Material Climate-Related Risks

Transition Risks			
Risk Type	Risk Description	Impact	Time Frame
Technology	Evolution of climate technology may not keep up with customer demand.	This could lead to unreliable new technologies and increasing costs which cannot be recouped from customers.	Long-term (5-10 years)
Technology	The higher-carbon equipment in our hire assets could become obsolete based on changing customer demand and/or legislation.	These assets could become obsolete.	Medium-term (2-5 years)
Fuel	Increasingly limited supply of fossil fuels may lead to greater instability in fuel prices.	This could expose Speedy to cost increases.	Short-term (0-2 years)
Reputation	The Company may not stay on track to meet our Science Based Target.	This could lead to reputational repercussions with customers, other stakeholders and external ESG rating agencies.	Medium-term (2-5 years)
Customer demands	Speedy's provision of low-emission fuel alternatives may be insufficient to meet customer demand.	This could risk losing customers to competitors or straining customer relationships due to cost or supply negotiations.	Short-term (0-2 years)

Environmental Social Governance

Report continued

Transition Risks (cont'd)

Risk Type	Risk Description	Impact	Time Frame
Regulation	Without regular and thorough horizon scanning, the Company may not fully comply with climate regulation across its operations.	This could lead to reputational damage, fines and/or obsolete assets.	Short-term (0-2 years)
Data	There may be significant challenges in obtaining accurate Scope 3 data.	Inaccurate or incomplete data could mean that Speedy fails to satisfy reporting requirements and rising stakeholder expectations.	Short-term (0-2 years)
Infrastructure	Plans to increase use of electric vehicles may be hindered by a lack of infrastructure to support electric vehicles.	Customer satisfaction could be affected if this impacts how quickly Speedy service customers.	Medium-term (2-5 years)

Physical Risk

Risk Type	Risk Description	Impact	Time Frame
Extreme weather events	Business operations and human capital may be significantly affected by the increasing frequency and severity of storms.	This could negatively impact operating efficiency.	Medium-term (2-5 years)
Extreme weather events	Storms and extreme wind speeds may cause physical damage to Speedy's sites and assets.	This could negatively impact operating efficiency and increase costs e.g. insurance premiums and capacity constraints.	Medium-term (2-5 years)

For many of these risks, we have mitigating controls in place. As technology evolves, for example, we are investing in various solutions to avoid higher-carbon equipment becoming obsolete assets. Some products, such as power generation and lighting towers, can be retrofitted with the latest technology. For our diesel assets, HVO can help to reduce emissions by up to 90% compared to diesel.

Table 2. Material Climate-Related Opportunities

Opportunity Type	Opportunity Description	Impact	Time Frame
Products and Services	<p>Demand from customers for low-emission equipment and services may rise.</p> <p>In addition, Speedy's hire equipment could help customers deal with the negative impacts of floods, storms and other extreme weather events.</p>	This could lead to new revenue streams and greater market shares.	Medium-term (2-5 years)
Technology	Investment in low-emissions product technology may help Speedy achieve its climate targets.	In addition to meeting Speedy's climate targets, this could lead to increased efficiencies and opportunities for business partnerships.	Long-term (5-10 years)
Reputation	There is opportunity for Speedy to be seen as a climate leader among all stakeholder groups.	This could help Speedy attract and retain customers, as well as new talent.	Medium-term (2-5 years)



Environmental Social Governance Report continued

Metrics and targets

Speedy has set a near-term Science-Based Target (SBT) that will reduce our Scope 1 and 2 emissions by 50% by 2030 (subject to SBTi verification). We have also completed our initial Scope 3 assessment. We plan to develop a long-term Science Based Target to reach net zero by 2050. Further information can be found on pages 43 to 44.

Our decarbonisation pathway includes targets that cover every aspect of the Speedy business: our product offering, operations, fleet and supply chain. We are already taking key steps to improve the environmental credentials of our hire and owned fleet vehicles through product life cycle assessments, eco product upgrades, alternate fuel provision, electric and electric hybrid vehicle fleet and logistics improvements. For example, 100% of our company cars will be hybrid or electric by 2023. We have also been increasing the proportion of renewable electricity we purchase as a group. Currently this represents 87.6% of our overall electricity use and we have committed that 100% of our electricity will be from renewable sources by 2027. For further details on our initiatives to reduce carbon please read on pages 42 to 53.

Another project underway is formalising the metrics and targets used to monitor climate risk in Speedy's overall risk management strategy. These metrics and targets will measure physical risk (e.g. number of sites at risk of extreme weather events) and transition risk (e.g. revenue lost due to reputational damage). These metrics will help track the magnitude of these risks, the Company's exposure and the effectiveness of our controls. The work will also help us to capture and maximise climate opportunities, further strengthening our resilience during the transition to a low-carbon economy. We plan to complete this work during FY2023, alongside our review of current controls and processes to strengthen our management of climate-related risks.

We use the Greenhouse Gas Protocol to calculate our Greenhouse Gas (GHG) emissions. A full overview of our GHG emissions and energy consumption data for FY2022 versus our 2019 base year can be found on pages 55 to 56.



Environmental Social Governance

Report continued

Safety of our people and communities

Our commitment to safety sits at the heart of our business.

Our Health and Safety Policy is constructed with the clear objective of eliminating accidents and injuries at work. This is critical to all of our stakeholders, from our people to our customers, which is why we adopt a 'collective responsibility' mind-set across our operations. This encompasses risk awareness, protocols and training, and making the safety of the workplace and our customers' sites our colleagues' responsibility.

Through our new Collective Responsibility safety programme, we are delivering effective risk management and leading the way in raising safety standards across the industry by:

- Collaborating with suppliers to develop safe, innovative products. This includes our new App functionality launched with tool manufacturer Hilti, which advises users of the most productive tool for specific tasks that would minimise exposure to harmful vibration levels.
- Increasing awareness of occupational hazards including dust inhalation, hand-arm vibration syndrome and musculoskeletal disorders, providing expert guidance in our service centres and through our on-site Toolbox Talks.
- Continuing to develop and promote the use of our new safety management system 'EcoOnline', to manage safety incidents, accidents, environmental incidents and hazardous and near miss reporting. Alongside this, it enables us to drive continual improvement through corrective action logging and root cause analysis, in addition to the ability to manage our carbon data and deliver reductions across the business.
- We have migrated our audit suites to our safety management system "EcoOnline" to consistently be able to identify NCRs raised as a result of audit or accident/incident.
- Supported our safety initiatives with the roll out of Point of Work Risk Assessments on mobile devices to all colleagues, again through the use of EcoOnline.
- Rolling-out new bespoke training courses in Manual Handling and Certified Authorisation Professional (CAP) in powered access.
- Successfully delivered IOSH training courses to 50 of the senior management team.
- Introducing key messages and training through video messaging delivered via the company intranet, The Hub, signposted by QR codes on our bespoke iBoard communications.
- Established a new Speedy Safety committee which is chaired by the HSSEQ Director and meets Quarterly to discuss key concerns and suggestions raised throughout the business, e.g. following the launch of the new committee, Speedy is about to roll out a new safety campaign which was the suggestion of a committee member who is based out of one of Speedy's on-site locations.

Health and safety reporting

We have a robust reporting programme in place, which includes regular audits, reviews and monitoring. This includes:

- Setting annual health and safety performance targets for both leading and lagging indicators
- Providing monthly reports to the PLC and Executive Boards on safety performance
- Providing safety dashboards on our EcoOnline system for the business
- Reporting regularly to key stakeholders on safety performance
- Monitoring safety performance standards through safety inspections, audits and reviews
- Recording and investigating accidents, dangerous occurrences and near misses
- Encouraging the reporting of hazards and positive observations
- Implementing effective measures to prevent the re-occurrence of incidents

It is recognised that our RIDDOR Injury Frequency Rate has increased, whilst our Specified Injury Frequency Rate has stayed the same. Post pandemic we have undertaken IOSH training for all our Senior Leaders including the Executive Board. We have also initiated a full Safety Survey for our colleagues to participate in, the results of which will influence the next stages in our safety journey. We have adopted and targeted leading indicators whilst still reporting on the lagging indicators.

Recognition in safety

FY2022 was another successful year for Speedy. For the eighth consecutive year we were awarded a RoSPA Gold Award, for achieving a high level of safety performance and demonstrating well-developed occupational health and safety management systems.

During the last year our safety standards were recognised by:

- Network Rail – Route to Gold
- RoSPA – Gold Award for Occupational Health and Safety - eighth consecutive year
- Fleet News – Excellence in Safety and Compliance Award



Safety standard

Recognised by Network Rail and RoSPA

Key reporting measures

0.35

RIDDOR accidents per 100,000 hours worked (FY2021: 0.22)

0.09

Specified Injury Frequency Rate per 100,000 hours worked (FY2021: 0.09)



Environmental Social Governance Report continued

Strategy in action: Collaborating to improve safety

During March 2022 we launched a brand new manual handling innovation into the business; the AluTruk.

Collaborating with our colleagues, truck builders PPS, and engineering firm BIL, the AluTruk is a piece of equipment for safely moving heavy objects manually. The equipment has a rounded handle for ease of movement and a rounded back making it safer to move cylinders and gas bottles, that also combines with struts for rectangular objects. The AluTruk has an improved lifting capacity and can carry up to 300 kilogrammes.

In addition, we have introduced an undercarriage compartment to our commercial fleet to house the AluTruk, negating the need for our drivers to mount the back of the vehicle to retrieve this piece of equipment.

We have ordered over 800 units of the AluTruk and the undercarriage is being retro-fitted to our existing fleet and will be fitted to all new fleet moving forward.

"This is a fantastic innovation and example of collaboration between our colleagues and our partners, helping to make it safer for our people while manual handling our products in the workshops and while delivering and collecting our products from customer sites."

Andy Johnson, HSSEQ Director, Speedy





Including Everyone

Delivering on the promise of a sustainable Speedy requires great people working together on shared goals. At Speedy we operate like a family, supporting one another's personal development so we can be the best we can be.

People First: Driving forward a progressive, inclusive culture

Our committed and highly trained people want to be part of a fair, inclusive and respectful organisation. We aim to provide a good work life balance and support the communities we work in.

Colleague engagement

As a people centric business, colleague engagement is essential to our success. Our aim is to be the best company to work for in our sector. Our, 'People Matters' survey was very positive, with an engagement score of 76%. During the year we have set up several forums and committees that focus on specific areas that our people are passionate about. The working groups are sponsored by Executive Board members, with progress against action plans regularly reviewed at Executive Board and ESG Steering Group meetings.

Equality, Diversity and Inclusion

We believe in providing fair and equitable reward and recognition for our peoples' contribution, no matter what part of our business they work in, and in promoting equality and diversity, to encourage inclusivity across every aspect of our business. Our recruitment team works to attract applicants from a wide variety of backgrounds, increasing diversity at all levels in the organisation.

Having established a new Equality, Diversity, and Inclusion (EDI) working group in the prior year, we have seen increased engagement within the business. The working group has driven a series of educational and celebratory initiatives such as Pride and Ramadan.

In June 2021 we supported Pride month by altering our brand logo and pro-actively celebrating the diversity within our business through our social media channels and on our internal communications platform 'The Hub'.



Environmental Social Governance Report continued

Gender Pay and Living Wage

Under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 we publish our Gender Pay Gap report. We are pleased to report that as a Group we have no significant gender pay bias. We will continue to ensure that colleagues are rewarded and recognised fairly for their contribution and that they have equal access to opportunities within all areas of the business.

Speedy is also proud to be a Living Wage supporter as we believe our people deserve a wage which meets everyday needs.

Below is a breakdown by gender of the number of people who were Directors of the Company, senior managers and other employees as at the end of the reporting period:

Directors



Senior management team



All Speedy employees (UK and Ireland)



21% of our total headcount is female. Our objective is to increase gender diversity across our business, including our board. Our target is to have 30% female colleagues by 2030.



30%

We are committed to gender diversity, aiming for 30% of our workforce to be female by 2030.

Strategy in action: PLUS (People Like Us) Network

In FY2022 we set up our PLUS network to support the improvement in gender diversity at Speedy, to help us be more attractive to women and to establish a more supportive culture for the females who currently work at Speedy. Our PLUS network is made up of a number of female and male Speedy colleagues.



Colleagues at our Innovation Centre open day.



PICTURED: Chief People Officer Ellie Armour was joined by co-signatory Colonel Paul Gilby to sign the covenant.

Supporting veterans through the armed forces covenant

In November 2021 we committed to creating equal opportunities for ex-servicemen and women and their families after signing the armed forces covenant, a promise by the nation ensuring that those who serve or who have served in the armed forces, and their families, are treated fairly.

Under the agreement, we have pledged to establish a tailored employment pathway for veterans by working with not-for-profit service Career Transition Partnership, and by recognising military skills and qualifications in interview processes.

We already employ a number of ex-service personnel and our aim is to increase the number of colleagues from armed forces backgrounds. Having signed the Armed Forces Covenant we received the Bronze Award in the Employee Recognition Scheme, which evidences the tangible support an organisation offers to its armed forces community. We are now progressing through silver towards its gold standard.

Speedy joins other major employers in the construction industry including some of the UK's largest contractors in signing the covenant, signalling to ex-service men and women that they are armed forces friendly organisations at a time when almost one in five (17%) veterans in work say that finding the right job is very difficult.

The business has also committed to support its colleagues with family in the armed forces by upholding several principles that include sympathetically reviewing requests for leave surrounding partners' overseas deployment and providing paid leave for colleagues who's loved ones are lost or injured in the line of duty.

"Signing this covenant formalises the respect we have for those that come from armed forces backgrounds and underlines our commitment to supporting them in developing their future careers. Our veteran colleagues enrich our business with the training and skills they developed while serving their country, from project management to driving heavy goods vehicles, and we recognise our duty as a major employer to give back to armed forces communities nationwide."

Ellie Armour, Chief People Officer

Environmental Social Governance Report continued

Rehabilitation of prisoners and ex-offenders

We have been active in the rehabilitation of prisoners since 2006. We currently run a training workshop at HMP Garth in Lancashire for up to 20 inmates with two full time Speedy engineers.

In FY2022 we signed up to Cleansheet, a national Criminal Justice Charity founded in 2010 with the simple purpose to offer people with convictions the hope of a better future by finding real, permanent employment. Cleansheet are helping Speedy to fill their vacancies across its National Service Centres through opening their opportunities to talented people with convictions who are wanting to move forward and start again. Partnering with Cleansheet offers several benefits such as reducing the risk of reoffending, contributing to an our sustainability objectives and creating a safer society.

Colleague Consultative Committee

During the year we replaced our staff forums with the new Colleague Consultative Committee (CCC). The aim is for members to be actively involved in representing Speedy colleagues in helping to make Speedy a great place to work. It creates the opportunity for a representative group of colleagues to receive and share information, explore views and opportunities or alternatives for improvements and make comments on behalf of the teams they represent.

The CCC is a UK forum attended by members of the leadership team, including Russell Down, Chief Executive, and Ellie Armour, Chief People Officer and a range of colleague representatives from across the business.

The colleague representatives meet twice a year, ahead of the CCC with their divisional sponsor to address local matters, and at a UK level the representatives meet twice a year to examine and discuss issues affecting colleagues across the UK. This makes the CCC's role a valuable part of a two-way communication process around pertinent topics and critical business decisions that need to be made. Rob Barclay, Remuneration Committee Chairman and designated Non-Executive Director for employee engagement, attended one of the meetings during the year and spent some time discussing the purpose of the Remuneration Committee.

In between the CCC meetings, informal 'coffee' meetings and visits take place in operational sites and in head office led by Executive Board and/or Senior Leadership Team members for further feedback from frontline colleagues.



Wellbeing Committee

We recognise that mental health and wellbeing is a key issue within the construction industry.

Our people feel passionate about the mental health and wellbeing of their colleagues. We have over 50 volunteer Mental Health First Aiders throughout the business, trained to identify potential mental health issues in the workplace, and proactively promote strategies to support the wellbeing of our colleagues. Further help is available to colleagues through our Employee Assistance Programme.

Our Wellbeing Committee which is sponsored by our Chief People Officer consists of colleagues from across the business considers all aspects of employee welfare. During FY2022 the committee have created campaigns and initiatives promoting a healthy approach to mind and body. Here are just some of the initiatives we're delivering:

- Launching an easy-to-access Wellbeing Calendar
- Providing guidance and coaching to colleagues and managers regarding managing workload
- Providing mental health and wellbeing training for managers
- Creating fresh wellbeing content on our internal communications platform 'The Hub'
- Hosting lunch and learn sessions on a number of topics including, stress, mental health awareness and domestic abuse.

In October 2020, we conducted our first well-being employee survey and have committed to running them periodically to check how our people are feeling towards their physical and mental health, and identify what more we can do to support them.

The COVID-19 pandemic presented all organisations with physical and mental wellbeing challenges, both in the workplace and at home. Twelve months after our first survey, in December 2021 we conducted the survey again to understand how our colleagues are feeling as we emerge from the pandemic, and understand how well the initiatives put in place after the first survey are working, or where there is need for improvement. Our new action plan includes:

- Video messaging from the Executive Board to acknowledge the importance that Speedy place on the mental health and wellbeing of our people and what we are doing to help
- Supporting managers to be more confident in approaching the subject of mental health and wellbeing through continuous training

- We have implemented a new hybrid working policy to provide flexibility and improved work-life balance, and introduced guidelines around managing meetings remotely.
- Maximising partnerships with external organisations and our charity partners to create engaging content and online events with a focus on wellbeing
- More 'Lunch and Learn' sessions online, and introducing Wellbeing Roadshows to ensure all parts of our business have access to the information and support available
- A busy calendar of wellbeing initiatives, with monthly themes for people to decide which initiative or resource they'd like to get involved with or tap into
- Continue to promote a culture where it's ok to talk 'anytime', including continuing with our monthly 'Time to Talk' days.

Personal development

Personal and professional development is at the heart of our people strategy. We are committed to investing in our people throughout their career with Speedy.

During FY2022 we have invested in early careers roles and introduced a 'late careers' mentor programme. The objectives of the strategy are:

- To support business growth and contribute directly into our strategic pillars:
 - People First Focus – our culture and commitment to the 5% club
 - ESG strategy – diversity and social contribution focus
- Ensure we develop our people with the skills required for the future
- To harness the exceptional skills we already have in the business and pass these down to new colleagues
- To provide development opportunities for all and increase internal mobility
- Develop future leadership, and aid retention and engagement – we want to 'grow our own' and support succession planning
- Develop an innovative approach which will attract talent into the business

Environmental Social Governance

Report continued

Our 'Career Line of Sight' scheme which launched in FY2021 and supports the learning and development of our people at all levels of seniority has been extremely successful, creating a clear vision for colleagues to follow in developing their careers at Speedy.

Career Line of Sight is our promise to colleagues that we will:

- Provide a framework to demonstrate what good looks like.
- Invest in people development through supporting colleagues in progressing their career at Speedy.
- Ensure colleagues who are happy in their current roles are able to continually develop their skills to attain maximum performance within their areas of responsibility.

By supporting and developing our people, we will further strengthen our strategy to Simplify, Standardise and Grow the business. The Career Line of Sight scheme is in place across our operational, sales and HR teams.

High potential programme

Colleagues who have been identified as having the potential, ability and aspiration for leadership positions are invited to join our High Potential Programme. The programme consists of three main strands, two of which provide a management qualification accredited by the Institution of Leadership and Management. The programme ensure colleagues at all levels, and stages of their career, have access to development which supports our approach to succession planning for all roles. During FY2022, 91 colleagues took part in these programmes.

We operate a Senior Leadership Programme which is being delivered by two external providers. The programme is being attended by seven talented leaders from across the business. The 12 month programme is closely linked to our business strategy, and has been designed to enhance the skills, knowledge and behaviours of those taking part. The programme is made up of a number of modules around leadership and self-awareness, and delegates are required to complete a business project, the outcomes of which will be delivered to the Executive Board.

Graduate and apprenticeship schemes

In January 2021 we joined the 5% Club, a group of employers working to create a shared prosperity across the UK, committing to raising the number of apprentices, graduates and sponsored students on formal programmes to 5% of the total workforce by 2025.

This commitment is helping us ensure that the business has a sustainable future, creating opportunities for young people with new skills that will become the leaders of tomorrow.

During the year we have taken on new graduates on a two year programme. This provides a range of training, personal development and experience to develop a thorough understanding of Speedy and our business in its entirety. The aim for our graduates is to learn relevant skills, knowledge and behaviours to develop a successful career, assisting in effective succession planning for the future growth of the Company. The scheme provides on the job training which includes:

- The chance to study for relevant qualifications where necessary
- Completing business experience modules
- A tailored learning and development programme
- The opportunity to complete projects set by the Executive Board
- Integration onto the High Potential Programme in year two to develop first time manager and leadership skills

We also operate a Rotational Graduate Scheme. This three year programme leads on a specialist area with graduates completing six x six month placements made up of core, mandatory placements and optional placements that the graduate themselves can select.

It includes all the benefits of the two year programme, and through the exposure and experience of working across the business, identifies which area each participant can start building their Speedy career.

We currently have 10 graduates on programmes both in our rotational and specialist graduate schemes across the business.

Additionally, we have 82 colleagues participating in apprenticeship schemes across the business made up of a mix of new apprentices, who are primarily in engineer based roles, and existing colleagues who are using apprenticeships to up-skill and progress their careers. Our apprentices range from 16-40+ years old and follow various pathways; we don't have a one size fits all approach.

At 31 March 2022 we are on track to meet our 5% Club objective with 2.7% of our people being apprentices, graduates and sponsored students on formal programmes.

A focus on retail skills

We provide a retail offering within our service centre network, and during FY2021 commenced a trial to open Speedy outlets within a number of B&Q stores. During FY2022 we cemented the partnership with B&Q, rolling out to 36 B&Q stores across the UK.

We have a successful bespoke people strategy for retail that is attracting both full and part-time colleagues with a background in sales.

We have implemented new ways of resourcing, revised contracts of employment, benefits and pay scales to complement B&Q arrangements. Flexible working hours are a key component to this success, which has enabled part-time students, returning parents and retirees to consider careers with Speedy. We have also developed a bespoke digital on-boarding and training experience for colleagues that join the retail business.

Working with the B&Q team we have been able to combine our leadership values to ensure a one-team culture exists in stores.

Training

We are committed to developing our skills base, and our internal Training Academy delivers a comprehensive schedule of online, classroom and practical training courses. The training team offers a full range of technical training courses which makes sure our colleagues are carrying out their roles effectively and safely.

Our learning and development courses are designed to help our colleagues reach their full potential, and also build the skills and behaviours which will help support Speedy's customer led culture.

All colleagues have access to a range of externally provided courses, in the form of apprenticeships, which are funded using either the apprenticeship levy or other government funding across the UK. These courses are across Level 2 – Level 7 and examples include:

- Management
- Team Leading
- Customer Service
- Contact Centre Operations
- Improvement Technician

In FY2022 we provided 41,588 training courses which was a combination of e-learning and classroom-based training.

As a member of the Sustainability Supply Chain School we also provide sustainability training as part of our High Potential Programme and Graduate and Apprenticeship Training Schemes. In FY2023 we will be rolling out a company wide sustainability training programme to engage and upskill our staff on sustainability.

New training portal launched

On 1 March 2022 we launched our new online training system 'PeopleFluent', which is accessed through our intranet platform 'The Hub'.

The system was developed by gathering feedback and engaging teams across the business with the objectives of making the system easy to access, use and provide a single destination for all individual mandatory training needs.

The system has generated extremely positive feedback from colleagues, with the benefits of using a single sign in process, and a 'one-click' experience to access training modules. It also clearly identifies where training is expiring and what's coming up. It allows managers to effectively schedule their teams' training without disrupting the operations.

PeopleFluent also provides more accurate training reports for managers which are instantly available from the home screen to improve management information and monitoring of training needs within teams.

"I was excited to implement our new training system. Developing the system by gathering feedback and engaging our colleagues in the process has been key to its success, and the way it offers them an enhanced training experience"

Rebecca Sargent, Technical Training Manager, Speedy



Environmental Social Governance Report continued



Winners celebrate at the Speedy Excellence Awards

Performance and recognition

We have a consistent Personal Development Review (PDR) process for all colleagues which measures performance against pre-defined objectives and identifies areas for training and development. The process includes a formal one-to-one meeting with the colleague's line manager which supports enhanced individual performance and career aspirations.

We run an employee recognition scheme 'Celebrating Excellence'. The scheme empowers all employees to nominate their colleagues for a spot award in recognition of excellent performance. 1,234 employees received an award during FY2022.

We host an annual Excellence Awards event where outstanding teams and individuals are publicly recognised for their performance. The awards are made over a number of categories including Customer Experience, Leader of the Year and Rising Star, and nominations are received from colleagues within the business. Having been unable to run the awards in the prior year due to the COVID-19 pandemic, we were delighted to invite our colleagues back for this most prestigious of nights to recognise their outstanding individual and collective achievements.

Our long service recognition scheme celebrates loyalty for those who have 10, 20 and 25 years' service with the Company. 143 colleagues reached these milestones during this financial year.

Rewards and benefits

We aim to provide competitive reward and benefits packages that attract, motivate and retain people in the most efficient manner. During FY2022 we benchmarked and adjusted the salaries of further roles across the business which helped to retain the key skills required to compete in the marketplace.

We run a number of incentive and recognition schemes which span all colleagues, most of which are performance related. We also regularly review and update our employee benefits package as we recognise that salary is not the only component that motivates employees.

We are committed to the People's Charter with the Supply Chain Sustainability School, which we are audited against annually.

Group headcount

3,554

(31 March 2021: 3,843)



Part of the community

Speedy people are part of local communities all over the country. It's in our nature to join in, help solve the challenges we face today and get ready for the future.

Communities Committee

With c.3,500 colleagues spread across 200 UK locations, we touch the lives of thousands of families and hundreds of local communities. It's a responsibility we don't take lightly, and we recognise our position as an opportunity to be a real force for good.

Our Charity Committee was set up in 2015. In the prior year we altered the scope and launched the Communities Committee, bringing together newly nominated 'Community Ambassadors' from across the business to shape our charity and community agenda moving forward.

During FY2022 our people helped to raise more £75,246 for c. 40 charities and community groups charities, while contributing time and manpower to a wide range of worthy community causes. We also relaunched our volunteering policy to help our people to support charity and community causes close to their hearts.

We are proud to support three nominated charity partners; WellChild, The Lighthouse Club and the British Heart Foundation. We support WellChild through its Helping Hands programme, which renovates homes and gardens for sick children, helping to make them fun and safe areas for the whole family to enjoy.

To help tackle issues in the construction industry we support The Lighthouse Club, the only charity dedicated to providing financial and emotional support to the construction community and their families.



Environmental Social Governance Report continued

Strategy in action: New long term partnership with the British Heart Foundation

During FY2022 we partnered with The British Heart Foundation, committing to help raise funds for life-saving research into heart conditions, whilst simultaneously installing Automated External Defibrillators (AEDs) at all of our operational locations UK wide. The defibrillators could make a life-saving difference for colleagues, customers, and local communities across the country.

Our commitment to help raise funds for the BHF is part of a long term partnership with the charity. The money raised will help the BHF to fund life-saving research into heart and circulatory conditions such as coronary heart disease, stroke, vascular dementia and risk factors such as hypertension and diabetes.

Colleagues are also participating in a BHF-supported health and wellbeing programme, which includes health checks and personalised advice on decreasing cardiovascular risk.



"The safety and wellbeing of our colleagues and customers is our number one priority. By installing AEDs at all of our sites, we can be confident that if colleagues, customers or nearby residents suffer a cardiac arrest, we have the means to make a lifesaving difference as part of a first medical response. We're delighted to partner with the BHF and support a cause we are passionate about, while also helping to improve the health of our colleagues"

Russell Down, Chief Executive



L-R: Iain Lawrence, Aero Healthcare; Russell Down, Speedy; Hayley Gough, British Heart Foundation

The As One Charity Challenge

During FY2022 over 800 of our colleagues signed up for the 'As One' charity challenge to raise money for Mind and raise awareness about the importance of mental health.

The challenge was for Speedy teams to collectively run, walk, swim or cycle 698 miles; the distance from our furthest southern depot in Camborne to our furthest northern depot in Inverness.

The engagement and from colleagues was incredible, with 63,857 miles covered collectively, and raising a total of £24,739 and generating £1,113,209 of social value through supporting fitness and exercise amongst our 800 colleagues.

We are running the challenge again in 2022, with the money raised being donated to our partner charities; WellChild, The Lighthouse Club, and The British Heart Foundation.

During the next decade, we will be focusing our efforts on widening the net to support our communities to help make a meaningful difference.

Creating Social Value

Our work on the Including Everyone and Part of the Community strategy pillars has made a significant difference on our social impact. We use the HACT model, which provides a basic assessment of social impact and evidence of value for money to calculate the Social Value Impact (SVI) in the communities we work, employ and train. Our SVI for FY2022 has increased from £3,028,634 in FY2021, to £6,251,312.



£6,251,312

our Social Value Impact for FY2022

Environmental Social Governance

Report continued

Governance

Operating as an industry leading sustainable business

The United Nations' Sustainable Development Goals 2030 (UNSDGs) act as a blueprint to achieve a better and more sustainable future for all, with a view of addressing poverty, inequality, climate change, environmental degradation, peace and justice. For businesses, strong corporate governance plays a vital role in this agenda, which is something that Speedy are committed to.

As a business we strive to maintain high standards, reporting with accuracy and transparency and maintaining compliance with the laws, rules and regulations that govern our business, which is also of key importance to us as a publicly listed company.

Our business has robust governance controls and processes in place covering structure and oversight, code of conduct, reporting and the integrity and security of systems. This enables us to make effective decisions, comply with relevant law, rules and regulations whilst meeting the needs of our external stakeholders. We also believe in promoting equality and diversity within the workforce and we work hard to foster that culture within all areas of our business.

We work to leading industry certifications and accreditations to ensure best practice, while maintaining the standards our people, customers and suppliers demand.

Our current certifications include:

- ISO 9001 for quality management
- ISO 14001 for environmental management
- ISO 17020* for the operation of various types of bodies performing inspections
- ISO 27001 for information security
- ISO 45001 for health & safety management (in June 21 we migrated from OHSAS 18001 to ISO 45001)
- ISO 50001 for energy management

*Lloyds British National Contracts

We also remain accredited to schemes that enable us to trade with specific clients and sectors, including:

- Achilles Building Confidence Gold
- Achilles UVDB Silver Plus
- Achilles Oil & Gas Silver Plus Supplier Verification & Audit Scheme
- RISQS: Rail Supplier Qualification & Verification Scheme
- LEEA: Lifting Engineers Equipment Association
- SafeHire for standards in tool and equipment hire
- CHAS Premium Plus: Advanced Assessment SSIP Scheme inc PAS91
- Alcumus SafeContractor + SAFE PQQ
- Constructionline Gold
- IPAF Rental Plus
- Acclaim SSIP Scheme
- SMAS Worksafe SSIP Scheme
- CQMS SSIP Scheme
- Avetta Auditing: Sector & Customer Specific & SSIP Membership
- PASMA: Prefabricated Access Suppliers & Manufacturers Association
- Altius Assured Vendor Award
- Builders Profile Pre-Qualification Scheme



Integral to supporting good governance practices, all relevant colleagues are required to complete Speedy Code of Conduct and cyber security training to ensure working practices across the business are robust and secure.

Similarly our practices regarding engagement with third parties maintain a zero tolerance approach to modern slavery and human trafficking. We have in place appropriate policies and procedures to support ethical trading and regularly monitor and audit our suppliers' network, whilst also producing a modern slavery statement each financial year in support of this.

Our Directors' Remuneration Policy was last approved at our 2020 Annual General Meeting with the intention that it operates for a three year period. The primary objective of this policy is to promote the long-term success of the Group which is important for good governance, however, our Remuneration Committee continues to review the policy to ensure it takes due account of remuneration best practice and that it remains aligned with our shareholders' interests. Our ESG performance is linked to the remuneration of our executive board.

The business has a robust, independent internal audit function in place and its tax strategy is well publicised.

Human rights and modern slavery

Our Human Rights Policy and Anti-Slavery and Human Trafficking Policy applies to all employees and commits Speedy to upholding the provision of basic human rights and eliminate any discriminatory practices. These policies emphasise our compliance with the Modern Slavery Act 2015 and our commitment to human rights in the way we do business, seeking to create and maintain a work culture which allows equal human rights to all persons whilst prohibiting actions contrary to this, such as forced or child labour.

Our policies are communicated to all our employees through annual e-learning modules and cascaded to our supply chain. As part of our ISO20400 sustainable procurement programme we will be undertaking human rights mapping across our supply chain to identify and manage any potential risks.

Financial Review



James Bunn, Chief Financial Officer

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

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

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

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

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

Group financial performance

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

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

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

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

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

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

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

Revenue and margin analysis

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

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

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

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

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

Gross margins increased from 55.6% to 57.2%. Hire margin increased to 77.6% (FY2021: 75.6%) as volumes increased, utilisation improved further and other direct costs remained tightly controlled. Asset utilisation for the year increased to 57.0% on our enlarged hire fleet as a result of the continued use of artificial intelligence and the asset replenishment programme to connect customer demand with asset availability. Services margin was impacted by sales mix with comparably stronger

revenue performance in lower margin services such as rehire and fuel and a reduction in higher margin training revenues, reducing overall margin to 22.1% (FY2021: 23.2%).

Overheads

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

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

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

Interest

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

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

Financial Review continued

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

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

Taxation

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

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

International segment

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

Earnings per share

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

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

Capital expenditure and disposals

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

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

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

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

Balance sheet

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

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

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

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

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

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

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

Cash flow and net debt

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

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

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

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

Dividend

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

Capital allocation policy

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

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

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

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

Return on capital

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

James Bunn, Chief Financial Officer.

Principal risks and uncertainties

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

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

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

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

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

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

Principal risks and uncertainties continued

Description and potential impact	Strategy for mitigation
Sustainability and Climate Change	
<p>Climate change</p> <p>There is a risk that climate change may impact Speedy's operations or ability to trade. Conversely, there is a risk that Speedy will fail to meet internal or external targets designed to reduce the Group's impact on climate change.</p> <p>This could arise from insufficient target setting, inadequate progress of initiatives, or a failure to capture relevant data accurately.</p> <p>Sustainability</p> <p>There is a risk that the Groups business model may not be sustainable in the long term, for example if assets reliant on fossil fuels are not replaced or if the distribution network continues to be similarly reliant on fossil fuels.</p> <p>The result from either of the above may include loss of customer confidence impacting revenue, or investor and bank confidence leading to difficulty in obtaining future funding.</p>	<p>The Group has built on its strong position of embracing the ESG agenda with the creation of the Sustainability Committee to oversee the development of the sustainability and climate change response plan.</p> <p>Robust science-based targets have been set and a director has been appointed to lead the programme, reporting directly to the Chief Executive.</p> <p>Speedy has incorporated hybrid and fully electric vehicles into both the commercial and company car fleets to ensure we continue to reduce our emissions.</p> <p>Further details of the risks, opportunities and mitigating actions in relation to sustainability and climate change are detailed in the Taskforce for Climate-Related Financial Disclosures (TCFD) section of this report from page 57.</p>
Revenue and trading performance	
<p>Competitive pressure</p> <p>The hire market is fragmented and highly competitive. There is a risk that customers can readily change provider, with minimal disruption to their own business activity.</p> <p>There is a risk that the Group does not have an effective route to market for consumer rentals and this could lead to a missed opportunity that is capitalised upon by our competition.</p> <p>There is a risk that cost inflation may reduce margins if customers resist price increases. This risk is higher in a small number of cases where larger customers may be on fixed term agreements with no inflation clause.</p> <p>Reliance on high value customers</p> <p>There is a risk to future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.</p>	<p>The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and addressed where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies.</p> <p>Whilst we develop and maintain strategic relationships with larger customers, no single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME and retail customer base, which helps to mitigate this risk.</p>

Description and potential impact

Strategy for mitigation

Revenue and trading performance (continued)

We have opened 36 concessions within B&Q stores, which allows the Group to directly access a marketplace that represents significant potential for growth. This is supported by a link from B&Q's diy.com website directly to the Speedy consumer online offering. The Group's operational management team includes a managing director dedicated to retail based routes to market.

We have made a significant investment in the year to improve our web-based offering to enable our customers to transact digitally with us, enhancing the ease with which our customers can do business with Speedy.

Project and change management

Acquisitions

Our strategy includes value enhancing acquisitions that complement or extend our existing business in specialised markets. There is a risk that suitable targets are not identified, that acquired businesses do not perform to expectations or they are not effectively integrated into the existing Group.

The Group has a defined process for monitoring and filtering potential targets, with input from advisors and other third parties.

All potential business combinations are presented to the Board, with an associated business case, for approval.

Once a decision in principle is made, a detailed due diligence process covering a range of criteria is undertaken. This will include the use of specialists to supplement the Groups capabilities. The results of due diligence are presented to the Board prior to formal approval being granted.

The use of a cross functional project team, including specialists where necessary, will ensure effective integration into the Group. These teams work with a blueprint plan, modified as needed to specifically address any risks identified during the due diligence phase.

An established Programme Management Office function has clearly defined governance in place to oversee all change initiatives. During the year this capability has been improved with the adoption of a change management methodology designed to increase the success rate of projects.

Principal risks and uncertainties continued

Description and potential impact	Strategy for mitigation
People	
<p>Employee excellence</p> <p>In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain, develop and motivate employees who possess the right skills for the Group, whilst also demonstrating our commitment to equality, diversity and inclusivity.</p> <p>Labour availability</p> <p>There is a risk that with increased numbers of people leaving the labour market, or salary inflation leading to increased staff turnover, there will be shortages of available employees for the Group, with greater requirements for training.</p>	<p>The combined impacts of COVID-19 and BREXIT has resulted in short term challenges, particularly in the recruitment and retention of drivers and engineers. We have reviewed our reward packages for these colleagues and are actively seeking alternative routes to meet the demand, such as our support for the 5% Club and the Armed Services Covenant.</p> <p>Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group.</p> <p>Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group.</p> <p>The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes.</p>
Partner and supplier service levels	
<p>Supply chain</p> <p>Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment.</p> <p>The COVID-19 pandemic has resulted in some supply chain delays which may increase the likelihood of this risk impacting the Group.</p> <p>It is possible that the war in Ukraine may result in disruption to the supply chain.</p> <p>Partner reputation</p> <p>Significant revenues are generated from our rehire business, where the delivery or performance is effected through a third party partner.</p> <p>Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy and hence future revenues may be adversely impacted.</p>	<p>A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners.</p> <p>Where practical, agreements with alternative suppliers are in place for key ranges, diluting reliance on individual suppliers.</p>

Description and potential impact	Strategy for mitigation
Operating costs	
<p>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.</p> <p>Fuel management As a result of changes in the worldwide fuel supply chain, the Group faces risks of both low supply volumes and inflated prices for fuel.</p> <p>This may impact both our own cost base and our ability to supply fuel to our customers.</p>	<p>The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team of specialists who manage the estate.</p> <p>We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. This includes a growing number of Electric and hybrid vehicles. Fuel is purchased through agreements controlled by our supply chain processes.</p> <p>The growth of our services offering will help to mitigate this risk as these activities have a greater proportion of variable overheads.</p>
Cyber Security and data integrity	
<p>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.</p> <p>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 direct impact on the performance of the Group.</p> <p>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.</p>	<p>Annual and medium-term planning provides visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval.</p> <p>Our successful move to Microsoft's Dynamics 365, a cloud based platform, has reduced the likelihood of system unavailability and improved system performance.</p> <p>Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have a dedicated data management team which is responsible for putting in place procedures to maintain accuracy of the information provided by data owners across the business.</p> <p>Mitigations for IT data recovery are described below under business continuity as these risks are linked.</p> <p>We have an established cyber security governance committee which meets regularly to monitor our control framework and reports on a routine basis to the Audit & Risk Committee.</p> <p>Speedy's IT systems are protected against external unauthorised access. These protections are tested regularly by an independent provider. All mobile devices have access restrictions and, where appropriate, data encryption is applied.</p>

Principal risks and uncertainties continued

Description and potential impact	Strategy for mitigation
Funding	
<p>Sufficient capital</p> <p>Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability. This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.</p>	<p>The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.</p> <p>The £180m asset based finance facility, along with an additional uncommitted accordion of £220m, is available through to July 2024, with two one-year extensions available.</p> <p>We have a defined capital allocation policy. This ensures that the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity.</p>
Economic vulnerability	
<p>Economy</p> <p>Any changes in construction/industrial market conditions could affect activity levels and consequently the Group's revenue.</p> <p>As markets change and evolve, there is a risk that the Group strategy will need to be aligned accordingly.</p> <p>There is a risk of recession in the UK which could affect the Group's revenue.</p> <p>Inflation</p> <p>There is a risk of inflationary pressure on both material and employee costs impacting margins that the Group is able to generate, if customers resist price rises or are in existing framework agreements for fixed terms.</p> <p>War</p> <p>There is a risk that a prolonged war in Ukraine, or an increase in hostilities involving more countries, may impact the global economy. This may result in a range of impacts for the Group, including cost inflation, labour availability and disruption to the supply chain.</p>	<p>The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process.</p> <p>Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors. The Board oversees the importance of strategic clarity and alignment, which is seen as essential for the setting and execution of priorities, including resource allocation.</p> <p>Our close relationships with our customers, coupled with the differentiation allows us to adopt a partnership approach to responding to cost inflation.</p> <p>The Group implemented price increases in April 2022 on list prices and new contract renewals to offset the effects of cost inflation on both overheads and new equipment purchases.</p>

Description and potential impact	Strategy for mitigation
Business continuity	
<p>Business interruption</p> <p>Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel, could adversely impact current and future trading as customers could readily migrate to competitors.</p> <p>This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.</p> <p>Joint venture</p> <p>The Group's joint venture in Kazakhstan, Speedy Zholdas, may be impacted by Russia's invasion of Ukraine. This may be a direct result of military activity in the wider region, or there may be politically motivated impacts as Kazakhstan has historically maintained strong links with Russia. The main impact that the Group has faced to date has been the impact of fluctuations in exchange rates.</p>	<p>As described previously, the Group has continued to operate effectively throughout the COVID-19 pandemic. Management acted promptly in line with our documented plan to establish a crisis management team which co-ordinated the activities required in a rapidly changing environment.</p> <p>Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.</p> <p>We continue to monitor the situation in Kazakhstan through regular contact with the expat management team and will take action as may be necessary to ensure the safety of our colleagues.</p>
Asset holding and integrity	
<p>Asset range and availability</p> <p>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.</p>	<p>We regularly monitor the status of our assets and use this information to optimise our asset holdings.</p> <p>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.</p> <p>We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market.</p>

Viability Statement

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

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

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

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

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

Board engagement with our stakeholders

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

Each Director and the Board collectively gives careful consideration to the factors set out above and have acted in a way they consider complies in all respects with their Section 172(1) duties. Details of how the Board discharged its duties are set out in the Strategic Report on pages 93 to 96 and should be read in conjunction with information disclosed in the Governance section, on pages 100 to 147.

To help facilitate this before each scheduled Board meeting all Directors receive appropriate reports addressing key matters concerning its customers, suppliers, investors, employees, regulators and the environment and also information regarding the Group, comprising a financial report and briefings from senior executives. The Chief Executive and Chief Financial Officer also brief Directors on results, key issues and strategy. During Board meetings, the Non-Executive Directors regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently.

This information and any related reports (provided either before or after meetings) are considered in the Board's discussions and in its decision making process when having regard to Section 172 of the Companies Act 2006.

Stakeholder engagement

Engagement with relevant stakeholders is a key consideration of the Board which varies depending on the subject at hand. Pages 94 to 96 detail Speedy's key stakeholders and how we engage with them.

As mentioned above the Board receives reports from management concerning its customers, suppliers and others in a business relationship with the Company which it takes into account in its discussions and also in the Section 172(1) decision making process. The Board has also received training relating to its obligations under Section 172(1) and the consideration of the Company's stakeholders.

Employee engagement

In addition to the Board receiving reports from management concerning its employees the Board engages directly with its employees in a variety of ways. This includes via its Colleague Consultative Committee, formerly the Employee Forum (attended annually by Non-Executive Director, Rob Barclay), via its Excellence Awards and Chief Executive and Chief Financial Officer 'Up to Speed' and 'The Hub' communications and updates. Also in a typical year where COVID-19 restrictions do not apply engagement with employees would additionally be via the Company's annual Expo. Further information on employee engagement can be found at pages 64 to 77.

Board decisions and stakeholders

We set out on page 71 an example of how the Directors have had regard to Section 172(1) when discharging their duties and the effect that this regard had on the decisions being made. Speedy's approach to connecting with our people, customers and suppliers, is to build a sustainable future, as detailed on pages 39 to 79 through the Company's ESG programme. Our mission is to provide exceptional customer experience, accelerating mutual success towards a sustainable future, and our vision to inspire and innovate the future of hire.

Board engagement with our stakeholders continued

Our key stakeholders

Engagement with our key stakeholders plays an essential role throughout the business. It is a multi-layered process with engagement touching all levels of our business from front line operations to the Board and its Committees.

Our key stakeholders and examples of how we engage is detailed in the tables on the following pages. Relevant information from these interactions informs judgements and decision making.

Key stakeholder	Ways we engage	Areas discussed
<p>Customers</p>	<ul style="list-style-type: none"> • Face to face meetings (where possible), video-conferencing and calls • Speedy's Trade and DIY websites and mobile apps • Social media • Tendering and RfP processes • Monitoring of hires, sales and services • Customer service centres – Speedy Direct • Regional Hubs – our regional call centres are located throughout the country, with dedicated staff servicing our regional customer base • Customer Relationship Centre – through our central hub in South Wales, dedicated to servicing our SME customers • Service Centre network – through 200 operational centres across the UK and Ireland • B&Q – through a presence in a growing number of stores across the UK and on diy.com • Real time customer satisfaction surveys • Product videos and peer reviews • Advertising campaigns • Speedy Expo¹ 	<ul style="list-style-type: none"> • Availability of products and services (including use of AI) • Improved customer service • Range of products and services • Value for money • Access to customer services e.g. Speedy App and tracking • Four hour service commitment to customers on our top selling products (Capital Commitment) • 'One Speedy' for first class customer experience • Sustainability solutions • Product development

¹ During FY2022 the Speedy Expo could not take place, however, this is a key event in the annual calendar which will be continued.

Key stakeholder	Ways we engage	Areas discussed
<p>Employees</p>	<ul style="list-style-type: none"> • Colleague Consultative Committee meetings (including NED attendance) • People Matters Survey and pulse surveys • Wellbeing surveys • Apprenticeship and graduate programmes (Commitment to the 5% Club initiative) • Career Line of Sight • Benchmarking of key roles within the business • 'The Hub' communications platform to enhance the employee intranet and engagement • 'Up to Speed' e-communications • Mobile phone and PDA text messaging • Roadshows and senior management meetings held at various UK and Ireland locations • Training Academy schedule of online, classroom and practical training courses • Personal Development Reviews • 'Celebrating Excellence' scheme and Excellence Awards dinner • Long service recognition scheme at 10, 20 and 25 years' service • Speedy Expo¹ • Inclusion in cross functional project teams to inform project development • Diversity and Inclusion Committee • PLUS – People Like Us, gender balance group 	<ul style="list-style-type: none"> • Career opportunities • Wellbeing (including mental health) • Training and development (including safety) • Pay and conditions • Colleague engagement

¹ During FY2022 the Speedy Expo could not take place, however, this is a key event in the annual calendar which will be continued.

Board engagement with our stakeholders continued

Key stakeholder	Ways we engage	Areas discussed
<p>Suppliers</p>	<ul style="list-style-type: none"> • Tendering processes • Visits and meetings (including via video conference) • Supplier conferences • Partnership Programme engages customers, suppliers and peer groups on key sustainability issues • Pioneering use of electric vans reducing CO₂ • Industry trade shows • Product innovation days • Speedy Expo¹ 	<ul style="list-style-type: none"> • Quality management • Cost efficiency • Ethical Trading policy • Long-term relationships • Sustainability as part of our ESG programme • Product development
<p>Investors</p>	<ul style="list-style-type: none"> • Annual report • Annual General Meeting • RNS announcements • Investor presentations and roadshows • Corporate website • One-on-one meetings • Information requests • Consultation letters 	<ul style="list-style-type: none"> • Financial and operating performance • Dividends • Risk information • Access to Management • Strategy • Sustainability • Remuneration Policy

¹ During FY2022 the Speedy Expo could not take place, however, this is a key event in the annual calendar which will be continued.





Governance

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Chairman's letter to shareholders



Dear Shareholder

On behalf of the Board, I am pleased to present the Governance Report for FY2022. This section of the Annual Report highlights the Company's corporate governance processes (alongside the work of the Board and Board Committees).

During the year Speedy has operated in compliance with the UK Government COVID-19 related guidance and its relaxation of measures, to ensure the continued safety and support for all staff, customers and our other stakeholders, and to facilitate the increasing return to business as usual where possible. Our staff have continued to show great commitment, flexibility and resourcefulness to meet these challenges and help maintain and promote the success of the Company. Throughout the year the Board has maintained high standards of corporate governance, completing its annual programme in full despite the challenges of the pandemic. This has been achieved through continued flexibility in the conduct of meetings whether in person, via video conference or hybrid. I am pleased to confirm, as noted on page 108, that we have been in full compliance with the provisions of the UK Corporate Governance Code 2018 throughout the year.

Speedy has long been committed to sustainable growth and recognises the increasing stakeholder focus on climate change and the related environmental, social and governance considerations within its business. To support this a new Sustainability Committee of the Board has been established to assist the Board in its oversight of the Company's ESG strategy and support the Board on all sustainability matters. This will include supporting the Board's ongoing evaluation of environmental risks and our reporting under the Taskforce for Climate Related Financial Disclosures. Speedy's initial disclosures are detailed at pages 57 to 63 of the ESG report.

On 11 May 2022 the Company announced that Russell Down had notified the Board of his intention to retire once a suitable successor has been found. Russell Reynolds Associates have been appointed to undertake a comprehensive search for a new Chief Executive and the process is being led by the Nomination Committee under my chairmanship.

During the year Carol Kavanagh joined the Board as a new Non-Executive Director and a member of the Remuneration Committee on 1 June 2021 and was subsequently elected at the 2021 Annual General Meeting. This has further strengthened the skills and diversity at board level. After allowing time for Carol to settle into her role, Rhian Bartlett stepped down from the Remuneration Committee on 16 November 2021. This was in keeping with the Company's current policy of staffing its Board Committees with no more than three Independent Non-Executive Directors.

This year the Board and Board Committees' evaluations were again undertaken internally led by our Senior Independent Director, David Garman. I was pleased that the findings indicated that the Board was generally effective. The process followed and outcome are reported on page 111. This has resulted in some changes to Non-Executive Director roles which are detailed on page 123. The changes take advantage of the increased diversity of the Board and balances director responsibilities and the staffing of the new Board Sustainability Committee amongst the Non-Executive Directors.

In accordance with the Code and the Company's Articles of Association, all Directors serving at the time of the Annual General Meeting will be submitting themselves for re-election.

The Annual General Meeting will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 8 September 2022 at 11:00am and I would like to invite our shareholders to attend (subject to any new UK Government COVID-19 guidance in place at the time of the meeting).

David Shearer
Chairman

Directors' Report

This section contains additional information which the Directors are required by law and regulation to include within the Annual Report and Accounts. This section along with the Chairman's statement on pages 16 and 17, the Strategic Report on pages 3 to 96, the Corporate Governance review on pages 108 to 113 and the reports of the Audit & Risk, Nomination and Remuneration Committees on pages 115 to 147, which are incorporated by reference into this report and are deemed to form part of this report, constitutes the Directors' Report in accordance with the Companies Act 2006.

The Strategic Report was approved by the Board and authorised for issue on 27 May 2022.

Results and dividends

The consolidated profit after taxation for the year was £21.6m (2021: £9.5m). This includes profit from discontinued operations and is after a taxation charge of £7.7m (2021: £2.8m) representing an effective rate of 26.5% (2021: 22.8%). An interim dividend of 0.75 pence per share was paid during the year. The Directors propose that a final dividend of 1.45 pence per share be paid, which, if approved at the forthcoming Annual General Meeting, would make a total dividend distribution in respect of the year of 2.20 pence per share (2021: 1.4 pence). The final dividend, if approved, will be paid on 23 September 2022 to all shareholders on the register at 12 August 2022.

Related party transactions

Except for Directors' service contracts, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in the period in which any Director is or was materially interested.

Buy-back of shares

At the Annual General Meeting held on 9 September 2021, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its ordinary shares.

At the time of the half year results in November 2021, the Board undertook to review the medium-term capital needs of the Group and consider potential returns to shareholders. The Company subsequently announced a share buyback programme on 27 January 2022 of up to £30 million. The Board considered that a £30 million share buyback programme was prudent, reflected the cash generative ability of the Group and maintained a strong balance sheet consistent with its capital allocation policy. As at 26 May 2022, the latest practicable date before the publication of this Annual Report and Accounts, 19,343,119 shares have been purchased under that programme of which 12,566,777 have been cancelled and 6,776,342 are held in Treasury (following

settlement of the transactions to that date). Shareholders will be requested to renew the usual authority to make purchases of up to 10% of its ordinary shares at the forthcoming Annual General Meeting on 8 September 2022.

Financial instruments

The Group holds and uses financial instruments to finance its operations and manage its interest rate and liquidity risks. Full details of the Group's arrangements are contained in Note 20 to the Financial Statements.

Going concern

The Directors consider that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for the foreseeable future.

The Directors believe that contingency plans against known risks, and strong progress against strategic goals, will allow the Company to continue to maximise growth opportunities. Accordingly, as detailed in Note 1 to the Financial Statements (Accounting policies), the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Substantial shareholders

As at 25 May 2022, the latest practicable date before the publication of this Annual Report and Accounts, the Company had been notified under the Disclosure Guidance and Transparency Rules of the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company.

Shareholder name	Percentage of voting rights
Schroders Plc	12.56
Polar Capital LLP	7.62
Lombard Odier Asset Management (Europe) Limited	6.48
Abrdn Plc	6.36
Jupiter Fund Management Plc	5.04
Aberforth Partners LLP	4.00

Directors' Report continued

Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on pages 144 and 145.

In accordance with the Company's Articles of Association and in compliance with the UK Corporate Governance Code, all new Directors submit for election at the first Annual General Meeting following their appointment and all other Directors submit for re-election at each Annual General Meeting.

No Director had any interest, either during or at the end of the year, in any disclosable contracts or arrangements, other than a contract of service, with the Company or any subsidiary company. No Director had any interest in the shares of any subsidiary company during the year.

Equal opportunities

The Group employed 3,554 people in the UK and Ireland as at 31 March 2022.

The Group has a clear policy that employees are recruited and promoted solely based on aptitude and ability. The Group does not discriminate in any way in respect of race, sex, marital status, age, religion, disability or any other characteristic of a similar nature. In the case of disability, bearing in mind the aptitude of the applicant concerned, all reasonable adjustments are considered, and training provided, to enable employment or continued employment as well as to ensure that any disabled employees receive equal treatment in matters such as career development, promotion and training. Managers at all levels are trained and developed to adhere to and promote this goal, including receiving training specifically on diversity matters. Further information on equal opportunities within the Group is set out on pages 67 to 69 in the Strategic Report, along with details of the gender balance of those personnel in senior management and their reports.

Employee involvement

The Group actively promotes employee involvement in order to achieve a shared commitment from all employees to the success of the businesses in which they are employed. To support this, updates on the Group's performance (including factors affecting performance) are provided to employees through Chief Executive and Chief Financial Officer 'Up to Speed' and 'The Hub' communications. The Group has also established a Colleague Consultative Committee (formerly the Employee Forum) in which representatives from different business areas meet on a six monthly basis with the Chief Executive and the Chief People Officer. Rob Barclay in his capacity as the designated Non-Executive Director for employee engagement annually attends

this meeting. His attendance helps ensure the employee voice is heard in the boardroom. This enables a greater understanding of workforce concerns and their consideration in Board decisions. Further illustrations are on pages 93 to 95 along with other methods of engagement with the workforce.

The Board believes in the effectiveness of financial incentives. It is the Group's policy that employees should generally be eligible to participate in some form of incentive scheme as soon as practicable after joining the Group, following the conclusion of any relevant probationary period. Details of annual incentive arrangements for Executive Directors are summarised in the Remuneration Committee's Report on pages 125 to 147.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 36 and 37 and pages 67 to 74 of the Strategic Report. The Group makes a number of commitments to its employees, including pay, engagement and development. The Board sees employee engagement as a key part of its success. Further details of how the Board engages with employees and how it has regard for their interests and views can be seen on pages 93 to 95 of the Strategic Report.

Exercise of Board powers

In performing its duty to promote the success of the Company and the wider Group, the Board is committed to effective engagement and the fostering of relationships with all relevant stakeholders which is illustrated on pages 93 to 96. To help facilitate this, monthly management reporting to the Board addresses key matters concerning relevant customers, suppliers, investors, employees, regulators and the environment. These reports are considered in the Board's discussions and influence its decision making process allowing regard to the matters within Section 172 of the Companies Act 2006. Further information and a statement on how the Directors have had regard to the matters set out in Section 172 when discharging their duties is provided on pages 93 and 94 of the Strategic Report.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

KPMG LLP was reappointed at the Annual General Meeting of the Company held on 9 September 2021 and its appointment expires at the conclusion of this year's Annual General Meeting. As previously announced, a formal audit tender process was completed in order to comply with mandatory rotation requirements, and, following this, the Board is recommending the appointment of PricewaterhouseCoopers LLP ('PwC') as auditors of the Group for FY2023. PwC has expressed its willingness to take over as external auditors of the Group. Separate resolutions proposing the appointment of PwC and to authorise the Directors to determine the auditors' remuneration will be put to the forthcoming Annual General Meeting on 8 September 2022.

Takeover Directive information

Where not provided elsewhere in this report, the additional information required for shareholders as a result of the implementation of the Takeover Directive into English law is set out below.

Share capital

As at 31 March 2022, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2022 the issued share capital was 518,220,366 comprising ordinary shares of 5 pence each. There are no special rights or obligations attaching to the ordinary shares.

Restrictions on share transfers

The Company's Articles of Association provide that the Company may refuse to transfer shares in the following customary circumstances:

- where the share is not a fully paid share;
- where the share transfer has not been duly stamped with the correct amount of stamp duty;
- where the transfer is in favour of more than four joint transferees;
- where the share is a certificated share and is not accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove the title of the transferor; or
- in certain circumstances where the shareholder in question has been issued with a notice under Section 793 of the Companies Act 2006.

These restrictions are in addition to any which are applicable to all UK listed companies imposed by law or regulation.

Shares with special rights

There are no shares in the Company with special rights with regard to control of the Company.

Restrictions on voting rights

The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the Annual General Meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

Agreements which may result in restrictions on share transfers

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities and/or on voting rights.

Appointment and replacement of Directors

The Company's Articles of Association provide that all Directors must stand for election at the first Annual General Meeting after having been appointed by the Board. Thereafter a Director will retire from office at each Annual General Meeting and submit to re-election.

Articles of Association

The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Directors' powers

At the Annual General Meeting to be held on 8 September 2022, shareholders will be asked to renew the Directors' power to allot shares and buy back shares in the Company and to renew the disapplication of pre-emption rights, in each case capped in line with current best practice.

Directors' Report continued

Change of control – significant agreements

There are no significant agreements to which the Company is a party that may take effect, alter or terminate upon a change of control following a takeover bid other than in relation to: (i) employee share schemes; and (ii) the Company's borrowings, which would become repayable on a takeover being completed. Shares in the Company are held in the Speedy Hire Employee Benefits Trust ('Trust') for the purpose of satisfying awards made under the Company's Performance Share Plan. Unless otherwise directed by the Company, the Trustees of the Trust abstain from voting on any shares held in the Trust in respect of which the beneficial interest has not vested in any beneficiary. In relation to shares held in the Trust where the beneficial interest has vested in a beneficiary, the beneficiary can direct the Trustees how to vote. As at 27 May 2022 the Trust held 4,236,422 shares in the Company (0.82% of the issued share capital).

Compensation for loss of office

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs in the event of a bid for the Company or takeover.

Directors' indemnities

Throughout the financial year and at the date of approval of the Financial Statements, the Company has purchased and maintained Directors' and Officers' liability insurance in respect of itself and its Directors. As permitted by the Companies Act 2006 and the Company's Articles of Association, it is the Company's policy to indemnify its Directors. Qualifying deeds of indemnity are put in place for all Directors on appointment.

Political contributions

No political donations were made during the year (2021: nil).

Research and Development

The Company undertakes research and development activities in order to develop its information technology. Further details are available on pages 31 and 32 of the Strategic Report.

Carbon and Energy Reporting

All disclosures concerning the Group's carbon and energy consumption (as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018) are included in the ESG section of the Strategic Report on pages 39 to 79.

Annual General Meeting

The Company's Annual General Meeting will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 8 September 2022 at 11:00am. A formal Notice of Meeting, an explanatory circular and a form of proxy will be sent separately to shareholders.

This report was approved by the Board and signed on its behalf by Russell Down, Chief Executive. By Order of the Board on 27 May 2022.

Russell Down
Chief Executive

Statement of Directors' Responsibilities

in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the group financial statements, Adopted IFRS;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with

reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Financial Report

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; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 27 May 2022 and signed on its behalf by:

David Shearer
Chairman

Russell Down
Chief Executive

Board of Directors



1. David Shearer

Non-Executive Chairman

Appointed to the Board as Non-Executive Chairman on 1 October 2018. Prior to this appointment David was a Non-Executive Director of Speedy from 9 September 2016. David is also Chairman of the Nomination Committee and has previously been a member of each of Speedy's Audit & Risk, Nomination, and Remuneration Committees.

Skills and experience

David is an experienced independent director, corporate financier and turnaround specialist. He is currently Executive Chairman of Esken Limited and Non-Executive Chairman of Amber River Group Limited and the Scottish Edge Fund. David was previously senior partner for Scotland & Northern Ireland and a UK Executive Board member of Deloitte LLP, Co-Chairman of Martin Currie (Holdings) Limited, Chairman of Mouchel Group plc and Crest Nicholson plc and a Non-Executive Director of City Inn Limited in each case standing down after completing the successful restructuring of these businesses. He was also Non-Executive Chairman of Aberdeen New Dawn Investment Trust plc, Liberty Living Group Plc and Liberty Living Finance plc; Senior Independent Director of Renold plc, STV Group plc, Superglass Holdings plc and Scottish Financial Enterprise, a Non-Executive Director of Mithras Investment Trust plc and a Governor of The Glasgow School of Art.

3. James Bunn

Chief Financial Officer

Appointed to the Board as Chief Financial Officer on 14 September 2020.

Skills and experience

James was formerly Chief Financial Officer for the UK Digital division of GVC Holdings PLC ('GVC') based in Gibraltar. He joined Ladbrokes PLC in 2012 as Finance Director for its UK Digital business and has subsequently held senior finance positions within Ladbrokes Coral PLC and then, following its acquisition, within GVC. Prior to this, James was employed by TUI Travel PLC from 2001, including as Finance Director: Commercial from 2008 to 2012. He is a member of the Institute of Chartered Accountants in England and Wales.

2. Russell Down

Chief Executive

Appointed to the Board as Group Finance Director in April 2015 and promoted to Chief Executive in July 2015. Russell is also a member of the Sustainability Committee.

Skills and experience

Russell was formerly Group Finance Director (from 2008 to 2015) at Hyder Consulting Plc ('Hyder'), the multinational design and engineering consultancy. He spent 17 years in total at Hyder in a number of senior roles, including five years as Group Financial Controller and six years as Regional Finance and Commercial Director for the Middle East operations based in Dubai. Russell is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG LLP, and has previously worked for container leasing company Cronos as Director of Accounting.

4. David Garman

Senior Independent Director

Appointed to the Board in June 2017 as Non-Executive Director. David is the Senior Independent Director and a member of the Nomination and Remuneration Committees. David has previously been a member of the Audit & Risk Committee.

Skills and experience

David is currently Senior Independent Director at John Menzies plc, a Non-Executive Director at Troy Income & Growth Trust plc and a Director of several private companies. David has a broad range of industrial experience and was previously Chief Executive of TDG plc (now TDG Limited), a European contract logistics and supply chain management business, an Executive Director of Associated British Foods plc and held a variety of management roles at United Biscuits. He was also the Senior Independent Director at St Modwen Properties Plc and Phoenix IT plc, and a Non-Executive Director at Kewill plc and Victoria plc.

5. Rob Barclay

Independent Non-Executive Director

A R S

Appointed to the Board in April 2016 as Non-Executive Director. Rob is Chairman of the Remuneration and Sustainability Committees and a member of the Audit & Risk Committee. Rob has previously been a member of the Nomination Committee.

Skills and experience

Rob is currently the CEO for the National Timber Group ('NTG'), the UK's leading Independent sawmilling and distribution business. Private equity backed NTG is made up of a number of market leading brands providing valued added solutions to the construction industry. He was formerly the Managing Director UK, Ireland and Middle East of SIG plc, the FTSE 250 market leading supplier of specialist products to the building and construction industry between January 2013 and March 2018. Rob joined SIG in 1997 and held various senior management roles within the business including Managing Director of SIG Distribution, having led its creation by bringing together the Group's UK insulations, interiors, construction accessories and fixings businesses. Prior to joining SIG, Rob was a Regional Manager for a global wood products company based in New Zealand, from where he originates.

6. Rhian Bartlett

Independent Non-Executive Director

A, N, S

Appointed to the Board on 1 June 2019 as Non-Executive Director. Rhian is a member of the Audit & Risk, Nomination and Sustainability Committees and has previously been a member of the Remuneration Committee.

Skills and experience

Rhian is currently Food Commercial Director at J Sainsbury plc, having previously held the position of Director of Fresh Foods. Prior to joining Sainsbury's she worked at Screwfix Direct, a Kingfisher plc Group company, as Customer and Digital Director having previously held the position of Commercial Director. Prior to Screwfix Rhian was Director UK Trading at eBay, held various positions with J Sainsbury plc (including Business Unit Director and Head of On-line Merchandising) and was a Category Manager and Head of Online Marketing at Homebase.

7. Shatish Dasani

Independent Non-Executive Director

A N

Appointed to the Board on 1 February 2021 as Non-Executive Director. Shatish is Chairman of the Audit & Risk Committee and a member of the Nomination Committee.

Skills and experience

Shatish is currently Senior Independent Director and Audit Committee Chair of Renew Holdings plc and a Non-Executive Director and Audit Committee Chair of SIG plc. He is also a Trustee and Chair of UNICEF UK, the children's charity. Shatish has over 25 years' experience in senior public company finance roles across various sectors, including building materials, general industrial and business services. He was Chief Financial Officer of Forterra plc from 2015 to 2019, during which the company successfully listed on the Main Market in London. Prior to this, he was CFO at TT Electronics plc and has also been alternate Non-Executive Director of Camelot Group plc and Public Member at Network Rail plc. Shatish is a Fellow of the Institute of Chartered Accountants in England and Wales, and has extensive international experience including as regional CFO based in South America.

8. Carol Kavanagh

Independent Non-Executive Director

R

Appointed to the Board on 1 June 2021 as Non-Executive Director. Carol is a member of the Remuneration Committee.

Skills and experience

Carol has over 20 years of experience working in senior public company human resource roles across construction and retail sectors, including as Group HR Director for Travis Perkins Plc from 2007 to 2020. Carol has also held senior positions at Home Retail Group and Safeway Food Stores (now Morrisons). At Travis Perkins, Carol's responsibilities extended across all of the Group's businesses at that time, which in addition to the recognised merchandising businesses such as Travis Perkins and Toolhire, also included the Wickes and Toolstation brands. She was Executive Chair for the Tile Giant business unit from 2018. Her Non-Executive Director experience began in the Financial Services sector with Leeds Building Society where she was a member of the remuneration committee. Whilst at Travis Perkins, Carol served as a Non-Executive Director with Verona Stone, a tile procurement and supply business, which at the time was part owned by the TP Group. Carol is also currently an independent remuneration committee member for British Swimming.

Corporate Governance

Governance progress

During the year the Company continued to build upon its governance practices in light of the UK Corporate Governance Code 2018 and the agreed key actions from its internal Board evaluation in FY2021, to ensure they remain in line with developing best practice and are suitable for a company of its size. These key actions and their status following review during the year and the outcome of this year's internal evaluation are reported on page 111.

The Board's appointment of Carol Kavanagh as a Non-Executive Director with effect from 1 June 2021, has further enhanced the Board's diversity and skills, and has helped to balance Board tenure and succession planning. The gender balance of the Board as at the end of FY2022 was 25% female representation. The Board remains committed to maintaining and building on its diversity as recruitment opportunities arise.

Speedy has long been committed to sustainable growth and recognises the increasing stakeholder focus on climate change and the related environmental, social and governance considerations within its business. A new Sustainability Committee of the Board has been established to assist the Board in its oversight of the Company's ESG strategy and support the Board on all sustainability matters. This will include supporting the Board's ongoing evaluation of environmental risks and our reporting under the Taskforce for Climate Related Financial Disclosures.

UK Corporate Governance Code compliance

The Board is committed to maintaining high standards of corporate governance. The Board first reported its compliance

with the Combined Code in 2004. Since then, other than as explained in previous annual report and accounts, it has complied in full with the Combined Code (now the UK Corporate Governance Code) and continued to develop its approach to corporate governance and the effective management of risk in the context of an evolving business. This year the Company is reporting against the UK Corporate Governance Code 2018 (the 'Code'). A copy of the 2018 edition of the Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk. Throughout the year ended 31 March 2022, the Company has been in full compliance with the provisions set out in the Code.

Directors

The Board

The Board comprises a Non-Executive Chairman, two Executive Directors and five independent Non-Executive Directors.

In the year ended 31 March 2022, the Board met eight times across the annual scheduled programme. The Board also meets as required on an ad hoc basis to deal with urgent business, including the consideration and approval of matters that are reserved to the Board. The table below lists the Directors' attendance at the scheduled Board meetings and Committee meetings during the year ended 31 March 2022.

Carol Kavanagh was appointed to the Board on 1 June 2021 as a Non-Executive Director and a member of the Remuneration Committee. Additionally, during the year Rhian Bartlett stepped down as a member of the Remuneration Committee effective from 16 November 2021.

Board and Committee attendance at scheduled meetings

	Board (8)	Audit & Risk Committee (4)	Nomination Committee (2)	Remuneration Committee (4)
Executive Directors				
Russell Down	7/8			
James Bunn	8/8			
Non-Executive Directors				
David Shearer	8/8	0/0	2/2	0/0
David Garman	8/8	0/0	2/2	4/4
Rob Barclay	8/8	4/4	0/0	4/4
Rhian Bartlett ¹	8/8	4/4	2/2	3/3
Shatish Dasani	8/8	4/4	2/2	0/0
Carol Kavanagh ²	7/7	0/0	0/0	3/3

¹ Rhian Bartlett stepped down as a member of the Remuneration Committee effective from 16 November 2021

² Carol Kavanagh was appointed as Non-Executive Director and a member of the Remuneration Committee on 1 June 2021

Directors who are not a member of a Board Committee may attend meetings at the invitation of the relevant Committee Chair.

The Board has approved a schedule of matters reserved for decision by it. That schedule is available for inspection at the Company's registered office and on the Company's website. The matters reserved for decision by the Board can be subdivided into a number of key areas including, but not limited to:

- financial reporting (including the approval of interim and final Financial Statements, interim management statements and dividends);
- approving the form and content of the Group's Annual Report and Financial Statements (following appropriate recommendations from the Audit & Risk Committee) to ensure that it is fair, balanced and understandable overall and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the Group's finance, banking and capital structure arrangements;
- Group strategy and key transactions (including major acquisitions and disposals);
- Stock Exchange/Listing Authority matters (including the issue of shares, the approval of circulars and communications to the market);
- approval of the policies and framework in relation to remuneration across the Group (following appropriate recommendations from the Remuneration Committee);
- oversight of the Group's risk appetite, risk acceptance and programmes for risk mitigation;
- approval of the Group's risk management and internal control processes (following appropriate recommendations from the Audit & Risk Committee);
- approving the Company's annual Viability Statement;
- the constitution of the Board itself, including its various Committees, and succession planning (following appropriate recommendations from the Nomination Committee); and
- approving the Group's policies in relation to, inter alia, the Group's Code of Conduct and whistleblowing, the Bribery Act, the environment, health and safety and corporate responsibility.

Matters requiring Board or Committee approval are generally the subject of a proposal by the Executive Directors, which is formally submitted to the Board, together with supporting information, as part of the Board or Committee papers made available prior to the relevant meeting. Where practicable, papers are generally made available via an electronic platform at least five days in advance of such meetings, to allow proper time for review and ensure the best use of the Directors' time. The implementation of matters approved by the Board, particularly in relation to matters such as significant acquisitions or other material projects, sometimes includes the establishment of a sub-committee including at least one Non-Executive Director, where relevant.

Chairman and Chief Executive

The posts of Chairman and Chief Executive are held by David Shearer and Russell Down, respectively.

A statement as to the division of the responsibilities between the Chairman and Chief Executive is available on the Company's website. The Board considered that the Chairman, on his appointment, met the independence criteria set out in Provision 10 of the Code. The Board has an established policy that the Chief Executive should not go on to become Chairman.

Board balance and independence

The Board currently comprises the Chairman, two Executive Directors and five independent Non-Executive Directors: David Garman, Rob Barclay, Rhian Bartlett, Shatish Dasani and Carol Kavanagh. The five Non-Executive Directors bring a strong and independent non-executive element to the Board. The Senior Independent Director is David Garman. The number and respective experience of the independent Non-Executive Directors, details of which are set out on pages 106 and 107, clearly indicates that their views carry appropriate weight in the Board's decisions. The Board considers that each of David Garman, Rob Barclay, Rhian Bartlett, Shatish Dasani and Carol Kavanagh are independent on the basis of the criteria specified in Provision 10 of the Code and are free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Board Committees

The Audit & Risk Committee is chaired by Shatish Dasani. Its other members are Rob Barclay and Rhian Bartlett. Details of its activities during the year are detailed in the Audit & Risk Committee Report on pages 115 to 120.

The Remuneration Committee is chaired by Rob Barclay. The other members are David Garman and Carol Kavanagh. The Committee Chairman's Statement, summary Directors' Remuneration Policy and Directors Remuneration Report are on pages 125 to 147.

Corporate Governance continued

Board Committees (continued)

The Nomination Committee is chaired by David Shearer. The other members are David Garman, Rhian Bartlett and Shatish Dasani. The Committee therefore satisfies the requirement of Provision 11 of the Code that a majority of its members are to be independent Non-Executive Directors. The report on the activities of the Committee is contained on pages 122 to 124.

The Board has established a new Sustainability Committee to assist the Board in its oversight of the Company's ESG strategy and support the Board on all sustainability matters. The terms of reference of the Committee are published on the Company's website. Rob Barclay has been appointed Chair of the Committee, the other members are Rhian Bartlett and Russell Down. A report of the Committee's activities will be included in future annual reports.

The Chairman and other Non-Executive Directors meet after every Board meeting without the Executive Directors present. In addition, the Chairman regularly briefs the other Non-Executive Directors on relevant developments regarding the Company as necessary. The Senior Independent Director and the other Non-Executive Directors meet after every Board meeting without the Chairman present, and also undertake an annual appraisal of the Chairman's performance as part of the Board's annual appraisal process.

The minutes of all meetings of the Board and each Committee are taken by the Company Secretary or Assistant Company Secretary. In addition to constituting a record of decisions taken, the minutes reflect questions raised by the Directors relating to the Company's businesses and, in particular, issues raised from the reports included in the Board or Committee papers circulated prior to the relevant meeting. Any unresolved concerns are recorded in the minutes.

On resignation, written concerns (if any) provided by an outgoing Non-Executive Director are circulated by the Chairman to the remaining members of the Board.

Appropriate Directors' and Officers' insurance cover is arranged and maintained via the Company's insurance brokers, Marsh Ltd, and is reviewed annually.

The Companies Act 2006 allows non-conflicted directors of public companies to authorise a situation in which a director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company, where the Articles of Association contain a provision to that effect. The Company's Articles of Association give the Board authority to authorise matters which may otherwise result in the Directors breaching their duty to avoid a conflict of interest. Directors who have an interest in matters under discussion at a Board meeting

must declare that interest and abstain from voting. Only Directors who have no interest in the matter being considered are able to approve a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company. The Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate. Any conflicts considered by the Board and any authorisations given are recorded in the Board minutes and in the register of conflicts which is reviewed annually by the Board. The Board considers that its procedures to approve conflicts of interest and potential conflicts of interest are operating effectively.

The Board is both balanced and diverse in respect of its experience and skills. The Board remains committed to maintaining and building on its diversity and encouraging that within senior management levels as recruitment opportunities arise. Any succession planning for the Board recognises this and diversity in all its aspects is considered in the shortlisting of candidates.

Appointments to the Board

The Board has established a Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website. The Committee meets formally as necessary, but at least twice a year. Its activities are set out in more detail in the Nomination Committee Report on pages 122 to 124. The principal functions of the Nomination Committee are to consider and review the structure and composition of the Board and membership of Board Committees. It also considers candidates for Board nomination including job description, election and re-election to the Board for those candidates standing for annual election or re-election at the Annual General Meeting and succession planning generally, plus ensuring a diverse pipeline.

A specification for the role of Chairman, including anticipated time commitment, is included as part of the written statement of division of responsibilities between the Chairman and Chief Executive. Details of the Chairman's other material commitments are set out on page 106 having been disclosed to the Board in advance and included in a register of the same maintained by the Company Secretary.

The terms and conditions of appointment of all the Non-Executive Directors, and those of the Chairman, are available for inspection at the Company's registered office during normal business hours. Each letter of appointment specifies the anticipated level of time commitment including, where relevant, additional responsibilities derived from involvement with the Audit & Risk, Remuneration or Nomination Committees. Details of other material commitments are disclosed to the Board and a register of the same is maintained by the Company Secretary.

During the year Carol Kavanagh was appointed to the Board as a Non-Executive Director. The search and selection of Carol Kavanagh was supported by external recruitment consultants Russell Reynolds Associates who have no other connection with the Company or any of its Directors.

No Director is a Non-Executive Director or Chairman of a FTSE 100 company.

Diversity

The Board recognises the value of diversity in the boardroom and the benefit to the Group's overall performance that diversity across backgrounds, experience, knowledge, skills and gender can bring. In new appointments, the Nomination Committee seeks to select individuals who are best able to meet the recommended requirements of the role and improve overall diversity of the Board.

Information and professional development

Before each scheduled Board meeting all Directors receive reports from the Chief Executive and Chief Financial Officer on results, key issues and strategy. Additionally these reports (and where relevant additional reports from senior executives) address key matters concerning the Company's customers, suppliers, investors, employees, regulators and the environment. During Board meetings, the Non-Executive Directors regularly make further enquiries of the Executive Directors and seek further information which is provided either at the relevant meeting or subsequently. This information and any related reports (provided either before or after meetings) are considered in the Board's discussions and in its decision making process when having regard to Section 172 of the Companies Act 2006.

The Board recognises the importance of tailored induction training on joining the Board and ongoing training and education, particularly regarding new laws and regulations which relate to or affect the Group. Such training and education is obtained by the Directors individually through the Company, including briefings from external advisers, through other companies of which they are Directors or through associated professional firms or as members of their professional bodies.

Procedures are in place to enable Directors to take independent professional advice, if necessary, at the Company's expense, in the furtherance of their duties. The procedure to enable such advice to be obtained is available for inspection on the Company's website.

All Directors have access to the advice and services of the Company Secretary, whose role is to ensure that information is received by the Board in a timely manner, all procedures are followed and applicable rules and regulations are complied with. The appointment or removal of the Company Secretary is a matter specifically reserved for decision by the Board.

Performance evaluation

This year the Board evaluation was conducted internally and was led by the Senior Independent Director. Each of the Directors completed a confidential evaluation questionnaire and the results were reviewed by the Senior Independent Director in a one-to-one meeting with the relevant Board member. The Senior Independent Director presented his findings to the Board for discussion led by the Chairman. The internal evaluation concluded, as corroborated by the results of the questionnaires, that overall the Board and its Committees were generally effective and no material concerns had been raised. The Senior Independent Director had noted the level of openness and constructive self-criticism within the Board during the evaluation had remained good. As the Company was not required to undertake an external evaluation it has been agreed to continue with an internal evaluation in FY2023 and review the position again thereafter. The discussion following the Board evaluation had considered the balance of Non-Executive Directors roles and commitments on the Board and its Committees and the staffing of the new Board Sustainability Committee which resulted in the changes proposed by the Nomination Committee as detailed on page 123.

The Chairman reviewed the performance and development needs of each of the Executive and Non-Executive Directors. The Non-Executive Directors, led by the Senior Independent Director conducted an evaluation of the Chairman, and the Senior Independent Director discussed the results of that assessment with the Chairman. No actions were considered necessary as a result of these evaluations, and the Board is satisfied with the Chairman's commitment and performance.

Re-election

Pursuant to the Code and under the Company's Articles of Association all Directors must submit to re-election (or where they are a new Director appointed to the Board since the last Annual General Meeting they will retire and seek election) at each Annual General Meeting. Biographical details of all the Directors are included in this report in order to enable shareholders to take an informed decision on any election/re-election resolution. The letters of appointment of each of the Non-Executive Directors and the Chairman confirm that appointments are for specified terms and that reappointment is not automatic.

Corporate Governance continued

Directors' remuneration

The performance related elements of the remuneration of the Executive Directors form a significant proportion of their potential total remuneration packages. The performance related schemes in which the Executive Directors are entitled to participate are set out in more detail in the Remuneration Report. The Remuneration Committee, with the advice of FIT Remuneration Consultants LLP ('FIT'), reviews the Company's Remuneration Policy on a regular basis including the design of performance related remuneration schemes. Such performance related elements have been designed with a view to aligning the interests of the Executive Directors with those of shareholders and to incentivise performance at the highest level.

The service contracts for Russell Down and James Bunn provide for termination by the Company on one year's and nine months' notice respectively. It is the Company's current policy that notice periods on termination of Directors' contracts should not exceed 12 months.

The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels of remuneration paid by companies of a similar size. The levels of remuneration also reflect the time commitment and responsibilities of each role, including Chairmanship of Board Committees. It is the policy of the Board that remuneration for Non-Executive Directors should not include share options or any other share based incentives.

The remuneration of the Non-Executive Chairman is dealt with by the Remuneration Committee and details are reported in the Directors' Remuneration Report. The remuneration of other Non-Executive Directors is dealt with by a Committee of the Board specifically established for this purpose, normally comprising the Chief Executive and the Chief Financial Officer, without the presence of the Non-Executive Directors. The remuneration of all Non-Executive Directors is ordinarily reviewed annually, however no review had been undertaken for two years. The remuneration of Non-Executive Directors was reviewed at the end of FY2022. The conclusion was that the base fees be increased to £45,000 and the Senior Independent Director fee be increased to £7,000 both effective from 1 April 2022. Further details of the remuneration of Non-Executive Directors are set out on page 139.

Procedure

The Board has constituted a Remuneration Committee which met four times during the year. The terms of reference of the Remuneration Committee are published on the Company's website and are fully compatible with Provision 33 of the Code. The Remuneration Committee members are Rob Barclay, David Garman and Carol Kavanagh who are independent of management and free from any business or other relationship

which could materially interfere with the exercise of their independent judgement. The Chairman, Chief Executive and Chief People Officer attend by invitation but are not present for discussions relating to their own remuneration. The Remuneration Committee has appointed FIT to advise it in relation to the design of appropriate executive remuneration structures. FIT has no other connection with the Company or any of its Directors.

The responsibilities of the Remuneration Committee include setting Remuneration Policy, ensuring that remuneration (including pension rights and compensation payments) and the terms of service of the Executive Directors are appropriate and that Executive Directors are fairly rewarded for the contribution which they make to the Group's overall performance. It is also responsible for the allocation of shares under long-term incentive arrangements approved by shareholders and in accordance with agreed criteria. In addition, it monitors current best practice in remuneration and related issues. The Board's policy is that all new long-term incentive schemes (as defined in the Listing Rules) and significant changes to existing schemes should be specifically approved by shareholders, while recognising that the Remuneration Committee must have appropriate flexibility to alter the operation of these arrangements to reflect changing circumstances. The Company's current long-term incentive scheme was approved by shareholders in 2014 and will be reviewed during FY2023.

A more detailed summary of the work of the Remuneration Committee during the year and the Group's Remuneration Policy, which was approved at the Company's 2020 Annual General Meeting and which will apply until its Annual General Meeting in 2023 is contained on pages 125 to 147.

Accountability and audit

Financial reporting

The Directors' Report and independent auditor's report appear on pages 101 to 104 and pages 148 to 156 respectively and comply with Provisions 27 and 30 of the Code.

Audit & Risk Committee and auditors

The Board has established an Audit & Risk Committee which met four times during the year. The terms of reference of the Audit & Risk Committee are published on the Company's website. Such terms of reference comply with Provision 25 of the Code. The Committee members are Shatish Dasani, Rob Barclay and Rhian Bartlett who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Chief Executive, Chief Financial Officer, Director of Finance, Head of Risk & Assurance and the external auditors attend by invitation. The Board is satisfied that the Chairman of the Audit & Risk Committee, Shatish Dasani, has appropriate recent

and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Company operates.

In addition to responsibility for the Group's systems of internal control, the Committee is responsible for reviewing the integrity of the Company's accounts, including the half and full-year results, and recommending their approval to the Board.

The Committee meets on a regular basis with the external auditors and internal audit function to review and discuss issues arising from internal and external audits and to agree the scope and planning of future work. The effectiveness of the Group's internal audit function is one of the matters reviewed in conjunction with the external auditors.

The Audit & Risk Committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors. The policy of the Audit & Risk Committee is to ensure auditor objectivity and independence is safeguarded at all times. As further detailed on page 119, the Audit & Risk Committee considers that the Company's auditors are independent.

A more detailed description of the work of the Audit & Risk Committee during the year is contained in the separate report of the Committee on pages 115 to 120.

Internal control

The Board is responsible for the Company's internal control procedures and processes and for reviewing the effectiveness of such systems.

The Board, via the Audit & Risk Committee, conducts a review, at least annually, of the Group's systems of internal control. Such a review considers all material controls, including financial, operational and compliance controls and risk management systems, and accords with the recommendations contained in the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting (formerly the Turnbull Guidance). A formal report is prepared by the external auditors, KPMG LLP, highlighting matters identified in the course of its statutory audit work, and is reviewed by the Audit & Risk Committee in the presence of KPMG LLP and, by invitation, the Chief Executive, the Chief Financial Officer, the Director of Finance and the Head of Risk and Assurance. The Committee also considers formal reports prepared and presented by the internal audit function. The findings and recommendations of the Committee are then formally reported to the Board for detailed consideration.

Relations with shareholders

Dialogue with institutional shareholders

The Chairman, Chief Executive and Chief Financial Officer give presentations regularly to analysts and investors, which include the Company's half and full-year results. The Chairman, Chief Executive and Chief Financial Officer, with assistance from the Company's brokers, collate feedback from such presentations and report the findings to the next meeting of the Board. The Chairman is also available to discuss matters with major shareholders in relation to, inter alia, results, strategy and corporate governance issues. The Senior Independent Director, David Garman, is available to attend meetings with major shareholders in order to understand their issues and concerns should the normal communication channels with the Chairman, Chief Executive or Chief Financial Officer be considered ineffective or inappropriate.

Constructive use of the Annual General Meeting

The Company's Annual General Meeting procedures include, as a matter of course, specifying the level of proxies lodged on each resolution and the balance for and against each resolution and votes withheld after each has been dealt with on a show of hands. It is also the Company's policy to propose a separate resolution at the Annual General Meeting on each substantive separate issue, including in relation to the Annual Report and Accounts and the Directors' Remuneration Report.

All Committee Chairpersons will be available for shareholders' questions at the Annual General Meeting.

The Company's standard procedure is to ensure that the Notice of Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting.



Audit & Risk Committee Report



Shatish Dasani

Chairman of the Audit & Risk Committee

The Audit & Risk Committee presents its report for the financial year ended 31 March 2022.

Objectives and terms of reference

The Audit & Risk Committee's key objectives are to provide oversight and governance over the effectiveness of the Group's financial reporting and internal controls, together with the procedures for identification, evaluation and management of key risks. The role of the Audit & Risk Committee in monitoring the integrity of the Group's financial affairs is important to shareholders and other stakeholders, both internal and external. Accordingly, the Committee works closely with management and external and internal auditors to ensure a best practice approach to policies and controls. In addition, a key objective of the Committee is to ensure all financial reporting is fair, balanced and understandable.

The Audit & Risk Committee is satisfied that the Group's internal and external processes are robust and appropriately aligned to delivering good financial reporting and governance. The Directors confirm that they have carried out a comprehensive assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The terms of reference of the Audit & Risk Committee, which include all matters referred to in the UK Corporate Governance Code, are reviewed annually by the Committee and changes proposed to the Board. The current terms of reference can be found at speedyservices.com/investors and are also available in hard copy from the Company Secretary.

Composition of the Audit & Risk Committee

The Audit & Risk Committee comprises three Non-Executive Directors: Shatish Dasani (Chairman), Rob Barclay and Rhian Bartlett. All members are considered by the Board to be independent. Biographies of each of the members of the Audit & Risk Committee are set out on page 107.

The Audit & Risk Committee is chaired by Shatish Dasani, a chartered accountant with over 25 years' experience in senior public company finance roles across various sectors, including building materials, general industrial and business services. His biography is set out on page 107. The Board is satisfied that Shatish Dasani has recent and relevant financial experience and that the Committee as a whole has an appropriate balance of skills, experience, qualifications and sector related knowledge.

Attendance

The Audit & Risk Committee's agenda is linked to events in the Group's financial calendar, and the Committee met on four occasions during the year. Details of the attendance at Audit & Risk Committee meetings are set out below.

Audit & Risk Committee members and meetings attended:

Name	Position	Meetings attended
Shatish Dasani (Chairman)	Non-Executive Director	4/4
Rob Barclay	Non-Executive Director	4/4
Rhian Bartlett	Non-Executive Director	4/4

Audit & Risk Committee Report continued

Operation and responsibilities of the Audit & Risk Committee

The Chairman, Chief Executive and Chief Financial Officer, together with the external auditors, the Director of Finance and the Head of Risk and Assurance, are invited to attend meetings of the Audit & Risk Committee, although the Committee reserves time for discussions without any invitees being present. The external auditors and the Head of Risk and Assurance meet privately with the Audit & Risk Committee to advise the Committee of any matters which they consider should be brought to their attention without the Executive Directors present. The external auditors and the Head of Risk and Assurance may also request a meeting with the Committee if they consider it necessary. The Risk and Assurance department carries out the Group's internal audit work. The Chairman of the Committee also holds private meetings both with the Head of Risk and Assurance and the external auditors on a regular basis.

The Company Secretary acts as secretary to the Audit & Risk Committee. The members of the Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Committee undertakes its activities in line with an annual programme of business. The Audit & Risk Committee's principal duties are:

Internal controls and risk

- monitoring the effectiveness and appropriateness of internal controls;
- evaluating the process for identifying and managing significant risk in the business;
- considering the effectiveness and resourcing of the internal audit function;
- determining and directing the scope of the internal audit programme;
- appointing or replacing the Head of Risk and Assurance;
- reviewing matters reported through the Group's whistleblowing policy; and
- monitoring performance of the Group's senior finance personnel and ensuring their development.

External auditors

- monitoring the effectiveness of the external audit process, including recommending the appointment, re-appointment and remuneration of the external auditors;
- overseeing the rotation of the lead audit partner at appropriate junctures;
- considering and, if appropriate, approving the use of the external auditors for non-audit work in line with its policy;
- considering the independence of the external auditors, taking into account: (i) non-audit work undertaken by them; (ii) feedback from various stakeholders; and (iii) the Committee's own assessment; and
- monitoring and considering the provisions and recommendations of the UK Corporate Governance Code in respect of external auditors. This involves a review of the scope of the audit, the auditor's assessment of risk, appropriateness of materiality and the key findings.

Financial Statements

- monitoring the integrity of the Group's Financial Statements and formal announcements relating to the Group's performance;
- reviewing the Company's Viability Statement, challenging assumptions made with management and, if thought appropriate, recommending this for approval by the Board and inclusion in the Annual Report and Financial Statements;
- considering liquidity risk and the use of the going concern basis for preparing the Group's Financial Statements; and
- evaluating the content of the Annual Report and Financial Statements, to advise the Board as to whether it may reasonably conclude that the Annual Report and Financial Statements is fair, balanced and understandable overall and provides the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

As part of its annual programme of business the Audit & Risk Committee regularly receives updates from the external auditors as to emerging accounting standards and reporting requirements, and members are expected to participate personally in relevant briefing and training sessions during the year.

Significant areas considered during FY2022

During the year, the Audit & Risk Committee considered and discussed with the external auditors and management the following items:

- the valuation of hire equipment;
- the going concern basis for the preparation of the Financial Statements;
- the valuation of trade receivables; and
- Cybersecurity.

The role and response of the Audit & Risk Committee to these, along with any corresponding impact on the Group's Financial Statements, are discussed in more detail in this report.

Valuation of hire equipment

The hire fleet comprises several million individual items, represents the largest asset on the balance sheet, and underpins the Group's key revenue streams.

The control environment surrounding the management of the hire fleet is critical to maintaining an up to date record of the assets and ensuring that they are correctly valued within the Financial Statements. In order to gain assurance that the control environment is operating in a satisfactory manner, the Committee requires internal audit to review the asset management processes. The summary findings of these reviews are provided to the Committee.

In addition to considering the appropriateness of the Group's depreciation policies, the Committee reviews the valuation of hire equipment taking into consideration the track record of the Group in disposing of hire equipment at close to book value. This also incorporates a thorough review of useful economic lives and residual values.

As a result of the work performed and in conjunction with the assessment made by the external auditors, the Audit & Risk Committee is satisfied that hire equipment assets are appropriately valued.

Going concern basis for the preparation of the Financial Statements

The Group has adopted a going concern basis for the preparation of the Financial Statements. Judgement over the future cash flows of the business (for a period of at least 12 months from signing the accounts) and the available headroom from the Group's borrowing facilities must be applied in concluding whether to adopt a going concern basis of preparation. The Audit & Risk Committee has challenged forecast cash flows, the assumptions applied to derive the cash flows and availability of finance from existing facilities.

On 6 July 2021 the Group's £180m asset-based finance facility (the 'facility') was renewed for three years, through to July 2024 with no prior scheduled repayment requirements. Further uncommitted options exist for two one-year extensions until July 2026. The additional uncommitted accordion (£220m) remains in place through to July 2024. The facility includes quarterly leverage and fixed charge cover covenant tests which are only applied if headroom in the facility falls below £18m. No covenant test was required during the year, and the Group maintained significant headroom against these measures.

Based on the expectations of future cash flows (including the consideration of severe but plausible downside modelling) and the continued availability of the banking facilities, the Audit & Risk Committee has concluded that the available borrowing facilities are adequate for both existing and future levels of business activity. The Committee therefore considers that it is appropriate to continue to adopt a going concern basis in the preparation of the Financial Statements.

Audit & Risk Committee Report continued

Valuation of trade receivables

The Group trades with a large number of customers across a range of sectors and the carrying amount of receivables from these customers comprises a substantial current asset. Judgement is required in determining the extent to which these current assets will prove recoverable, and a provision for this is reflected in the carrying value of those current assets.

The Audit & Risk Committee considers the overall level of provision against receivables and any changes to the provisioning policy recommended by management, taking into account management's assessment of the receivables balance on a customer by customer basis, levels of historic credit loss experienced by the business and the economic climate in which the customers operate. It also reviews the findings from the work carried out by the external auditors.

As a result of the work performed, the Committee is satisfied that trade receivables are appropriately valued.

Cybersecurity

In common with most other businesses, due to changes in the external threat environment, the Group is exposed to increased risk from cyberattack which may cause disruption to its operations. As the Group continues to expand its digital offering online, the likelihood of becoming a target increases.

The Audit & Risk Committee has included in its routine programme of business a review of the cybersecurity risk and the actions that management have already taken and are putting in place to mitigate these risks. During the year, the Company commissioned an external specialist to review the Group's control framework measured against the industry standard CIS Critical Security Controls. Whilst this showed that there was overall a good level of control in place, the review made a number of recommendations to strengthen the robustness of the infrastructure. As a result management have initiated a project to improve the control environment based on a proportionate response for the size of the Group and the market in which it operates.

As a result of the work performed, the Committee is satisfied that the cybersecurity risk is being actively managed to an appropriate level.

Internal control and risk management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The detailed review of internal controls has been delegated by the Board to the Audit & Risk Committee.

The Risk and Assurance Department includes the Group's internal audit function. The Head of Risk and Assurance reports to the Board and to the Audit & Risk Committee. The internal audit function is involved in the assessment of the quality of risk management and internal controls. It helps to promote and develop further effective risk management in all areas of the business, including the embedding of risk registers and risk management procedures within individual business areas. The Committee receives detailed reports from the Risk and Assurance Department at each meeting.

The Committee ensured that questionnaires were circulated to senior management requesting they notify internal audit of any significant irregularities in information provided for inclusion in the Financial Statements. None have been reported.

The Audit & Risk Committee has reviewed the effectiveness of internal controls and risk management during the year taking into consideration the framework and risk register maintained by management, in addition to reports from both the internal and external auditors. The Committee has concluded that internal controls have operated effectively during FY2022.

Review of the work, effectiveness and independence of internal audit

The Audit & Risk Committee reviews the effectiveness of the Group's internal audit function. This review includes the audit plan and the level of resource devoted to internal audit, as well as the degree to which the function can operate free from management restrictions. The Committee considered the results of the audits undertaken by the internal audit function and in particular considered the response of management to issues raised by internal audit, including the time taken to resolve matters reported. Although internal audit has raised recommendations for improvement in the normal course of business, the Audit & Risk Committee is satisfied that none of these constituted significant control failings during FY2022.

In accordance with Attribute Standard 1312 of the Chartered Institute of Internal Auditors ('CIIA') International Professional Practices Framework, an external quality assessment of internal audit was undertaken during the year. The review concluded that 'the internal audit and risk function is effective in providing independent assurance to the organisation and complies with CIIA standards.' It made some recommendations for improvement to the approach undertaken, and these are being implemented by the function. In addition to this, the Head of Risk and Assurance is required to undertake an annual self-assessment of adherence to this framework. This self-assessment is considered by the Audit & Risk Committee during its review of internal audit.

On an annual basis the Audit & Risk Committee circulates a questionnaire to Directors and senior management inviting comments on the Risk and Assurance function. The responses are considered by the Audit & Risk Committee and are used in conjunction with the other review processes described to determine whether internal audit is working effectively.

Section E24 of the CIIA Internal Audit Code of Practice requires the Audit & Risk Committee to explicitly discuss annually the Chair's assessment of the independence and objectivity of the Head of Risk and Assurance. The Committee is satisfied that the Head of Risk and Assurance is independent and will robustly challenge management appropriately.

Following the review, the Committee concluded that the Group's internal audit function remains effective.

The Internal Audit Charter was reviewed by the Audit & Risk Committee during the financial year and it was determined that this remained fit for purpose, save for a change to clarify the reporting line of the Head of Risk & Assurance.

Review of the work, effectiveness and independence of the external auditors

The Audit & Risk Committee reviews annually the relationship between the Group and the external auditors and has responsibility for monitoring the external auditors' independence and objectivity. This work includes an assessment of their performance, a review of the scope of their work, as well as their compliance with ethical, professional and regulatory requirements. The Committee also reviews any major issues which arise during the course of the audit and their resolution, key accounting and audit judgements, and any recommendations made to the Board by the auditors and the Board's response. The Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the external auditors.

The policy for the use of the external auditors for non-audit related purposes was reviewed by the Committee during the financial year and it was determined that this remained appropriate and no changes were made. The policy is designed to control the provision of non-audit services by the external auditors in order to ensure that their objectivity and independence are safeguarded. The policy provides that preference should be given to retaining consultants other than from the external auditors unless strong reasons exist to the contrary, and that non-audit fees paid to the auditor should not exceed 100% of the audit related fees paid in that year, and the three-year average of non-audit fees paid to the auditor should not exceed 50% of the annual audit fees. The policy further requires that the provision of any

non-audit services by the external auditors is subject to prior approval by the Audit & Risk Committee. The Committee closely monitors the amount the Company spends with the external auditors on non-audit services.

The only non-audit service provided by the auditors in the year relates to the review of the Company's half-year results which the Committee accepted was work best undertaken by the external auditors. These fees represented 10.2% of the annual audit fees and the three-year average was 9.2%. Details of the fees, split between audit and non-audit services, payable to the external auditors are given in Note 5 to the Financial Statements.

The Audit & Risk Committee considered the external auditor's performance during the year and reviewed the level of fees charged, which are considered appropriate given the size of the Group.

External Audit Tender

During the year, the Audit & Risk Committee has overseen a competitive tender process for the appointment of a new external auditor to commence with the audit for FY2023.

Following initial discussions, three firms were invited to participate in the tender and the necessary independence checks were carried out. KPMG LLP ('KPMG') was not invited to re-tender as re-appointment would mean exceeding the allowed maximum period in office. The appointment of new auditors will bring KPMG's 20 year tenure to an end and satisfy the mandatory rotation requirements. The Board and the Committee have remained satisfied with both KPMG's quality of service and their independence and objectivity throughout their tenure. The audit partner responsible within KPMG has been regularly rotated as required during the appointment.

The Committee created a tender panel led by the Committee Chair which also included the Chief Financial Officer; Company Secretary; Director of Finance; and the Group Finance Manager to run the day-to-day tender process. As part of the formal tender process a Request for Proposal, with the tender evaluation criteria set out, was issued to the participating firms and they were given access to a data room. Participating firms also attended site visits and various meetings with management before submission of their written proposals. Following submission and review of their proposals the three firms were invited to present their proposal to the tender panel followed by a question and answer session.

The tender panel reviewed the proposals against the agreed criteria and selected two firms to take forward. Independent references for each firm's lead partner were provided and taken up. The panel believed each of the two firms could perform

Audit & Risk Committee Report continued

a quality audit of Speedy. Based on the evaluation criteria the tender panel ranked the two firms and recommended PricewaterhouseCoopers LLP ('PwC') to the Committee. Following careful consideration of the recommendation and the performance against the selection criteria the Committee agreed to recommend PwC as auditor. The Board considered and endorsed the Committee's recommendation to appoint PwC as the Group's new auditors from FY2023, with the appointment subject to Part 16 of the Companies Act 2006. PwC has expressed its willingness to take over as external auditors of the Group. Separate resolutions proposing PwC's appointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 8 September 2022. KPMG will cease to hold office following the conclusion of the 2022 Annual General Meeting.

PwC, as the proposed external auditor, started undertaking transitional activity from May 2022, in preparation for the external audit cycle in FY2023, and attended the Committee meeting in May 2022.

Code of Conduct

The Company remains committed to the highest standards of business conduct and expects its Directors, employees, consultants and other stakeholders to act accordingly. The Company has a well-established Code of Conduct which incorporates a whistleblowing policy. These policies are actively promoted within the Group. Code of Conduct training is covered in our induction programme for new employees and where appropriate, this is reinforced on an annual basis via an online training course for existing employees.

Communicating with shareholders

The Company places considerable importance on communication with its shareholders, including both institutions and private shareholders. The Group's Chief Executive and Chief Financial Officer manage the investor relations programme and meet with major shareholders on a regular basis. The Group's Chairman also meets with investors. The views of the Company's major shareholders are reported to the Board and are regularly discussed at meetings of the Board and at the various committees of the Board, including, where appropriate, the Audit & Risk Committee.

Approval of Annual Report and Financial Statements

Having reviewed the Annual Report and Financial Statements and made inquiries of management and the external auditors, the Audit & Risk Committee advised the Board that in its opinion the Annual Report and Financial Statements was fair, balanced and understandable overall and provides all the information necessary to enable shareholders to assess the performance, business model and strategy of the Group.

This report was approved by the Board on 27 May 2022.

Shatish Dasani
Chairman of the Audit & Risk Committee



Nomination Committee Report



David Shearer

Chairman of the Nomination Committee

The Nomination Committee presents its report in relation to the financial year ended 31 March 2022.

Chaired by David Shearer, the key functions of the Nomination Committee are to review the structure and composition of the Board, to identify and propose to the Board suitable candidates to fill Board vacancies, and to undertake succession planning for Board and senior management positions.

Composition of the Nomination Committee

The Nomination Committee comprises the Chairman, David Shearer, and three independent Non-Executive Directors, David Garman, Rhian Bartlett and Shatish Dasani. Appointments and attendance at meetings during the year are set out below. Biographies of the members of the Nomination Committee are set out on pages 106 and 107.

The terms of reference of the Nomination Committee are reviewed annually by the Committee and changes proposed to the Board. The current terms are published on the Company's website at speedyservices.com/investors and are also available in hard copy form on application to the Company Secretary.

Attendance

The Nomination Committee met on two scheduled occasions during the year but can meet more regularly if required. Details of the attendance at scheduled Nomination Committee meetings are set out in the table below. At the invitation of the Chairman, the Chief Executive may attend meetings. The Group's Chief People Officer may also be invited to attend, particularly where discussions are taking place around succession planning within the Group.

Nomination Committee members and scheduled meetings attended during the year:

Name	Position	Meetings attended
David Shearer (Chairman)	Non-Executive Chairman	2/2
David Garman	Non-Executive Director	2/2
Rhian Bartlett	Non-Executive Director	2/2
Shatish Dasani	Non-Executive Director	2/2

Operation of the Nomination Committee

The Company Secretary acts as secretary to the Nomination Committee. The members of the Nomination Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense.

The Nomination Committee's duties include, inter alia:

- ensuring that there is a formal and transparent procedure for the appointment of new Executive and Non-Executive Directors to the Board and making recommendations to the Board on such appointments;
- reviewing the size and composition of the Board along with membership of Board Committees;
- evaluating the balance of skills, knowledge and experience on the Board;
- ensuring that succession planning is in place for the Board and senior management;
- ensuring that Non-Executive Directors are able to devote sufficient time to discharge their duties;
- making recommendations to the Board in respect of Directors standing for re-election at the AGM; and
- overseeing the development of a diverse pipeline for succession to the Board.

The Nomination Committee leads the process for all Board appointments, carefully evaluating the skills available on the Board and how these may be best balanced and enhanced by agreeing the person specification, selecting external recruitment consultants, considering all candidates and making recommendations to the Board for appointment. In selecting candidates, the Nomination Committee gives due consideration to the benefits of diversity. All recommendations made are on merit against objective criteria.

During the year the Nomination Committee undertook all of the duties set out above and additionally reviewed the leadership needs of the organisation and succession planning for key individuals, including Executive Directors and Non-Executive Directors. The review included the identification of talented individuals for key management roles and development across the Group.

Board

During the year the Committee considered the size and composition of the Board and its Committees and the balance of skills, knowledge and experience across the Directors. The Committee concluded that the structure, size and composition of the Board was well balanced and operating effectively. The Board Committees were all continuing to work effectively with the reduced membership introduced during FY2021, with

Committee Chairs ensuring that matters were referred, and the Board updated, as relevant. It was agreed that Rhian Bartlett would step down from the Remuneration Committee on 16 November 2021 as previously envisaged. This was part of the programme of reducing the number of Non-Executive Directors on the Board Committees to balance director responsibilities and strengthen engagement and challenge between the Board and its Committees. The Committee recommended the one-year extension of the term of appointment of Rob Barclay to expire on 31 March 2023, providing continuity and an opportunity to consider succession for the role of Chair of the Remuneration Committee in advance of preparation for the triennial review and approval of the Directors Remuneration Policy. Having regard to the Company's long commitment to sustainable growth and the increased stakeholder focus on climate change and the related environmental, social and governance considerations within its business, the Board reviewed the need for a Sustainability Committee to assist the Board in its oversight of the Company's ESG strategy and support the Board on all sustainability matters. The Committee members participated in the review and fully supported the decision to create a Sustainability Committee of the Board.

Following year end the Nomination Committee also recommended the three-year extension of the term of appointment of Rhian Bartlett to expire on 31 July 2025.

Following the annual evaluation of the Board and its Committees and further discussion of balancing Non-Executive Directors roles and commitments on the Board and its Committees and the staffing of the new Board Sustainability Committee, the Nomination Committee recommended the following which were approved by the Board on 27 May 2022:

- Rob Barclay (Chair), Russell Down and Rhian Bartlett to be appointed to the Sustainability Committee. Russell being appointed as it was agreed the Chief Executive would be a standing member of that Committee;
- Carol Kavanagh to take over as Chair of the Remuneration Committee from Rob Barclay on 30 September 2022, allowing Carol to lead the Remuneration Committee's review of the Directors Remuneration Policy in advance of presentation for shareholder approval at the 2023 AGM. Rob Barclay will remain on the committee; and
- Rhian Bartlett to take over as the designated Non-Executive Director for employee engagement from Rob Barclay on 30 September 2022.

Nomination Committee Report continued

Chief Executive

Russell Down has advised the Board of his intention to retire. Russell will remain with the business until a successor is in place to ensure a smooth and orderly transition. As with all Board appointments, the Nomination Committee is leading the process for the appointment of his successor and external search consultants Russell Reynolds Associates have been retained.

Diversity

Continuing to develop an increasingly diverse and inclusive workforce is an important factor in supporting the Company's strategy which additionally helps create a sustainable and prosperous business. The Board recognises the value of diversity within the boardroom including across backgrounds, experience, knowledge, skills and gender. The appointment of Carol Kavanagh, from 1 June 2021, as an additional Non-Executive Director, with her extensive experience in business transformation and people related matters has further strengthened the expertise of the Board in these areas and further broadened its diversity. More generally the Group's approach to equality and diversity can be seen on pages 67 to 69 of the Strategic Report, along with details of the gender balance of those personnel in senior management and their direct reports.

The Nomination Committee has recommended the re-election of all Directors standing for re-election at the forthcoming Annual General Meeting. This will include Russell Down, as he will remain with the business until a successor is in place. Russell is therefore required to submit to the usual annual re-election with the rest of the Board and will then step down from the Board at the end of the transition period.

This report was approved by the Board on 27 May 2022.

David Shearer
Chairman of the Nomination Committee

Remuneration Report



Rob Barclay

Chairman of the Remuneration Committee

The Remuneration Committee presents its report in relation to the financial year ended 31 March 2022.

Annual Statement

This year's report has been split into three sections:

- this Annual Chair's Statement summarising major decisions and any relevant changes to remuneration;
- a summary of the Remuneration Policy Report, which sets out the Group's policy on the remuneration of the Executive and Non-Executive Directors; and
- the Annual Report on Remuneration outlining how the Group's Remuneration Policy was implemented in FY2022 and how it will be implemented in FY2023.

As the Committee is not proposing any changes to the three-year Remuneration Policy (originally approved by the Shareholders at the 2020 Annual General Meeting ('AGM')) only this Annual Statement and the Annual Report on Remuneration will be subject to an advisory vote at the 2022 AGM. As the current Remuneration policy nears the end of its three-year shareholder approved term, a new Remuneration Policy will be subject to a vote at the 2023 AGM. Ahead of this, the Committee will conduct a full policy review during FY2023 and will consult as appropriate with our major shareholders and the main representative bodies in advance of the 2023 AGM.

Performance for FY2022

The Group has performed well in FY2022 with profits increasing significantly as compared to FY2021. Progress has been made against our strategic priorities including digital, retail and ESG which leaves us well positioned for future growth.

Implementation of the Remuneration Policy for FY2022

Executive Directors were awarded workforce aligned salary increases from 1 April 2021. This equated to a 2% increase for the Chief Executive and a 1% increase for the Chief Financial Officer (reduced to reflect a start date part way through FY2021).

In respect of the variable pay out-turns for Executive Directors for the year ended 31 March 2022:

- In line with past practice the annual bonus opportunity was limited to a maximum target of 100% of annual salary, notwithstanding that the maximum opportunity in the Remuneration Policy was increased to 125% of salary at the 2020 AGM. Performance metrics were based on Group PBT (70%), Strategic (15%) and ESG (15%) targets for FY2022. As a result of the financial and operational performance during the year, the Chief Executive and Chief Financial Officer were each awarded annual bonuses of 66.9% of salary; and
- The Performance Share Plan ('PSP') awards granted in 2019 lapsed on 24 May 2022 as a result of performance against the EPS (50% of awards) and Total Shareholder Return (50% of awards) targets, as measured over the three-year performance period to 31 March 2022, being below the relevant thresholds.

PSP awards for FY2022 were granted to Russell Down and James Bunn on 14 June 2021 over shares equal to 100% of salary (i.e. below the 150% of salary maximum) with 50% of the awards subject to an EPS condition and the other 50% subject to a relative TSR condition. Full details of the awards granted, and the relevant performance targets, are set out in the Annual Report on Remuneration.

The Committee is satisfied that total remuneration paid to the Executive Directors in respect of FY2022 was appropriate.

Application of Discretion for FY2022

The Committee did not apply discretion (positive or negative) during the year ended 31 March 2022.

Implementation of the Remuneration Policy in FY2023

Details of how the Committee intends to implement the Remuneration Policy for the year ending 31 March 2023 are set out below. While the Remuneration Committee has yet to finalise the remuneration arrangements in respect of Russell Down's retirement, the impact of the 11 May 2022 announcement on the implementation of the Remuneration Policy, where known, is detailed below.

Base salary

As detailed in last year's Directors' Remuneration Report, following a detailed review of Russell Down's base salary in advance of the normal 1 April 2021 review date (noting that the 1 April 2020 review date was postponed and ultimately cancelled), the Remuneration Committee concluded that Russell Down's base salary is significantly below market levels. However, in light of the pandemic, rather than seek to address this in 2021, the Committee agreed to: (i) award a workforce aligned increase of 2% from 1 April 2021 (taking the salary to

Remuneration Report continued

£395,454); and (ii) revisit this in 2022, with the intention of moving Russell's salary towards the market level (c.£500,000) on a phased basis.

Following a further review, and reflecting Speedy's strong recovery from the Covid-19 pandemic, the Committee agreed to increase Russell Down's salary to £445,454 from 1 April 2022 (an increase of £50,000 on Russell's previous salary). Major shareholders were consulted in respect of the increase and were supportive. While a second increase to £495,454 from 1 April 2023 was proposed, this will no longer be implemented following the announcement of Russell's forthcoming retirement.

The salary for James Bunn, our Chief Financial Officer, was increased in line with the workforce from 1 April 2022 by 3.5% to £340,000.

Pension

To the extent that Russell Down remains in employment beyond 31 December 2022, his pension allowance of 15% of salary will be reduced to 3% of salary to be fully aligned to the level of the majority of the UK workforce from that date. The pension allowance for James Bunn will continue to be set at 3% of salary.

Annual bonus

For the financial year beginning 1 April 2022, notwithstanding that the maximum annual bonus opportunity in the Remuneration Policy is set at 125% of salary, potential will be limited to 100% of salary in line with past practice. Performance metrics will continue to be based on group profit before tax (70%), strategic (15%) and ESG (15%) targets to reflect Speedy's financial and strategic priorities for the year ahead. Outstanding performance will be required for the maximum bonus to become payable. The performance targets are deemed to be commercially sensitive at the current time but full details of the targets and the actual performance against those targets will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

PSP

The PSP will continue to operate as the Company's primary long-term incentive arrangement, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance. PSP awards for FY2023 will be granted to James Bunn over shares equal to no more than 100% of salary (i.e. below the normal 150% of salary maximum) and the Committee will consider the prevailing share price at the time of grant. 50% of the awards will be subject to an EPS condition and 50% of the awards will be subject to a relative TSR condition based on the Group's performance against the constituents of the FTSE 250 (excluding investment trusts) measured over three years from 1 April 2022 to 31 March 2025. Details of the performance targets will be set out in the RNS issued immediately after the grant date.

Russell Down will not receive a PSP award for FY2023 given his forthcoming retirement.

Pay and practices in the wider Group

When considering the Remuneration Policy for the Executive Directors, the Remuneration Committee takes into account pay and employment conditions across the Company. Every employee in Speedy participates in a discretionary bonus or incentive scheme relevant to their role, ensuring all employees are able to share in the success of the organisation. In addition, alongside the annual Company wide salary review process, which continues to ensure that all employees are paid above the National Living Wage, further increases have been given to employees in key roles where recruitment and retention is a priority. Our apprentices are paid well above the relevant apprentice minimum wage during their first year and then at least the relevant minimum or living wage until they transfer off the apprenticeship scheme, at which point they are paid above the National Living Wage. As required by the Regulations, we have disclosed the ratio between the Chief Executive's remuneration and that of the median, lower and upper quartile of UK employees. Further details can be found on page 147.

Shareholder engagement

The Committee takes an active interest in any shareholder views on the Company's executive remuneration and is mindful of the concerns of shareholders and other stakeholders. In this regard, the Committee wrote to major shareholders and the main shareholder representatives in advance of the 2021 AGM in respect of its approach to fixed and variable remuneration in light of the pandemic. In addition, following a 21.4% vote against the resolution to approve the Directors' Remuneration Report at the 2021 AGM primarily in connection with the payment of an annual bonus for the second half of FY2021, the Committee wrote to those shareholders which abstained or voted against to seek further feedback and provide the opportunity for a call to discuss any residual concerns. Finally, as noted above, major shareholders were consulted in respect of the proposal to increase Russell Down's base salary. We will continue to take into account the views of our shareholders as appropriate.

Conclusion

Our Directors' Remuneration Policy continues to drive the intended performance from the Executive Directors. I hope you find this report clear and helpful in understanding our remuneration policy and practices, and I look forward to receiving continued shareholder support for the related shareholder resolution at our 2022 AGM.

This report was prepared by the Remuneration Committee and approved by the Board on 27 May 2022.

Rob Barclay
Chairman of the Remuneration Committee

Directors' Remuneration Policy Report

This part of the Directors' Remuneration Report sets out a summary of the Directors' Remuneration Policy which was approved at the 10 September 2020 AGM. The full Remuneration Policy as approved by shareholders can be found in the 2020 Annual Report.

Policy overview

The primary objective of the Remuneration Policy is to promote the long-term success of the Group. In working towards the fulfilment of this objective the Remuneration Committee takes into account a number of factors when setting the Remuneration Policy for the Executive Directors including the following:

- the need to attract, retain and motivate high calibre Executive Directors and senior management;
- internal pay and benefits levels, and practice and employment conditions within the Group as a whole;
- the recommendations set out in the UK Corporate Governance Code and the views of shareholders and their representative bodies; and
- periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision and, subject to stretching performance conditions, an annual bonus plan and shares awarded under a Performance Share Plan ('PSP').

The key principles of the policy are:

- **Clarity:** maintain transparency of our competitive total remuneration structure that is driven by our business strategy and model, focuses on sustained long-term value creation and is aligned with the interests of shareholders;
- **Predictability:** to ensure that targets set each year result in stretching ambitions and that the scale of the reward is proportionate;
- **Simplicity:** ensure the remuneration structure avoids unnecessary complexity, with a reward package that balances short and long-term performance, rewarding Company and personal performance;
- **Risk is appropriately managed:** the remuneration of Executive Directors provides an appropriate balance between fixed and performance related pay elements: restraint on fixed pay, with a substantial proportion of total remuneration based on variable pay linked to performance;
- **Alignment to culture:** the remuneration principles encourage behaviour that the Committee expects; and
- **Proportionality:** the link between individual awards, the delivery of strategy and the long-term performance of the Group is clear.

As a result, the Remuneration Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance related pay elements. The Remuneration Committee will continue to review the Remuneration Policy to ensure it takes due account of remuneration best practice and that it remains aligned with shareholders' interests.

Remuneration Report continued

Directors' Remuneration Policy table

Salary

Purpose and link to strategy	<p>Recognises the knowledge, skills and experience, as well as the size and scope of the role.</p> <p>Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.</p>
Operation	<p>Normally reviewed annually with changes typically effective 1 April.</p> <p>Paid in cash on a monthly basis.</p> <p>Pensionable.</p> <p>Comparison against companies with similar characteristics and sector peers are taken into account in review.</p> <p>Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account.</p>
Maximum	<p>There is no prescribed maximum annual basic salary or salary increase.</p> <p>Salary increases are awarded at the discretion of the Committee. Salary increases (in percentage of salary terms) will ordinarily be considered in relation to those applied to the broader employee population.</p> <p>The Committee retains discretion to award a lower or a higher increase to recognise, for example, the performance and contribution of an individual; an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements.</p> <p>Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance.</p>
Performance targets	<p>None, although the overall performance of the individual is considered as part of the review process alongside the factors described in how we operate the salary policy.</p>

Directors' Remuneration Policy table

Benefits

Purpose and link to strategy	<p>To provide a competitive benefits package.</p> <p>To promote recruitment and retention.</p>
Operation	<p>Benefits may include a car or car allowance, health benefits including permanent incapacity and life insurance.</p> <p>Other benefits including relocation allowances may be offered if considered appropriate and reasonable by the Committee. Executive Directors may be eligible for other benefits which are introduced for the wider workforce on broadly similar terms.</p> <p>Any reasonable business related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit).</p> <p>Executive Directors are also eligible to participate in any all employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees.</p> <p>Defined contribution and/or pension allowance.</p>
Maximum	<p>There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. The value of benefits is based on the cost to the Company and varies according to individual circumstances.</p> <p>The maximum level of participation is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Company).</p>
Performance targets	N/A

Pension

Purpose and link to strategy	Provide market competitive retirement benefits, to reward sustained contribution.
Operation	Defined contribution and/or pension allowance.
Maximum	<p>For new Executive Directors appointed after the 2020 AGM, Company contribution levels will be aligned to those available to the majority of the UK workforce, from time to time, currently 3% of salary.</p> <p>For incumbent Executive Directors the maximum pension is 15% of basic salary p.a. which will be further reduced to be fully aligned to the level of the majority of the UK workforce by the end of the policy period.</p>
Performance targets	N/A

Remuneration Report continued

Directors' Remuneration Policy table

Bonus

<p>Purpose and link to strategy</p>	<p>Incentivise delivery of specific strategic objectives, including financial performance and personal annual goals.</p> <p>Maximum bonus only payable for achieving demanding targets.</p>
<p>Operation</p>	<p>Annual awards based on targets set by the Committee normally at the beginning of each financial year.</p> <p>The extent to which the performance measures have been achieved is determined by the Committee after the end of the performance period. The level of bonus for each measure is determined by reference to the actual performance relative to that measure's performance targets, on a pro-rata basis.</p> <p>All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding ability to ensure that overall bonus payments reflect its view of corporate performance during the year when determining the final bonus amount to be awarded.</p> <p>Annual bonus awards up to 100% of salary are normally payable in cash (although the Committee reserves the right to deliver some or all of the bonus in shares which may be deferred).</p> <p>For financial years commencing after the policy is approved, the portion of any bonus paid, in excess of 100% of salary, will normally be compulsorily deferred into shares, for two years.</p> <p>Malus and clawback provisions apply to allow recoupment of bonus (including as to any deferred portion) for three years from the bonus payment date in the event of material misstatement of performance, a significant failure of risk management, serious misconduct, corporate failure or reputational damage.</p> <p>Participants may also be entitled to receive dividend equivalents on vested shares.</p> <p>Any dividend equivalents would normally be delivered in shares.</p>
<p>Maximum</p>	<p>The annual bonus policy maximum is 125% of salary in any financial year.</p>
<p>Performance targets</p>	<p>Performance metrics will be set for each financial year by the Committee aligned to the Company's key strategic objectives.</p> <p>Group financial measures (e.g. profit before tax) will apply.</p> <p>Personal and/or strategic KPIs may apply for a minority of the bonus.</p> <p>The performance metrics and targets are reviewed annually to ensure they remain appropriate.</p> <p>The Committee retains the discretion to set alternative metrics as appropriate.</p> <p>Performance measured over one financial year.</p> <p>No more than 50% of the maximum opportunity will be payable for on-target performance.</p>

Directors' Remuneration Policy table

Performance Share Plan

<p>Purpose and link to strategy</p>	<p>Aligned to main strategic objectives of delivering long term value creation.</p> <p>Align Executive Directors' interests with those of shareholders.</p> <p>To recruit and retain Executive Directors.</p>
<p>Operation</p>	<p>Discretionary conditional awards or nil or nominal cost options are normally granted annually.</p> <p>The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures.</p> <p>Awards vest subject to performance conditions normally measured over three financial years.</p> <p>A two-year post vesting holding period requirement, which continues to apply post employment for shares that vest, net of sales to settle tax or other withholding due on the vesting or exercise of awards.</p> <p>Malus and clawback provisions apply to allow recoupment for a period of three years following the vesting of an award, in the event that the value of a vested award is subsequently found to have been overstated as a result of a material misstatement of performance, a significant failure of risk management, serious misconduct, corporate failure, reputational damage, or any other matter which the Committee deems relevant.</p> <p>Participants may also be entitled to receive dividend equivalents on shares which vest.</p> <p>Any dividend equivalents accrued will normally be delivered in shares.</p> <p>All awards are subject to the discretions contained in the relevant plan rules.</p>
<p>Maximum</p>	<p>Maximum annual awards of 150% of salary in any financial year may be granted.</p>
<p>Performance targets</p>	<p>Performance normally measured over three years.</p> <p>Awards currently vest based on performance against stretching relative Total Shareholder Return targets and/or absolute Earnings Per Share targets set and assessed by the Committee. However, different measures may be set for future award cycles, as appropriate, to reflect the strategic priorities of the business at that time.</p> <p>Performance underpins may also apply.</p> <p>A maximum of 25% vests at threshold increasing to 100% vesting at maximum on a straight line basis.</p> <p>The Committee retains discretion to override formulaic outcomes in deciding the level of vesting to reflect wider Company performance. Any exercise of discretion will be fully disclosed to shareholders.</p>

Remuneration Report continued

Directors' Remuneration Policy table

Shareholding requirements

Purpose and link to strategy	To strengthen the alignment between the interests of the Executive Directors and those of shareholders.
Operation	In accordance with best practice, share ownership requirements apply during and after employment.
In-employment shareholding requirement	<p>Executive Directors will normally be required to retain at least 50% of the shares acquired on the vesting of share awards, net of tax, until the required level of shareholding is achieved.</p> <p>Deferred bonus shares, vested PSP shares, shares subject to a holding period and open market purchase shares, including shares held by a spouse or children under 18 count towards this limit, on a net of tax basis.</p> <p>Newly appointed Executive Directors would normally be expected to achieve the required shareholding within five years of the date of appointment.</p> <p>Existing Executive Directors would normally be expected to achieve the increased requirement within a reasonable timeframe of the adoption of the policy.</p>
Post-employment shareholding requirement	<p>Executive Directors will normally be required to retain a shareholding until the second anniversary of the date they ceased to be an Executive Director.</p> <p>The post-cessation shareholding requirement applies to shares acquired (net-of-tax) under awards granted under this policy. Shares acquired under all employee share plans or purchased from the Executive Directors' own funds are not included.</p>
Maximum	<p>Executive Directors are required to build up and maintain an in employment shareholding worth at least 200% of base salary.</p> <p>Executive Directors will normally be required to retain a shareholding at the level of the in employment shareholding requirement, or the actual shareholding on cessation if lower, for a period of 12 months post employment; reducing to 50% of the year one holding for the subsequent 12 months.</p>
Performance targets	N/A

Directors' Remuneration Policy table

Non-Executive Directors

Purpose and link to strategy	To attract and retain high calibre Non-Executive Directors.
Operation	<p>The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration.</p> <p>The fees are set taking into account the time commitment and responsibilities of the role. Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board Committee and/or a Senior Independent Director or other designated role or being a member of a committee.</p> <p>If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload.</p> <p>Fees are normally paid monthly in cash and are normally reviewed annually.</p> <p>Expectation that individuals build and maintain a shareholding equal to 100% of fees.</p> <p>Non-Executive Directors can be reimbursed for any reasonable business related expenses (including the tax thereon, if determined to be a taxable benefit).</p> <p>Non-Executive Directors do not participate in incentive or pension plans and are not eligible to receive benefits.</p>
Maximum	<p>There is no prescribed maximum fee or fee increase. Total fees for the Non-Executive Directors are subject to the overall limit set out in the Company's Articles of Association.</p> <p>Any increase will be guided by changes in market rates, time commitments and responsibility levels.</p>
Performance targets	N/A

Notes:

- The choice of the performance metrics applicable to the annual bonus scheme reflect the Remuneration Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of key financial targets and individual and/or strategic performance measures intended to ensure that Executive Directors are incentivised to deliver across a range of objectives for which they are accountable. The Remuneration Committee has retained some flexibility on the specific measures which will be used to ensure that any measures are fully aligned with the strategic imperatives prevailing at the time they are set.
- The performance conditions applicable to the PSP awards were selected by the Remuneration Committee on the basis that a combination of relative TSR and key financial objectives provides strong alignment with the delivery of long-term returns to shareholders and incentivises strong Group financial performance – consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The Remuneration Committee has retained flexibility on the measures which will be used for future award cycles to ensure that the measures are fully aligned with the strategy prevailing at the time the awards are granted. Notwithstanding this, the Remuneration Committee would seek to consult with major shareholders in advance of any material change to the choice or weighting of the PSP performance measures.
- The Remuneration Committee operates the annual bonus, PSP and all employee share plans in accordance with the relevant plan rules and where appropriate, the Listing Rules and HMRC legislation. The Remuneration Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans. These include, for example, selecting the participants, the timing and quantum of awards and setting performance criteria each year, determining "good leaver" status, determining the extent of vesting based on the assessment of performance, form of payment, discretion to retrospectively amend performance targets in exceptional circumstances (providing the new targets are no less challenging than originally envisaged) and in respect of share awards, to adjust the number of shares subject to an award in the event of a variation in the share capital of the Company.
- Consistent with HMRC legislation, the all employee Sharesave scheme does not have performance conditions.
- Directors are eligible to receive payment, and any existing award may vest, in accordance with the terms of any such award made prior to the approval of the Remuneration Policy detailed in this report, and in accordance with the provisions of the Remuneration Policy in force at the time such award or right to receive payment was made or granted.

Remuneration Report continued

How employees' pay is taken into account

Pay and conditions across the Group are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Remuneration Committee regularly interacts with the HR function and senior operational executives and monitors pay trends across the workforce. Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The requirement to consider wider pay and employment conditions elsewhere in the Group is considered by the Remuneration Committee to be a key objective and is embedded in the Remuneration Committee's terms of reference. Speedy discloses the pay ratio for the Chief Executive, compared to that of UK employees at the median, lower and upper quartile and the year-on-year trends will be considered in the wider context of employee pay at Speedy.

In addition, the Chairman of the Committee (the designated employee Non-Executive Director) annually attends Colleague Consultative Committee meetings (formerly the Employee Forum) which are held every six months. In addition to the normal agenda items and in accordance with provision 41 of the Corporate Governance Code, the Chairman of the Committee uses this forum to explain how executive remuneration aligns with wider Company pay policy.

How the Executive Directors' Remuneration Policy relates to the wider Group

The Remuneration Policy described above provides an overview of the structure that operates for the most senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive based remuneration, with remuneration driven by market comparators and the impact of the role in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's strategic direction, earnings growth and share price performance.

Consistent with the Group's approach of recognising the contribution of its employees at all levels in the business, the Group operates bonus incentives throughout the Group, a long-term service award scheme under which employees serving 10, 20 and 25 years receive a range of additional benefits, including additional days of annual holiday entitlement. These benefits are popular amongst employees and the Group believes that they fulfil a business need by encouraging and rewarding the loyalty and motivation of long serving employees and by rewarding those employees with higher levels of experience.

How shareholders' views are taken into account

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year and shareholder views on our executive remuneration policy more generally.

The Committee consulted proactively with our major shareholders on the Remuneration Policy and revisions were made to take account of the feedback received where appropriate. Outside of this, the Remuneration Committee seeks to engage with its major shareholders when any significant changes to the Remuneration Policy are proposed. The Remuneration Committee will consider shareholder feedback received in relation to the Directors' Remuneration Report each year. The Remuneration Committee also has regard to additional feedback received from time to time, and closely monitors developments in institutional investors' best practice expectations.

Details of engagement with major shareholders and the main representative bodies during FY2022 are set out in the Annual Statement.

Approach to recruitment and promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the approved Remuneration Policy prevailing at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The overarching principles applied by the Remuneration Committee in developing the remuneration package will be to set an appropriate base salary together with benefits and short and long-term variable pay that takes into account the complexity of the role. Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below market level on the basis that it may progress towards a competitive market level once expertise and performance have been proven and sustained. Salary will be considered in the context of the total remuneration package.

Approach to recruitment and promotions (continued)

The maximum level of variable pay which may be awarded to new Executive Directors, excluding the value of any buy-out arrangements, will be in line with the policy set above. In addition, the Remuneration Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer when it considers these to be in the best interests of the Company and its shareholders. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of the form of award, vesting periods and expected value. Such elements may be made under Section 9.4.2 of the Listing Rules where necessary. Shareholders will be informed of any such arrangements at the time of appointment.

The Remuneration Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the plan, if it determines that the circumstances of the recruitment merit such alteration. A PSP award can be made shortly following an appointment (assuming the Company is not in a closed period).

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms, adjusted, if appropriate to take account of the new appointment. For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

The fee structure and quantum for Non-Executive Director appointments will be based on the prevailing Non-Executive Director fee policy taking into account the experience and calibre of the individual.

The Board evaluation and succession planning processes in place are designed to ensure there is the correct balance of skills, experience and knowledge on the Board. The activities of the Nomination Committee overseeing these matters are disclosed in the Nomination Committee Report.

Service contracts and approach to leavers

The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

The relevant dates of service contracts and notice periods for the current Executive Directors are set out as follows:

Executive Director	Date of contract	Notice period
Russell Down	8 January 2015 (amended 14 September 2021 ^{*)})	12 months
James Bunn	26 August 2020	9 months

*A small number of updates were made to Russell Down's service contract in 2021, primarily to reflect the alignment of pension provision to workforce levels by 31 December 2022 and to update the restrictive covenants.

No Executive Director has the benefit of provisions in his or her service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Remuneration Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to the monthly basic salary and pension contributions in lieu of notice.

The policy also provides that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract and in determining amounts payable on termination, the Remuneration Committee will take into consideration the Executive Director's duty to mitigate his or her loss when determining the amount of compensation.

Remuneration Report continued

Annual bonus may be payable with respect to the period of the financial year served although it will be pro-rated for time and paid at the normal pay out date. Different performance targets may be set for the remainder of this bonus period to reflect the Directors' specific responsibilities. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain prescribed circumstances, such as death, ill health, disability or other circumstances at the discretion of the Remuneration Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date. PSPs vesting will also be subject to the satisfaction of the relevant performance conditions at that time (including an overall performance underpin attached to the award) and pro-rata reduction to reflect the proportion of the vesting period actually served. However, under the plan rules, the Remuneration Committee has discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Remuneration Committee may make payments in relation to any statutory entitlements or payments to settle or compromise claims as necessary. The Remuneration Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional or outplacement costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

There is no provision for additional compensation on a change of control. In the event of a change of control, the PSP awards will normally vest on (or shortly before) the change of control subject to the satisfaction of the relevant performance conditions at that time and, unless the Remuneration Committee determines otherwise, reduced pro-rata to reflect the proportion of the vesting period served. Outstanding awards under any all-employee share plans will vest in accordance with the relevant scheme plan. Bonuses may become payable, subject to performance and, unless the Remuneration Committee determines otherwise, subject to a pro-rata reduction to reflect the curtailed performance period.

¹ Appointment letter date is that of the original letter of appointment. Appointment letters are varied and updated from time to time.

² Subject to annual re-election by shareholders at the AGM.

³ Details relate to appointment as Non-Executive Chairman, original appointment as Non-Executive Director was September 2016.

⁴ Appointed with effect from 1 June 2021.

External appointments

The Board allows Executive Directors to accept appropriate outside commercial Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services, which will be subject to approval by the Board. No Non-Executive Directorships in a listed company were held by the Executive Directors during the year.

Non-Executive Directors

The Chairman and Non-Executive Directors do not have contracts of service, but their terms are set out in letters of appointment. Appointments are subject to annual re-election by shareholders at the AGM and may be terminated by three months' notice on either side. The letters of appointment of the Non-Executive Directors, copies of which are available for inspection at the Company's registered office during normal business hours, specify an anticipated time commitment of 50 days per annum in relation to David Shearer, and 20 days in relation to David Garman, Rob Barclay, Rhian Bartlett, Shatish Dasani and Carol Kavanagh.

Relevant appointment letter and term dates of Non-Executive Directors are set out as follows:

Non-Executive Director	Appointment letter date ¹	Month of last election	Expected month of expiry of current term ²
David Shearer ³	18 July 2018	September 2021	July 2024
David Garman	25 May 2017	September 2021	July 2023
Rob Barclay	30 March 2016	September 2021	April 2023
Rhian Bartlett	14 May 2019	September 2021	July 2025
Shatish Dasani	22 January 2021	September 2021	July 2024
Carol Kavanagh ⁴	30 April 2021	September 2021	July 2024

Annual Remuneration Report

The sections of the Annual Remuneration Report that have been audited by KPMG LLP are page 139 from 'Non-Executive Directors' to page 145 up to and including 'Directors' interests in the share capital of the Company', but excluding paragraphs concerning 'Details of long-term incentive plan awards outstanding', 'Dilution', and 'Shareholder voting at AGM'.

Remuneration Committee role and membership

The Remuneration Committee comprises three members: Rob Barclay (Chairman), David Garman and Carol Kavanagh. Rhian Bartlett also served during the year as detailed below. All members are considered by the Board to be independent Non-Executive Directors. Biographies of the members of the Remuneration Committee are set out on pages 106 and 107. Details of the attendance at Remuneration Committee meetings are set out below.

Remuneration Committee members and scheduled meetings attended:

Name	Position	Meetings attended
Rob Barclay (Chairman)	Non-Executive Director	4/4
David Garman	Non-Executive Director	4/4
Carol Kavanagh ¹	Non-Executive Director	3/3
Former Member		
Rhian Bartlett ²	Non-Executive Director	3/3

¹ Carol Kavanagh was appointed on 1 June 2021 as a member of the Remuneration Committee.

² Rhian Bartlett stepped down as a member of the Remuneration Committee on 16 November 2021.

At the invitation of the Remuneration Committee Chairman, other members of the Board and senior management may attend meetings of the Remuneration Committee, except when their own remuneration is under consideration. No Directors are involved in determining their own remuneration. The Company Secretary acts as the secretary to the Remuneration Committee. The members of the Remuneration Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Group's expense.

The Remuneration Committee's duties include:

- to make recommendations to the Board on the Group's framework and policy for the remuneration of the Executive Directors, Company Secretary and senior executives;
- to review and determine, on behalf of the Board, executive remuneration and incentive packages to ensure such packages are fair and reasonable;
- to review Directors' expenses;
- to review Executive and Non-Executive Directors against the shareholding guidelines;
- to determine the basis on which the employment of executives is terminated;
- to design the Group's share incentive schemes and other performance related pay schemes, and to operate and administer such schemes;
- to determine whether awards made under performance related and share incentive schemes should be made, the overall amount of the awards, the individual awards to executives and the performance targets to be used;
- to ensure that no Director is involved in any decisions as to his/her own remuneration; and
- to review regularly the ongoing appropriateness and effectiveness of all remuneration policies.

During FY2022, the Remuneration Committee reviewed the following matters at its meetings:

- determination of FY2021 bonuses for the Executive Directors and senior managers;
- selection and appointment of a new all-employee share scheme administrator;
- determination of executive remuneration structure and application of the policy for FY2022 and FY2023;
- Executive Director post-employment shareholding requirement;
- interim and final progress of employee share plan performance measures against targets and consequent approval of any vesting of awards;
- grant of awards to be made under the performance share plan;

Remuneration Report continued

- progress of bonus achievement for FY2022 executive bonuses;
- approval of 25-year long service awards for eligible employees and consideration of other awards based on long-service;
- terms of reference for, and effectiveness of, the Remuneration Committee;
- ongoing appropriateness and effectiveness of remuneration and benefits policies for Executive Directors and employees generally;
- performance of external remuneration advisers;
- use of equity for employee share plans in relation to dilution headroom limits;
- review of the Non-Executive Chairman's fee;
- determining remuneration arrangements for senior management joiners and leavers; and
- major shareholder engagement on Chief Executive remuneration and FY2022 Remuneration Report.

The Remuneration Committee's terms of reference are published on the Company's website at speedyservices.com/ investors and are also available in hard copy on application to the Company Secretary.

Advisers

During the year, the Remuneration Committee received independent advice from FIT Remuneration Consultants LLP ('FIT'), in connection with remuneration matters including the provision of general guidance on market and best practice and the production of this report. FIT has no other connection or relationship with the Group and provided no other services to the Group during FY2022. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees paid to FIT for FY2022 totalled £33,112 (excluding VAT) in respect of advice provided to the Remuneration Committee and for related matters. The Remuneration Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP, in connection with the production of this report, the 2014 Performance Share Plan and the all employee share scheme ('SAYE').

Implementation of the Remuneration Policy for FY2023

Base salary

As detailed in last year's Directors' Remuneration Report, following a detailed review of Russell Down's base salary in advance of the normal 1 April 2021 review date (noting that the 1 April 2020 review date was postponed and ultimately cancelled), the Remuneration Committee concluded that Russell Down's base salary was significantly below market levels. However, in light of the pandemic, rather than seek to address this in 2021, the Committee agreed to: (i) award a workforce aligned increase of 2% from 1 April 2021 (taking the salary to £395,454); and (ii) revisit this in 2022, with the intention of moving Russell's salary towards the market level (c.£500,000) on a phased basis.

Following a further review, and reflecting Speedy's strong recovery from the Covid-19 pandemic, the Committee agreed to increase Russell Down's salary to £445,454 from 1 April 2022 (an increase of £50,000 on Russell's previous salary). Major shareholders were consulted in respect of the increase and were supportive. While a second increase to £495,454 from 1 April 2023 was proposed, this will no longer be implemented following the announcement of Russell's forthcoming retirement.

The salary for James Bunn, our Chief Financial Officer, was increased in line with the workforce from 1 April 2022 by 3.5% to £340,000.

Pension

To the extent that Russell Down remains in employment beyond 31 December 2022, his pension allowance of 15% of salary will be reduced to 3% of salary to be fully aligned to the level of the majority of the UK workforce from that date. The pension allowance for James Bunn will continue to be set at 3% of salary.

Annual bonus

For the financial year beginning 1 April 2022, notwithstanding that the maximum annual bonus opportunity in the Remuneration Policy is set at 125% of salary, potential will be limited to 100% of salary in line with past practice. Performance metrics will continue to be based on group profit before tax (70%), strategic (15%) and ESG (15%) targets to reflect Speedy's financial and strategic priorities for the year ahead. Outstanding performance will be required for the maximum bonus to become payable. The performance targets are deemed to be commercially sensitive at the current time but full details of the targets and the actual performance against those targets will be disclosed on a retrospective basis in next year's Annual Report and Accounts.

PSP

The PSP will continue to operate as the Company's primary long-term incentive arrangement, whereby awards over shares will normally vest three years from grant, subject to continued employment and performance. PSP awards for FY2023 will be granted to James Bunn over shares equal to no more than 100% of salary (i.e. below the normal 150% of salary maximum) and the Committee will consider the prevailing share price at the time of grant. 50% of the awards will be subject to an EPS condition and 50% of the awards will be subject to a relative TSR condition based on the Group's performance against the constituents of the FTSE 250 (excluding investment trusts) measured over three years from 1 April 2022 to 31 March 2025. Details of the performance targets will be set out in the RNS issued immediately after the grant date. Russell Down will not receive a PSP award for FY2023 given his forthcoming retirement.

Non-Executive Directors

Current annual fee levels for Non-Executive Directors are as follows:

Non-Executive Director	Role	Committee chair role	1 April 2022 ¹	1 April 2021
David Shearer	Non-Executive Chairman	Nomination	£140,000	£132,500
David Garman	Senior Independent Director	-	£52,000	£47,500
Rob Barclay	Non-Executive Director	Remuneration	£52,000	£49,500
Rhian Bartlett	Non-Executive Director	-	£45,000	£42,500
Shatish Dasani	Non-Executive Director	Audit & Risk	£52,000	£49,500
Carol Kavanagh	Non-Executive Director	-	£45,000	-

¹ The policy reflects a base Board fee of £45,000 (FY2022: £42,500); additional fees for the Chairman of the Audit & Risk and Remuneration Committees of £7,000 and an additional fee for the Senior Independent Director (David Garman) of £7,000 (FY2022: £5,000).

Remuneration Report continued

Directors' remuneration for FY2022

The emoluments of the Directors of the Company for the year under review were as follows:

	Financial year	Fees/basic salary £'000 ¹	Benefits £'000 ²	Pension £'000 ³	Total fixed remuneration £'000	Annual bonus £'000 ⁴	Value of long-term incentives £'000 ⁵	Total variable remuneration £'000	Total remuneration £'000
Executive Directors									
Russell Down	2022	395	16	59	470	265	0	265	735
	2021	368	14	58	440	137	213	350	790
James Bunn ⁶	2022	329	16	10	355	220	-	220	575
	2021	179	7	6	192	115	-	115	307
Non-Executive Directors									
David Shearer	2022	133	-	-	133	-	-	-	133
	2021	126	-	-	126	-	-	-	126
David Garman ⁷	2022	48	-	-	48	-	-	-	48
	2021	44	-	-	44	-	-	-	44
Rob Barclay	2022	50	-	-	50	-	-	-	50
	2021	47	-	-	47	-	-	-	47
Rhian Bartlett	2022	43	-	-	43	-	-	-	43
	2021	40	-	-	40	-	-	-	40
Shatish Dasani ⁸	2022	50	-	-	50	-	-	-	50
	2021	8	-	-	8	-	-	-	8
Carol Kavanagh ⁹	2022	35	-	-	35	-	-	-	35
	2021	-	-	-	-	-	-	-	-
Totals									
	2022	1,083	32	69	1,184	485	0	485	1,669
	2021	812	21	64	897	252	213	465	1,362

¹ All Directors, including the Non-Executive Directors, agreed to a three month 20% reduction in salaries and fees from 1 April 2020 due to the outbreak of COVID-19.

² Taxable benefits comprise a car or cash alternative, health insurance, and life insurance, including 0.5552 pence per share for the SAYE 2021 awards granted in December 2021 (being the value of the discount under the scheme).

³ Russell Down and James Bunn received £59,273 and £6,423 respectively in lieu of pension contributions which are included in the Pension column above together with any actual pension contributions made.

⁴ For FY2022 the maximum bonus opportunity for the Executive Directors was 100% of salary, based on Group adjusted profit before tax (70%), strategic targets (15%) and ESG targets (15%). Details of actual performance against targets is set out below.

⁵ For FY2022, this reflects that the 2019 PSP awards failed to hit both the threshold EPS and TSR performance targets, resulting in nil vesting.

⁶ James Bunn was appointed to the Board on 14 September 2020.

⁷ David Garman was appointed as Senior Independent Director from 1 August 2020.

⁸ Shatish Dasani was appointed to the Board on 1 February 2021.

⁹ Carol Kavanagh was appointed to the Board on 1 June 2021.

Annual bonuses awarded in respect of FY2022 performance

Russell Down and James Bunn were eligible to receive bonuses with a maximum opportunity of 100% of salary in respect of financial and operational performance in FY2022. Details of the performance targets and resulting bonus outcome are set out in the table below:

Measure	Weighting (% of salary)	Target	Max	Actual	Result (% of salary)	CEO Bonus Award (100% of salary max)	CFO Bonus Award (100% of salary max)
Adjusted PBT*	70%	£30m (35% of salary)	£33m (70% of salary)	£31.0m	46.9%	£185,468	£154,067
Strategic	15%	15%	-	-	5% (See Table 1)	£19,773	£16,425
ESG	15%	15%	-	-	15% (See Table 2)	£59,318	£49,275
Total	100%	-	-	-	66.9%	£264,559	£219,767

* Group adjusted profit before tax ('adjusted PBT'). The actual results of £31.0m exclude development costs as agreed by the Remuneration Committee when targets were set at the start of the financial year.

Table 1 – Strategic Targets

Target	Committee Assessment
Deliver revenue growth in consumer/retail sector	The Committee was pleased to note the formal agreement to partner with B&Q providing further opportunities in the B2C sector and the good progress that has been made on revenue growth more generally.
Maximise Return on Capital	Return on Capital Employed for FY2022 was slightly lower than target due to an acceleration of the capital expenditure programme to mitigate supply chain pressures.
Optimise asset utilisation	Whilst asset utilisation rates on our enlarged hire fleet have been strong, the Committee noted that it was slightly below target due to the increased capex and impact of Covid-19 in the early months of FY2022.
Total	5% out of 15% of salary

Table 2 – ESG Targets

Target	Committee Assessment
Deliver a 10% improvement on CO ₂ per employee from FY2020	The Committee was pleased to note a 23% reduction in CO ₂ per employee from 6.45 tonnes (excluding MENA) for FY2020 (i.e. using a pre-Covid base year for comparative purposes) to 4.94 (excluding MENA) for FY2022.
Deliver a significant improvement in the HACT value	Based on a HACT target value of £2.3m, the Committee noted that the £6.3m result for FY2022 meant that this target was significantly exceeded.
Proactively manage / minimise safety incidents	Management were deemed to have proactively managed the Company's health and safety agenda during FY2022, resulting in a reduction in the RIDDOR rate from 0.4 (excluding MENA) for FY2020 (i.e. using a pre-Covid base year for comparative purposes) to 0.35 (excluding MENA) for FY2022.
Total	15% out of 15% of salary

In addition to the assessing of the above financial, strategic and ESG targets, the Committee also considered the impact of major health, safety and environmental incidents during the year (there were none) and the performance of the individual Director when determining the extent to which annual bonuses should become payable. Based on this assessment, the Committee is satisfied that total bonus awards of 66.9% of salary for both Russell Down and James Bunn are appropriate.

Remuneration Report continued

Performance share awards granted in 2019 and vesting in 2022

No awards vested in respect of the performance share awards granted in 2019 with three-year EPS and TSR performance periods ended 31 March 2022. Details of the performance targets set for the award and actual achievement against them are set out in the table below.

Performance measure	Weighting	Performance period end	Threshold hurdle (25% vesting)	Stretch performance hurdle (100% vesting)	Actual	% vesting for this part of the award
Adjusted earnings per share before the impact of IFRS 16	50%	31 March 2022	6.82p	8.34p	4.13p	0%
Total shareholder return versus the constituents of the FTSE 250 (excluding Investment Trusts)	50%	31 March 2022	Median	Upper Quartile	Below Median	0%

Long-term incentive plan awards granted in the year

Russell Down and James Bunn were granted the following awards under the 2014 Performance Share Plan on 14 June 2021 as set out below:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards ¹	Performance period ²	Vesting period	% vesting at threshold
Russell Down	14/06/2021	100% of salary	551,385	£395,454	Three years ending 31 March 2024	Three years from grant	25% of an award
James Bunn	14/06/2021	100% of salary	458,031	£328,500	Three years ending 31 March 2024	Three years from grant	25% of an award

¹ Determined using the average mid-market closing share price of the Company for the five days preceding the date of grant.

² 50% of the award is subject to an EPS condition. 25% of this part of the award vests for EPS (before amortisation and exceptional costs) of 5.33 pence with full vesting of this part of the award for EPS of 5.89 pence. A sliding scale operates between these points. 50% of the award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) measured over three financial years ending 31 March 2024. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the preceding performance conditions, the number of shares which may vest under an award may be reduced (including to zero) where the Remuneration Committee determines that exceptional circumstances exist which mean that the vesting would be inappropriate taking into account such factors as it considers relevant (including, but not limited to, the overall performance of the Company, any Group member or the relevant Executive Director).

Details of long-term incentive plan awards outstanding

Details of the Executive Directors' interests in share-based awards are as follows:

Executive Director	Interest at 1 April 2021	Options/awards granted during the year	Options/awards exercised during the year	Options/awards lapsed during the year	Interest at 31 March 2022	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
Russell Down							
PSP 2015 ^{1,2}	226,130	-	-	-	226,130	nil	Aug 2018 – Aug 2025
PSP 2016 ^{1,2}	943,115	-	-	-	943,115	nil	Jun 2019 – Jun 2026
PSP 2017 ^{1,2}	314,241	-	-	-	314,241	nil	Jun 2020 – Jun 2027
PSP 2018 ^{1,2}	638,608	-	-	(328,820)	309,788	nil	May 2021 – May 2028
PSP 2019 ^{1,2,6}	617,947	-	-	-	617,947	nil	May 2022 – May 2029
PSP 2020 ^{1,4}	565,490	-	-	-	565,490	nil	Nov 2023 – Nov 2030
PSP 2021 ^{1,2,3}	-	551,385	-	-	551,385	nil	Jun 2024 – Jun 2031
SAYE 2018 ⁵	6,406	-	-	-	6,406	46.080	Feb 2022 – Jul 2022
SAYE 2019 ⁵	6,000	-	-	-	6,000	48.000	Feb 2023 – Jul 2023
SAYE 2020 ⁵	3,786	-	-	-	3,786	55.144	Feb 2024 – Jul 2024
Total	3,321,723	551,385	-	(328,820)	3,544,288	-	-
James Bunn							
PSP 2020 ^{1,4}	474,037	-	-	-	474,037	nil	Nov 2023 – Nov 2030
PSP 2021 ^{1,2,3}	-	458,031	-	-	458,031	nil	Jun 2024 – Jun 2031
SAYE 2021 ⁵	-	14,200	-	-	14,200	55.52	Feb 2025 – Jul 2025
Total	474,037	472,231	-	-	946,268	-	-

¹ The Performance Share Plan awards above were granted as nil-cost options. No consideration was paid for the grant of these options.

² 50% of each 2015, 2016, 2017, 2018, 2019 and 2021 Performance Share Plan award is subject to an EPS condition. All EPS measures referenced in this footnote are quoted on a pre-IFRS 16 basis (save for the 2021 award). 25% of this part of the award vests in respect of the 2015 award: for EPS (before amortisation and exceptional costs) of 4.00 pence, with full vesting of this part of the award for EPS of 4.70 pence or better; in respect of the 2016: award for EPS (before amortisation and exceptional costs) of 2.92 pence, with full vesting of this part of the award for EPS of 5.11 pence or better; in respect of the 2017: award for EPS (before amortisation and exceptional costs) of 5.41 pence, with full vesting of this part of the award for EPS of 6.95 pence or better; in respect of the 2018: award for EPS (before amortisation and exceptional costs) of 6.13 pence, with full vesting of this part of the award for EPS of 7.67 pence or better; in respect of the 2019 award: award for EPS (before amortisation and exceptional costs) of 6.82 pence, with full vesting of this part of the award for EPS of 8.34 pence or better; and in respect of the 2021 award: award for EPS (before amortisation and exceptional costs) of 5.33 pence, with full vesting of this part of the award for EPS of 5.89 pence or better. A sliding scale operates between the points. 50% of each 2015, 2016, 2017, 2018, 2019 and 2021 Performance Share Plan award is subject to a TSR condition based on the Company's performance against FTSE 250 companies (excluding investment trusts) as at the date of grant. 25% of this part of the award vests if the Company's TSR is at a median of the ranking of the TSRs of the comparator group, with full vesting of this part of the award for upper quartile performance or better. A sliding scale operates between these points. Regardless of the Company's TSR performance, no portion of the part of the award which is subject to TSR performance may vest unless the Committee is also satisfied that the Company's TSR performance is reflective of its underlying performance over the performance period.

³ The performance conditions for the 2021 Performance Share Plan awards are set out at 'Long-term incentive plan awards granted in the year' on page 142.

⁴ 100% of 2020 Performance Share Plan award is subject to absolute TSR condition, as follows:

The Company's compound annual growth rate of TSR over the three years from grant	Percentage of an Award that may Vest
Below 7.5% p.a.	0%
7.5% p.a.	25%
15% p.a. or above	100%
Greater than 7.5% p.a. but less than 15% p.a.	Between 25% and 100% on a straight line basis

⁵ All-employee scheme giving employees the opportunity to acquire shares at a discount of 20% of the market value of the shares at the time the invitation is issued. The maximum monthly contribution is £250.

⁶ Following the year-end, the 2019 Performance Share Plan lapsed in full as a result of failing to hit the threshold EPS and TSR targets.

The mid-market closing price of Speedy Hire Plc ordinary shares at 31 March 2022 was 54.3 pence and the range during the year was 47.4 pence to 80.9 pence per share.

Remuneration Report continued

Dilution

The Performance Share Plan and SAYE share option schemes provide that overall dilution through the issuance of new shares for employee share schemes should not exceed an amount equivalent to 10% of the Company's issued share capital over a rolling ten-year period. Within this 10% limit, dilution through the Performance Share Plan is limited to an amount equivalent to 5% of the Company's issued share capital over a ten year period. Both limits are in line with The Investment Association Principles of Remuneration.

The Committee monitors the position prior to making awards under these schemes to ensure that the Company remains within these limits. As at the 26 May 2022, the latest practicable date before the publication of this Annual Report

and Accounts, 2.02% of the 5% limit and 4.79% of the 10% limit have been used.

Termination payments

No Executive Director left in the year and no compensation for loss of office was paid. The principles governing compensation for loss of office payments are set out on pages 135 and 136.

Shareholder voting at AGM

The most recent resolutions in respect of the Directors' Remuneration Policy (2020 AGM) and Directors' Remuneration Report (2021 AGM) received the following votes from shareholders:

	2020 AGM – Remuneration Policy		2021 AGM - Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	413,837,471	96.18	299,292,417	78.64
Against	16,425,923	3.82	81,308,422	21.36
Total votes cast (for and against)	430,263,394	100	380,600,839	100
Votes withheld ¹	671,778	n/a	37,576,014	n/a
Total votes cast (including withheld votes)	430,935,172		418,176,853	

¹ A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Details of the Committee's engagement with shareholders in respect of the 21.4% vote against at the 2021 AGM are set out in the Annual Statement.

Directors' interests in the share capital of the Company

The interests of the Directors (all of which were beneficial) who held office during FY2022, are set out in the table below:

Director	Legally owned		PSP Awards		Sharesave	Total	Shareholding requirement	% of salary/fee of requirement met
	31 March 2021	31 March 2022	Unvested	Vested	Unvested	31 March 2022	%	%
Russell Down	319,186	319,186	1,734,822	1,793,274	16,192	2,112,460	200	85
James Bunn	-	35,981	932,068	-	14,200	35,981	200	3
David Shearer	500,000	500,000	-	-	-	500,000	100	>100
David Garman	75,000	75,000	-	-	-	75,000	100	87
Rob Barclay	48,000	48,000	-	-	-	48,000	100	54
Rhian Bartlett	74,744	74,744	-	-	-	74,744	100	97
Shatish Dasani	35,000	61,500	-	-	-	61,500	100	69
Carol Kavanagh	-	14,999	-	-	-	14,999	100	20

Note that only legally owned shares and vested but unexercised PSP awards (on a net of tax basis) count towards the shareholding requirement. Shareholdings are valued on the basis of the average daily closing share price (of the three months prior to the 31 March (being 55.39p) and tested against the Directors' base salary/fee at 31 March).

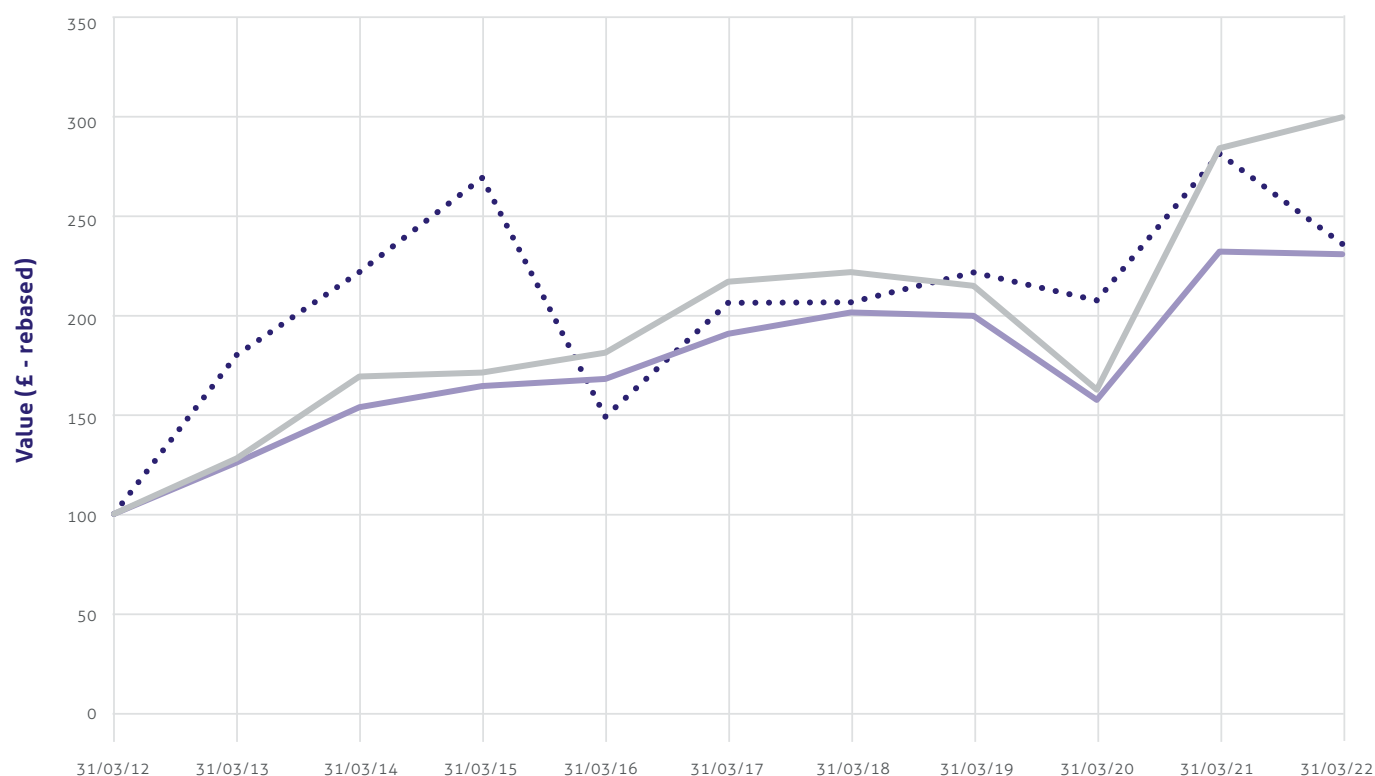
Following the year-end, the 2019 Performance Share Plan lapsed in full. There have been no other changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2022 and the date of this report.

Comparison of overall performance and pay

The chart below presents the total shareholder return for Speedy Hire Plc compared to that of the FTSE 250 and FTSE SmallCap (both excluding investment trusts). The values indicated in the graph show the share price growth plus reinvested dividends over a ten-year period from a £100 hypothetical holding of ordinary shares in Speedy Hire Plc and in the index.

Total shareholder return

••• Speedy Hire — FTSE 250 (excl. investment trusts) — FTSE SmallCap (excl. investment trusts)



This graph shows the value, by 31 March 2022, of £100 investment in Speedy Hire on 31 March 2012, compared with the value of £100 invested in the FTSE 250 (excl. Investment Trusts) and FTSE SmallCap (excl. Investment Trusts) indices on the same day. The other points plotted are the values at intervening financial year-ends.

Source: Refinitiv Eikon

Remuneration Report continued

The total remuneration figures for the Chief Executive during each of the last ten financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year's performance (FY2013 to FY2022) and PSP awards based on three year performance periods ending just after the relevant year end. The annual bonus pay-out and PSP vesting level, as a percentage of the maximum opportunity, are also shown for each of these years.

	Steve Corcoran		Mark Rogerson			Russell Down						
	FY 2013	FY 2014	FY 2014	FY 2015	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Single Total Figure of remuneration (£'000s)	553	707	115	593	107	409	757	667 ¹	1,278 ¹	683	790	735
Annual bonus (% of max)	37.0%	-	-	60.0%	-	-	97.4%	54.8%	54.9%	-	70.54% ³	66.9%
PSP vesting (% of max)	-	82.0%	-	-	-	-	-	33.0%	96.4% ²	50.0%	48.51%	0%

Steve Corcoran stepped down and Mark Rogerson was appointed as Chief Executive during FY2014. Mark Rogerson stepped down and Russell Down was appointed as Chief Executive during FY2016.

¹ Total remuneration for 2018 includes the EPS element of the 2015 PSP grant (of which 15% of the maximum vested). Total remuneration for 2019 includes the TSR element of 2015 PSP grant (of which 18.51% of the maximum vested) and both the EPS and TSR element of the 2016 PSP grant (of which 96.41% vested).

² The vesting percentage for 2018 shows the vesting of the 2015 PSP grant (EPS and TSR elements). The vesting percentage for 2019 shows the vesting of the 2016 PSP grant only.

³ The annual bonus potential was limited to 50% of salary over the second half of FY2021.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in each Director's total remuneration (excluding the value of any long-term incentives and pension benefits receivable in the year) between FY2021 and FY2022 compared to that of the average for all UK and Ireland based employees of the Group. Prior year comparatives are also presented.

	% change from FY2020 to FY2021			% change from FY2021 to FY2022		
	Salary/Fee ¹	Benefits	Bonus	Salary/Fee ¹	Benefits	Bonus
Russell Down	(5%)	2%	100%	7%	0%	93%
James Bunn ²	n/a	n/a	n/a	1%	10%	91%
David Shearer	(6%)	n/a	n/a	6%	n/a	n/a
David Garman ³	4%	n/a	n/a	8%	n/a	n/a
Rob Barclay	(5%)	n/a	n/a	5%	n/a	n/a
Rhian Bartlett ⁴	(4%)	n/a	n/a	4%	n/a	n/a
Shatish Dasani ⁵	n/a	n/a	n/a	3%	n/a	n/a
Carol Kavanagh ⁶	n/a	n/a	n/a	n/a	n/a	n/a
Average employees	(0%)	(0%)	n/a	12%	0%	11%

¹ All Directors, including the Non-Executive Directors, agreed to a three month 20% reduction in salaries and fees from 1 April 2020 due to the pandemic.

² James Bunn was appointed to the Board on 14 September 2020. As such, there was no prior year remuneration for 2020. His 2021 numbers have been pro-rated up, to enable a full year on year comparison.

³ David Garman was appointed as Senior Independent Director from 1 August 2020.

⁴ Rhian Bartlett was appointed to the Board on 1 June 2019. Her 2020 numbers have been pro-rated up to enable a full year on year comparison.

⁵ Shatish Dasani was appointed to the Board on 1 February 2021. As such, there was no prior year remuneration for 2020. His 2021 numbers have been pro-rated up, to enable a full year on year comparison.

⁶ Carol Kavanagh was appointed to the Board on 1 June 2021. As such, there was no prior year fee.

Pay ratio of the Chief Executive to average employee

The following table compares the ratio of Chief Executive's pay at the 25th, median and 75th percentile as at 31 March 2022 (and for the prior year), and the pay details for the individuals at each percentile:

Year	Method of calculation adopted	25th percentile pay ratio (Chief Executive : UK employees)	Median pay ratio (Chief Executive : UK employees)	75th percentile pay ratio (Chief Executive : UK employees)
2022	Option A	31:1	26:1	21:1
2021	Option A	37:1	32:1	25:1

The Committee notes that the ratio has decreased from 32:1 to 26:1. This is primarily a function of a higher annual bonus for FY2022 compared to FY2021 failing to offset the 0% vesting under the 2019 PSP (the 2018 PSP vested at 48.5% of the maximum) in respect of the CEO's total remuneration.

The median, 25th percentile and 75th percentile figures used to determine the above ratios were calculated by reference to option 'A' methodology prescribed under the UK Companies (Miscellaneous Reporting) Regulations 2018 albeit the total remuneration figures for employees are based on a cash, rather than accrual basis, in respect of the various annual bonus schemes operated. The Committee selected this approach as it was felt to produce the most statistically accurate result based on the available data and to be comparable from year-to-year.

A significant proportion of the Chief Executive's pay is delivered in long term investment awards, which are linked to the Group's performance and share price movement. The Committee considers that the median pay ratio disclosed above is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

Pay details for the individuals whose 2021/22 remuneration is at the median, 25th percentile and 75th percentile amongst UK based employees (and for the prior year) are as follows:

		UK Employees			
		25th percentile	Median	75th percentile	
2022	Salary (Total pay and benefits)	£395,494 (£735,461)	£21,996 (£24,020)	£26,483 (£27,889)	£32,959 (£35,820)
2021	Salary (Total pay and benefits)	£368,315 (£789,647)	£20,429 (£21,514)	£23,503 (£24,600)	£30,043 (£31,660)

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to distributions to shareholders by way of dividends and share buybacks.

	2021	2022	% change
Staff costs (£'m)	109.5	123.3	12.6
Dividends (£'m)	-	11.3	100
Share Buyback (£'m)	-	6.1	100

£1.3m of the staff costs figures relate to pay for the Executive Directors. This is different from the aggregate of the single figures for the year under review due to the way in which the share-based awards are accounted for. The dividend figures relate to amounts paid in the relevant financial year and the share buyback figure for committed transactions in the relevant financial year.

This report was approved by the Board on 27 May 2022.

Rob Barclay
Chairman of the Remuneration Committee



Independent auditor's report

to the members of Speedy Hire Plc

1. Our opinion is unmodified

We have audited the financial statements of Speedy Hire Plc ("the Company") for the year ended 31 March 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity, company cash flow statement and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the Directors in October 2000. The period of total uninterrupted engagement is for the 22 financial years ended 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: £1.4m (2021:£1.1m)
group financial statements as a whole 4.8% (2021: 4.1%) of profit before tax, (2021: profit before tax normalised to exclude exceptional items and discontinued operations and by averaging over the last three years)

Coverage 88% (2021: 90%) of group profit before tax

Key audit matters vs 2021

Recurring risks	Group – Carrying amount of hire equipment	▼
	Group – Provision for trade receivables	◀▶
	Parent Company – Recoverability of parent's debt due from group entities	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p>Carrying amount of hire equipment</p> <p>(£226.9 million; 2021: £207.2 million)</p> <p><i>Refer to page 117 (Audit & Risk Committee Report), page 172 (accounting policy) and page 185 (financial disclosures).</i></p>	<p>Subjective estimate</p> <p>Judgement is applied by the Group in the estimation of useful economic lives and residual values. These judgements are based on historical experience, industry regulation, an assessment of the nature of the assets involved and the future expected usage and market for the sale of assets. The judgements made are profit impacting and therefore there is an incentive for management to manipulate the judgements made.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the estimation of useful economic lives and residual values have a high degree of estimation uncertainty, with potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and potentially many times that amount. This is of particular importance as the residual values and useful economic lives of assets may be impacted by the current economic conditions and carbon reduction objectives and requirements.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control design and re-performance: Testing the design over the controls around the estimation of UELs and residual values. — Test of details: Using data analytics techniques to compare the hire equipment register for the current year to prior year to determine any changes made to useful economic lives and residual values and challenging any changes to assess whether they are consistent with accounting policies and reflective of the planned usage for those assets. Evaluating the profit or loss on disposal of hire equipment to support the reasonableness of the useful economic lives and residual values applied. — Test of details: Comparing the hire equipment register to hire revenue information to identify the quantity and net book value of assets with a history of low utilisation. Identifying from this analysis those assets we consider to be at highest risk of obsolescence, challenging the company to provide evidence over the carrying amount of these assets and inspecting this evidence. — Test of details: For those hire assets identified as not meeting the low carbon targets of the company or its customers, comparing net book value with current and forecasted levels of hire revenue and profits to identify those assets at highest risk of a reduction in useful economic life or residual value and challenging management to provide evidence to support the carrying amount of these assets. — Assessing transparency: Assessing the adequacy of the Group’s disclosures in respect of the judgements and estimates involved in arriving at the carrying amount of hire equipment. <p>We performed the tests above rather than seeking to rely on any of the group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our results</p> <ul style="list-style-type: none"> — As a result of our work we found that the carrying amount of hire equipment were acceptable (2021: acceptable).

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
<p>Provision for trade receivables</p> <p>(Net trade receivables: £100.1 million; 2021: £88.5 million)</p> <p>(ECL Provision: £3.0 million; 2021: £3.5 million)</p> <p><i>Refer to page 118 (Audit & Risk Committee Report), page 172 (accounting policy) and page 188 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>The Group's customers operate mainly in the construction market, which entails a higher risk of non-recoverability of trade receivables as evidenced by a number of customers entering administration or going into liquidation in previous years.</p> <p>The risk of recoverability of all trade receivables has been heightened at least in the short term by the impact of Coronavirus and expected cost inflationary pressures.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the provision for doubtful debts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 1) disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Control design and implementation: Testing the design and implementation of key controls including management's review of customer credit limits, authorisation of sales returns and credit notes and authorisation of new customers. — Test of details: Assessing the methodology used to calculate the estimated credit loss provision recorded against trade receivables, challenging the appropriateness of these provisions against IFRS 9 and based on historical write offs, collection rates and the forecasted impact of Coronavirus. — Tests of details: Identifying a risk based sample of receivables and analysing the level of cash receipts post year end. For this sample, assessing the recoverability of the balance by evaluating the payment status of the receivable balance and the customer's likelihood of payment, including independently agreeing the customer's latest credit score and assessing the legal status of balances. — Benchmarking assumptions: Assessing the directors' assumptions behind the provision for trade receivables against externally available data on trade credit exposures; — Assessing transparency: Assessing the adequacy of the Group's disclosures in relation to the degree of estimation involved in arriving at the carrying amount of the trade receivables balance. <p>We performed the tests above rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our results</p> <ul style="list-style-type: none"> — We found the provision for trade receivables to be acceptable (2021: acceptable).

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
<p>Recoverability of parent's debt due from Group entities</p> <p>(£397.0 million; 2021: £306.6 million)</p> <p><i>Refer to page 170 (accounting policy) and page 206 (financial disclosures).</i></p>	<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 78% (2021: 73%) of the parent Company's total assets. The recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Tests of detail: Assessing 100% of Group debtors to identify whether the intercompany debtor is expected to have access to sufficient liquidity to settle the debt, with reference to the relevant debtors' draft balance sheet, and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit making. — Assessing subsidiary audits: Assessing the work performed by the subsidiary audit teams, and considering the results of that work, on those net assets, including assessing the liquidity of the assets and therefore the ability of the subsidiary to fund the repayment of the receivable. <p>We performed the tests above rather than seeking to rely on any of the company's controls because the small number of transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence.</p> <p>Our results</p> <ul style="list-style-type: none"> — We found the conclusion that there is no impairment of the intra-group debtor balance to be acceptable (2021: acceptable).

We continue to perform procedures over the existence of hire equipment. However, we reassessed our determination of the risk related to the existence of hire equipment and we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £1.4m (2021: £1.1m), determined with reference to a benchmark of group profit before tax (2021: profit before tax normalised to exclude exceptional items of £8.4m and discontinued operations and by averaging over the previous three years due to fluctuations in the business cycle caused by Coronavirus), of which it represents 4.8% (2021: 4.1%).

Materiality for the parent company financial statements as a whole was set at £1.2m (2021: £1.0m), determined with reference to a benchmark of company total assets, of which it represents 0.2% (2021: 0.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £1.05m (2021: £0.825m) for the group and £0.9m (2021: £0.75m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.07m (2021: £0.055m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's fifteen (2021: sixteen) reporting components, we subjected six (2021: nine) to full scope audits for group purposes and none (2021: one) to specified risk-focused audit procedures. The latter in 2021 was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks over staff costs that needed to be addressed. We conducted reviews of financial information (including enquiry) at a further one (2021: one) non-significant component. The component for which we performed a review of financial information (including enquiry) was not individually significant enough to require an audit for group reporting purposes but a review was performed in order to address the risk related to an equity accounted entity.

The components within the scope of our work accounted for the percentages illustrated opposite.

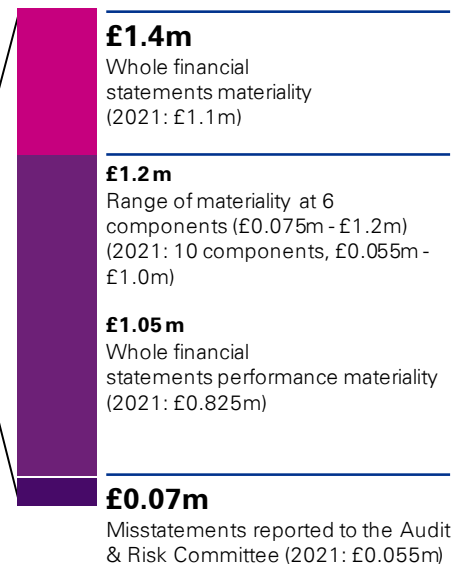
The remaining 0% (2021: 0%) of total group revenue, 12% (2021: 10%) of group profit before tax and 0% (2021: 0%) of total group assets is represented by nine (2021: five) reporting components, none of which individually represented more than 0.4% (2021: 0.2%) of any of total group revenue, group profit before tax or total group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Group profit before tax
£29.1m (2021: £27.1m)

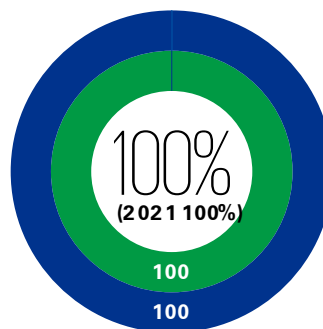


■ Normalised PBT
■ Group materiality

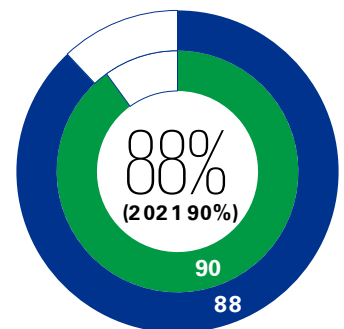
Group materiality
£1.4m (2021: £1.1m)



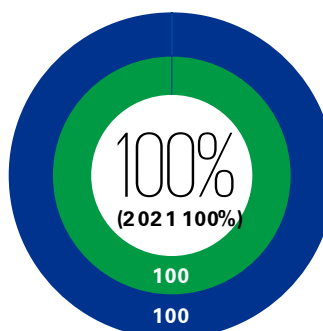
Group revenue



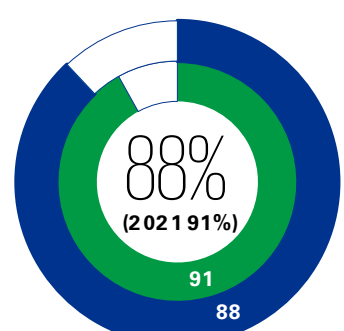
Group profit before tax



Group total assets



Group profit before exceptional items and tax



■ Full scope for group audit purposes 2022
■ Full scope for group audit purposes 2021
□ Residual components

3. Our application of materiality and an overview of the scope of our audit (continued)

The Group team approved the component materialities, which ranged from £0.075m to £1.2m (2021: £0.055m to £1.0m), having regard to the mix of size and risk profile of the Group across the components. All work on the fifteen components including the audit of the parent company, was performed by the Group team (2021: work on three of the sixteen components was performed by component auditors and the rest by the Group team). The group team performed procedures on the exceptional items excluded from normalised group profit before tax in 2021. The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements.

The Group has set out its commitments under the Paris Agreement to be net zero by 2050. Further information is provided in the Group's Task Force for Climate-Related Financial Disclosures ('TCFD') recommended disclosures on page 57.

As a part of our audit we have performed a risk assessment, including making enquiries of management, reading board meeting minutes and applying our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risk on the Group's financial statements.

Our 'Carrying amount of hire equipment' Key Audit Matter describes the risk and response in relation to carbon reduction objectives and requirements. In the course of our audit work, we took climate change factors into account in evaluating the directors' estimation of the useful economic lives and residual values of hire equipment.

We have read the Group's TCFD in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

We have not been engaged to provide assurance over the accuracy of the climate risk disclosures set out on pages 57 to 61 in the Annual Report.

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- The general economic environment as a result of the Coronavirus pandemic and expected cost inflationary pressures.

We considered whether this risk could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from the risk individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and covenant metrics, in particular in relation to the current economic environment by comparing to historical trends in severe economic situations, including the Group's experience during the first national lockdown, and considering knowledge of the Group's plans based on approved budgets and our knowledge of the Group and the sector in which it operates. In doing so, assessing the achievability of any management mitigations in the downside scenario.
- Assessing the level of headroom on cash and covenants on management's base case and downside scenarios.
- Assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.
- Assessing the working capital assumptions inherent in the forecasts to actual recent experience and existing supplier/ customer arrangements.
- We also compared past budgets to actual results to assess the Directors' track record of budgeting accurately.
- We inspected the confirmation from the lenders of the level of committed financing, and the associated covenant requirements. As part of this we inspected the latest correspondence surrounding the refinancing of the loan facility.
- We inspected the finance agreement to assess the restrictions on the use of funds and compared these restrictions to management's model.
- We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks, dependencies and related sensitivities. We assessed the completeness of the going concern disclosure.

5. Going concern (continued)

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the same statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit & Risk Committee, Internal Audit and the Group's legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit & Risk Committee and Remuneration Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors including the EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the estimation of useful economic lives and residual values and the expected credit loss provision. On this audit we do not believe there is a fraud risk related to revenue recognition because there is little opportunity for management to manipulate revenue in the year or at the year end.

We did not identify any additional fraud risks.

Further detail in respect of the fraud risk from the ability for management to manipulate useful economic lives and residual values is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected or unusual accounts and those posted between hire equipment and profit/ loss on disposal of hire equipment within administration costs in the profit and loss account.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

We discussed with the Audit & Risk Committee other matters related to actual or suspected fraud, for which disclosure is not necessary, and considered any implications for our audit.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

6. Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within Directors' Viability Statement on page 92 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Directors' Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Directors' Viability Statement set out on page 92 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

7. We have nothing to report on the other information in the Annual Report (continued)

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit & Risk Committee, including the significant issues that the Audit & Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 105, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the EU ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

27 May 2022

Financial Statements

Financial Statements

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Financial Statements

Consolidated Income Statement

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 Restated ² (£m)
Revenue	2	386.8	332.3
Cost of sales		(165.7)	(147.4)
Gross profit		221.1	184.9
Distribution and administrative costs		(185.7)	(170.4)
Impairment losses on trade receivables	18	(3.8)	(2.0)
Analysis of operating profit			
Operating profit before amortisation and exceptional items		32.6	21.7
Amortisation	13	(1.0)	(0.8)
Exceptional items	4	-	(8.4)
Operating profit	5	31.6	12.5
Share of results of joint venture	14	3.2	1.2
Profit from operations		34.8	13.7
Financial expense	8	(5.7)	(5.4)
Profit before taxation		29.1	8.3
Taxation	9	(7.7)	(2.2)
Profit for the financial year from continuing operations		21.4	6.1
Profit from discontinued operations, net of tax		0.2	3.4
Profit for the financial year		21.6	9.5
Earnings per share			
- Basic (pence)	10	4.13	1.82
- Diluted (pence)	10	4.07	1.79
Non-GAAP performance measures			
EBITDA before exceptional items	12	99.3	85.3
Adjusted profit before tax	12	30.1	17.5
Adjusted earnings per share (pence)	10	4.24	2.68

*See Note 31

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 (£m)
Profit for the financial year	21.6	9.5
Other comprehensive income that may be reclassified subsequently to the Income Statement:		
Effective portion of change in fair value of cash flow hedges	0.8	0.2
Exchange difference on translation of foreign operations	(0.8)	(1.4)
Tax on items	(0.2)	-
Other comprehensive income, net of tax	(0.2)	(1.2)
Total comprehensive income for the financial year	21.4	8.3

The accompanying notes form part of the financial statements.

Financial Statements continued

Consolidated Balance Sheet

at 31 March 2022

	Note	31 March 2022 (£m)	31 March 2021 Restated ² (£m)
ASSETS			
Non-current assets			
Intangible assets	13	25.9	24.7
Investment in joint venture	14	7.8	6.2
Property, plant and equipment			
- Hire equipment	15	226.9	207.2
- Non-hire equipment	15	30.8	25.9
Right of use assets	16	73.3	59.1
Deferred tax asset	24	1.7	2.1
		366.4	325.2
Current assets			
Inventories	17	8.1	8.2
Trade and other receivables	18	108.7	93.3
Cash	21	2.5	11.7
Current tax asset		-	1.1
		119.3	114.3
Total assets		485.7	439.5
LIABILITIES			
Current liabilities			
Borrowings	21	(1.7)	(0.5)
Lease liabilities	22	(20.6)	(16.7)
Current tax creditor		(1.0)	-
Trade and other payables	19	(96.6)	(95.8)
Provisions	23	(2.8)	(3.1)
		(122.7)	(116.1)
Non-current liabilities			
Borrowings	21	(68.3)	(44.4)
Lease liabilities	22	(56.1)	(46.5)
Provisions	23	(1.2)	(2.9)
Deferred tax liability	24	(11.0)	(8.8)
		(136.6)	(102.6)
Total liabilities		(259.3)	(218.7)
Net assets		226.4	220.8

Consolidated Balance Sheet (continued)

at 31 March 2022

	Note	31 March 2022 (£m)	31 March 2021 Restated* (£m)
EQUITY			
Share capital	25	25.9	26.4
Share premium		1.8	1.3
Capital redemption reserve		0.6	-
Merger reserve		1.0	1.0
Hedging reserve		0.1	(0.7)
Translation reserve		(1.8)	(1.0)
Retained earnings		198.8	193.8
Total equity		226.4	220.8

*See Note 31.

The accompanying notes form part of the financial statements.

Company registered number: 00927680

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

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

*See Note 31

The accompanying notes form part of the financial statements.

Financial Statements continued

Consolidated Cash Flow Statement

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 Restated ^(*) (£m)
Cash generated from operating activities			
Profit before tax including discontinued operations		29.3	12.3
Financial expense		5.7	5.9
Amortisation	13	1.0	0.8
Depreciation		66.7	68.1
Share of profit from joint venture	14	(3.2)	(1.2)
Termination of lease contracts		(0.2)	(4.1)
(Profit)/Loss on disposal of hire equipment	5	(0.5)	1.0
Loss on disposal of non-hire equipment	5	0.1	0.5
Decrease in inventories		0.1	0.5
(Increase)/decrease in trade and other receivables	18	(15.5)	9.3
Increase in trade and other payables		3.8	3.6
Decrease in provisions	23	(2.0)	(1.1)
Translation reserve recycled on disposal of Middle East assets		-	1.0
Equity-settled share-based payments		1.2	0.5
Cash generated from operations before changes in hire fleet		86.5	97.1
Purchase of hire equipment		(71.5)	(36.4)
Proceeds from sale of hire equipment		13.6	12.2
Cash generated from operations		28.6	72.9
Interest paid		(6.0)	(6.0)
Tax paid		(3.0)	(0.8)
Net cash flow from operating activities		19.6	66.1
Cash flow from investing activities			
Purchase of non-hire property, plant and equipment and IT development		(16.0)	(11.2)
Proceeds from sale of non-hire property, plant and equipment		-	0.8
Proceeds from disposal of Middle East assets		-	13.0
Dividends and loan repayments from joint venture		1.9	1.0
Net cash flow from investing activities		(14.1)	3.6
Net cash flow before financing activities		5.5	69.7

*See Note 31

Consolidated Cash Flow Statement (continued)

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 Restated* (£m)
Cash flow from financing activities			
Payments for the principal element of leases		(24.6)	(23.6)
Drawdown of loans*		482.6	340.8
Repayment of loans*		(457.2)	(399.0)
Proceeds from the issue of Sharesave Scheme shares		0.6	0.5
Purchase of own shares for cancellation		(6.0)	-
Dividends paid	11	(11.3)	-
Net cash flow from financing activities		(15.9)	(81.3)
Decrease in cash and cash equivalents			
Net cash at the start of the financial year	21	11.2	22.8
Net cash at the end of the financial year	21	0.8	11.2
Analysis of cash and cash equivalents			
Cash	21	2.5	11.7
Bank overdraft	21	(1.7)	(0.5)
		0.8	11.2

*See Note 31

The Consolidated Financial Statements on pages 158 to 199 were approved by the Board of Directors on 27 May 2022 and were signed on its behalf by:

James Bunn

Director

Company registered number: 00927680

Notes to the Financial Statements

1 Accounting policies

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

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

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

Statement of compliance

Both the Group and Parent Company Financial Statements have been prepared and approved by the Board of Directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS") and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

Basis of preparation

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

The Group has a £180m asset based finance facility ('the facility') which matures in July 2024 and has no prior scheduled repayment requirements. The total cash and undrawn availability on the facility as at 31 March 2022 was £110.8m (2021: £142.3m) based on the Group's eligible hire equipment and trade receivables.

The Group meets its day-to-day working capital requirements through operating cash flows, supplemented as necessary by borrowings. The Directors have prepared a going concern assessment up to 31 May 2023, which confirms that the Group is capable of continuing to operate within its existing loan facility and can meet the covenant requirements set out within the facility. The key assumptions on which the projections are based include an assessment of the impact of future market conditions on projected revenues and an assessment of the net capital investment required to support those expected level of revenues.

The Board has considered various possible downside scenarios to the base case, which result in reduced levels of revenue across the Group, whilst also reflecting inflationary pressures on the cost base. Mitigations applied in these downturn scenarios include a

reduction in planned capital expenditure. Despite the significant impact of the assumptions applied in these scenarios, the Group maintains sufficient headroom against its available facility and covenant requirements.

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

Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to variable returns and has the ability to use its power to alter its returns from its involvement with the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements.

(b) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ('IASB') became effective during the year:

Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform
Amendments to IFRS 3	Reference to the Conceptual Framework

There is no impact from these standards.

The following UK-adopted IFRSs have been issued at 31 March 2022 with an effective date of implementation after the date of these Financial Statements but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements:

International Accounting Standards (IAS) / IFRS		Effective date (periods beginning on or after)
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1*	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1*	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8*	Changes in accounting estimates	1 January 2023
Amendments to IAS 12*	Deferred Tax related to Assets and Liabilities	1 January 2023

* Not yet endorsed by the UKEB.

Accounting for leasing activities under IFRS 16

The Group holds leases for a number of properties and vehicles. Rental contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. Such leases can contain a wide range of different terms and conditions. On transition to IFRS 16 the Group reassessed its other contracts to identify whether they contained a lease.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period. The right of use asset is depreciated over the lease term on a straight-line basis.

Lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) and variable lease payments that are based on a specified index or rate. The lease payments are discounted using the Group's incremental borrowing rate (if the interest rate implicit in the lease is not readily determinable). This rate is the interest rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs, any restoration costs, and any lease payments made at or before the commencement date. Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the Income Statement. Short term leases are certain leases with a lease term of 12 months or less. Low value assets comprise certain small items of IT equipment and office furniture where the cash value when new is considered immaterial.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, consideration is given to all facts and circumstances that create economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

Notes to the Financial Statements continued

1 Accounting policies (continued)

Accounting for leasing activities under IFRS 16 (continued)

COVID-19 related rent concessions

The Group applied COVID-19-Related Rent Concessions – Amendment to IFRS 16 for the year ended 31 March 2021. The Group applied the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. For rent concessions which do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As the Group has chosen to apply the practical expedient, any rent waivers granted have been treated as variable lease payments, and therefore a credit would be recognised in the profit and loss account.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer net of returns, trade discounts and volume rebates. Customer invoicing is typically performed multiple times a month on standard payment terms. The Group reports three revenue categories:

i. Hire and related activities

The Group recognises revenue for hire services, adjusted for rebates, on a straight-line basis as the equipment is available evenly over the period of hire. Revenue is recognised for transport services provided at the point at which delivery or collection is completed. Revenue for repairs is recognised when damage is identified.

ii. Services revenue

The Group recognises revenue for rehire services on a principal basis on a straight-line basis over the period of hire, adjusted for rebates. The Group recognises revenue for training services over time as the service is provided to the customer. Revenue for testing is recognised at a point-in-time once certification is provided. The Group recognises revenue on the sale of consumables on a point-in-time basis when control is transferred to the customer. Dependent on the agreement in place, fuel revenue is recognised on either an agent or principal basis at the point control is transferred to the customer.

iii. Disposals revenue

The Group recognises revenue on planned asset disposals on a point-in-time basis when control is transferred to the customer.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or the refurbishment of the asset where the refurbishment extends the asset's useful economic life.

Depreciation of property, plant and equipment is charged to the income statement so as to write off the cost of the assets over their estimated useful economic lives after taking account of estimated residual values. Residual values and estimated useful economic lives are reassessed at least annually. Land is not depreciated. Hire equipment assets are depreciated so as to write down to their residual value over their normal useful lives, which range from one to fifteen years depending on the category of the asset.

The principal rates and methods of depreciation used are as follows:

Hire equipment	
Tools and general equipment	between one and ten years straight-line
Access equipment	between one and fifteen years straight-line
Surveying equipment	between one and nine years straight-line
Power equipment	between one and ten years straight-line
Non-hire assets	
Freehold buildings and long leasehold improvements	over the shorter of the lease period and 50 years straight-line
Short leasehold property improvements	over the period of the lease
Fixtures and fittings and office equipment (excluding IT)	25% per annum straight-line
IT equipment and software	between three and fifteen years straight-line, or over the period of the software licence (if shorter)
Motor vehicles	25% per annum straight-line

Planned disposals of hire equipment are transferred, at net book value, to inventory prior to sale, with the sale included in revenue. Profit or loss on other disposals is taken to operating profit as shown in Note 5.

Financing income and costs

Financing costs comprise interest payable on borrowings and lease liabilities, and gains and losses on financial instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest rate.

Interest payable on borrowings includes a charge in respect of attributable transaction costs and non-utilisation fees, which are recognised in the income statement over the period of the borrowings on an effective interest basis.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

Government grants are recognised in line with the accrual method. In the prior year, certain employees were placed on furlough under Job Retention Schemes. Furlough income of £nil (31 March 2021: £8.9m) in relation to no employees (31 March 2021: 1,740) was recognised in the year and as such the Group adopted IAS 20 in accounting for this Government assistance. The grant was recognised as income and matched with associated payroll costs over the same period. There are no unfulfilled conditions at either the current or previous year end.

Income tax

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities affecting neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements continued

1 Accounting policies (continued)

Income tax (continued)

IAS 12 'Income Taxes', does not require all temporary differences to be provided for. In particular, the Group does not provide for deferred tax on undistributed earnings of subsidiaries where the Group is able to control the timing of the distribution and the temporary difference created is not expected to reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Segment reporting

The Group determines and presents operating segments based on the information that is provided internally to the Board, which is the Group's 'chief operating decision-maker'.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any other member of the Group and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Intangible assets

• *Goodwill*

All business combinations are accounted for by applying the purchase method. The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Goodwill is stated after any accumulated impairment losses and is included as an intangible asset. It is allocated to cash-generating units and is tested annually for impairment and at each reporting date to the extent that there are any indicators of impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

• *Other intangible assets*

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (Note 13).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

• *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of identified intangible assets. Intangible assets excluding goodwill are amortised from the date that they are available for use. For a number of its acquisitions, the Group has identified intangible assets in respect of customer lists and brands. The values of these intangibles are recognised as part of the identifiable assets, liabilities and contingent liabilities acquired. The useful lives are estimated as follows:

Customer lists	over the period of the expected benefit, up to ten years
Brands	over the period of use in the business, up to ten years
IT development	over the period of use in the business, up to ten years

In April 2021, the International Financial Reporting Interpretations Committee ('IFRIC') published an agenda decision on the clarification of accounting in relation to the configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS). The Group's accounting policy is aligned with the IFRIC guidance as follows:

- Amounts paid to cloud vendors for configuration and customisation that are not distinct from access to the cloud software are expensed over the SaaS contract term
- Configuration and customisation costs incurred in implementing SaaS arrangements which give rise to an identifiable intangible asset are capitalised and amortised over the life of the asset
- Other implementation costs are expensed as incurred

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairments

The carrying amounts of the Group's non-financial assets, other than deferred tax, are reviewed at each reporting date to determine whether there is any impairment. The Group have considered the carrying value of non-eco assets and identified

no indicators of impairment. The relatively new age of the current hire fleet within the Group mitigates any potential obsolescence and new capital spend is weighted towards eco assets.

If any such indication exists, then the asset's recoverable amount is estimated, being the higher of net realisable value and value in use, and if there is an impairment loss then this loss is recognised such that the carrying amount is reduced accordingly.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Transactions of the Company-sponsored Employee Benefits Trust are treated as being those of the Company and are therefore reflected in the Company and Group Financial Statements. In particular, the Trust's purchases of shares in the Company are charged directly to equity.

Notes to the Financial Statements continued

1 Accounting policies (continued)

Inventories

Inventories are measured at the lower of cost and net realisable value. Assets transferred from the hire fleet are measured at the lower of cost less accumulated depreciation and impairment at the date of transfer, or net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes; however derivatives that do not qualify for hedge accounting are accounted for as trading instruments and the movement in fair value is recognised in the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument expires, no longer meets the criteria for hedge accounting, is sold, is terminated or is exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Start-up expenses

Legal and start-up expenses incurred in respect of new depots are written off as incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders. Where such shares are subsequently cancelled, the nominal value of the shares repurchased is deducted from share capital and transferred to a capital redemption reserve. Where the Group purchases its own equity share capital to hold in treasury, the consideration paid for the shares is shown as own shares held within equity.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, the obligation can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Contingent liabilities are disclosed for possible obligations whose existence will be confirmed by uncertain future events, or where settlement values cannot be measured reliably.

Employee benefits

- Pension schemes

The Group has automatically enrolled UK employees in a defined contribution pension plan and makes contributions to personal pension schemes for these UK employees and certain other non-UK employees. Obligations for contributions to these defined contribution pension plans are recognised as an expense in the income statement as incurred.

- Share-based payment transactions

The Group operates a number of schemes that allow certain employees to acquire shares in the Company, including the Performance Share Plan and the all-employee Sharesave Schemes. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured, using an appropriate option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where it is related to market based performance conditions. For share-based payment awards with non-vesting conditions, the grant date fair

value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

Translation of foreign currencies

Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Exchange gains and losses arising on settlement or retranslation of monetary assets and liabilities are included in the income statement.

Assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the period. Exchange differences resulting from the translation of the results and balances of overseas subsidiaries are charged or credited directly to the foreign currency translation reserve.

Gains and losses on intercompany foreign currency loans that are long-term in nature, and which the Company does not intend to settle in the foreseeable future, are also recorded in the foreign currency translation reserve.

Notes to the Financial Statements continued

1 Accounting policies (continued)

Significant judgements and estimates

The preparation of Financial Statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements, estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following accounting policies are limited to those items that would be most likely to produce materially different results were the underlying judgements, estimates and assumptions changed.

The following are significant sources of estimation uncertainty that management has made in the process of applying the accounting policies and that have the most significant risk of resulting in a material adjustment within the next financial year.

Hire equipment

In relation to the Group's hire equipment (Note 15), useful economic lives and residual values of assets have been established using historical experience and an assessment of the nature of the assets involved. At 31 March 2022, the carrying value of hire equipment was £226.9m (2021: £207.2m), representing 88.0% (2021: 88.9%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2022 was £35.2m (2021: £33.7m), which represents 8.7% (2021: 8.5%) of the average original cost of hire equipment. Both useful economic lives and residual values are reviewed on a regular basis. Given the varied portfolio and range of assumptions relating to both the useful economic lives and residual values of the Group's hire equipment, it is not practical to disclose sensitivity analysis.

The Group has considered the impact of climate change on non-eco assets with regards to their carrying values, residual values and useful economic lives. The relatively new age of the current hire fleet within the Group mitigates any potential obsolescence and new capital spend is weighted towards eco assets. Therefore, the Group has identified no impairment as a result of climate change.

Valuation of trade receivables

The expected credit loss provision is calculated using the simplified approach to expected credit loss methodology and is based upon historical default experience over the lifetime of the debt. This is adjusted for the Directors' assessment of current and forward-looking macroeconomic factors affecting the Group's operating environment.

The Directors have given specific consideration to the impact of COVID-19 on the general economy. At the balance sheet date the Group has not seen a marked increase in debt write-offs. However, as has been widely reported, there is an expectation that the situation will deteriorate as the effects of the ending of the Government support occur and that the rate of insolvencies may increase. Given these facts, the Group considers that historical losses alone are not a sufficiently accurate predictor of future failures and has exercised judgement in increasing the expected loss rate. In so doing the provision has been increased from that which would have been required based solely on loss experience over recent years.

At 31 March 2022, the expected credit loss provision was £3.0m (2021: £3.5m) against a total debtor book of £104.9m (2021: £93.4m). The 2021 provision included specific provisions for the training and international businesses which are no longer required. Further detail is provided in Note 18, including an ageing analysis of debt. The Group's estimated expected credit losses are 2.9% (2021: 3.8%) of gross trade receivables. An increase of 1% in this assumption would result in an increase to the provision of £0.8m (2021: £1.0m).

2 Segmental analysis

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker'. UK and Ireland business delivers asset management, with tailored services and a continued commitment to relationship management. Corporate items comprise certain central activities and costs that are not directly related to the activity of the operating segment. The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activity of the operating segment, together with net corporate borrowings and taxation. The Middle East assets were disposed of on 1 March 2021 and are now shown as discontinued operations.

2 Segmental analysis (continued)

for the year ended 31 March 2022

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

Notes to the Financial Statements continued

2 Segmental analysis (continued)

for the year ended 31 March 2021

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

*See Note 31

2 Segmental analysis (continued)

Geographical information

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

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

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

Revenue by type

Revenue is attributed to the following activities:

	2022 (£m)	2021 (£m)
Hire and related activities	243.3	206.4
Services	138.4	121.7
Disposals	5.1	4.2
	386.8	332.3

Major customers

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

3 Discontinued operations

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

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

Notes to the Financial Statements continued

4 Exceptional items

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

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

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

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

5 Operating profit

Operating profit is stated after charging/(crediting):

	2022 (£m)	2021 (£m)
Amortisation of intangible assets	1.0	0.8
Depreciation of owned property, plant and equipment	43.2	43.4
Depreciation of right of use assets	23.5	24.7
(Profit)/Loss on disposal of hire equipment	(0.5)	1.0
Loss on disposal of non-hire equipment	0.1	0.5
Impairment of intangible assets	-	1.1
Auditor's remuneration		
Audit of these Financial Statements	0.3	0.3
Audit of financial statements of subsidiaries	0.2	0.2
Total audit fees	0.5	0.5
Non-audit fees: audit-related services – interim review fee of £60,000 (2021: £35,000)	0.1	-
Total fees	0.6	0.5

6 Employees

The average number of people employed by the Group (including Directors) during the year was as follows:

Number of employees	2022	2021
UK and Ireland	3,113	3,040
International	104	581
Central	284	254
	3,501	3,875

During the year, the transitional services agreement in relation to the discontinued international segment concluded resulting in the decrease in international employee numbers compared to the year ended 31 March 2021.

The aggregate payroll costs of these employees (including bonuses) were as follows:

	2022 (£m)	2021 (£m)
Wages and salaries	109.2	96.3
Social security costs	9.9	10.0
Pension costs	3.0	2.7
Share-based payments	1.2	0.5
	123.3	109.5

During the year ended 31 March 2021, £8.9m was received from furlough schemes and is included within the employee payroll costs above.

Notes to the Financial Statements continued

7 Directors' remuneration

	2022 (£'000s)	2021 (£'000s)
Directors' emoluments		
Basic remuneration, including benefits	1,113	1,108
Value of long-term incentives	-	213
Performance related bonuses	484	252
Gain on exercise of share options	-	587
Company pension contributions	70	76
	1,667	2,236
Emolument of the highest paid Director		
Basic remuneration, including benefits	412	76
Performance related bonuses	265	-
Termination payments	-	156
Gain on exercise of share options	-	584
Company pension contributions	59	13
	736	829

Further analysis of Directors' remuneration can be found in the Remuneration Report. All the Directors' remuneration is paid by Speedy Support Services Limited, a wholly-owned subsidiary of Speedy Hire Plc.

8 Financial expense

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

9 Taxation

	2022 (£m)	2021 (£m)
Tax charged in the Income Statement from continuing operations		
Current tax		
UK corporation tax on profit at 19% (2021: 19%)	4.9	1.2
Adjustment in respect of prior years	0.5	(0.7)
Deferred tax (Note 24)		
UK deferred tax at 25% (2021: 19%)	0.9	1.0
Adjustment in respect of prior years	(0.6)	0.7
Effect of change in rates	2.0	-
Total deferred tax	2.3	1.7
Total tax charge from continuing operations	7.7	2.2
Tax charged in other comprehensive income		
Deferred tax on effective portion of changes in fair value of cash flow hedges	0.2	-
Tax charged in equity		
Deferred tax	0.1	-

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

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

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

Notes to the Financial Statements continued

10 Earnings per share

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

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

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

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

11 Dividends

The aggregate amount of dividend paid in the year comprises:

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

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

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

12 Non-GAAP performance measures

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

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

Notes to the Financial Statements continued

13 Intangible fixed assets

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

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

Goodwill is not tax-deductible.

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

13 Intangible fixed assets (continued)

The recoverable amounts of the assets allocated to the CGU are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth and discount rate, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections from the FY2023 budget, and a subsequent four-year period using the Group's business plan, together with a terminal value using long-term growth rates. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's pre-tax weighted average cost of capital, adjusted for risk factors associated with the CGU and market-specific risks.

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

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

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

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

Notes to the Financial Statements continued

14 Investment in joint venture

	Equity investment (£m)	Loan advances (£m)	Total (£m)
Cost			
At 1 April 2020	3.8	2.0	5.8
Effect of movement in foreign exchange rates	(0.6)	(0.1)	(0.7)
At 31 March 2021	3.2	1.9	5.1
Effect of movement in foreign exchange rates	0.1	-	0.1
At 31 March 2022	3.3	1.9	5.2
Share of post-acquisition results			
At 1 April 2020	2.5	(1.0)	1.5
Share of results for the year after tax	1.2	-	1.2
Share of other comprehensive income	(0.5)	-	(0.5)
Dividend received	(0.7)	-	(0.7)
Loan repayment	-	(0.4)	(0.4)
At 31 March 2021	2.5	(1.4)	1.1
Share of results for the year after tax	3.2	-	3.2
Share of other comprehensive income	0.2	-	0.2
Dividend received	(1.9)	-	(1.9)
At 31 March 2022	4.0	(1.4)	2.6
Net book value			
At 31 March 2022	7.3	0.5	7.8
At 31 March 2021	5.7	0.5	6.2
At 31 March 2020	6.3	1.0	7.3

In November 2013, Speedy acquired 50% of the share capital of Turner and Hickman Limited, a joint venture company that controls the operations of Speedy Zholdas LLP. Speedy Zholdas LLP provides asset management and equipment rental services to the oil and gas sector in Kazakhstan. Total cash consideration for the purchase of shares in Turner and Hickman Limited was US\$4.3m.

In addition to the investment in share capital, Speedy provided an initial loan of US\$2.5m to the joint venture with an equivalent amount provided by the joint venture partner. A repayment of £nil (\$nil) (2021: repayment of £0.4m (\$0.5m)) was received during the year. This joint venture is not considered to be individually material.

15 Property, plant and equipment

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

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

Included within depreciation charged in the year is £nil (2021: £1.0m) relating to exceptional impairments (see Note 4).

An impairment review has been completed during the year on the basis set out in Note 13.

Notes to the Financial Statements continued

16 Right of use assets

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

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

17 Inventories

	2022 (£m)	2021 (£m)
Work in progress	1.3	1.0
Finished goods and goods for resale	6.8	7.2
	8.1	8.2

The amount of inventory expensed in the year amounted to £25.3m (2021: £31.1m) and is included within cost of sales. A provision of £1.2m (2021: £0.3m) is recorded in respect of inventory held at the year-end.

18 Trade and other receivables

	2022 (£m)	2021 (£m)
Trade receivables	100.1	88.5
Other receivables	2.2	4.7
Prepayments and accrued income	6.4	0.1
	108.7	93.3

The Group's credit risk is primarily attributable to trade receivables. The amounts presented in the consolidated statement of financial position are net of any loss provision. There are £34.3m (2021: £26.2m) of trade receivables that are past due at the balance sheet date that are in excess of the provision amount. There is no indication as at 31 March 2022 that customers will not meet their payment obligations in respect of trade receivables recognised in the balance sheet that are past due and unprovided. The ageing of trade receivables (net of impairment provision) at the year end was as follows:

	2022 (£m)	2021 (£m)
Not past due	65.8	62.3
Past due 0-30 days	18.7	17.4
Past due 31-120 days	9.8	6.3
More than 120 days past due	5.8	2.5
	100.1	88.5

Notes to the Financial Statements continued

18 Trade and other receivables (continued)

The valuation of trade receivables is explained in the Significant judgements and estimates section within Note 1, Accounting Policies. The movement in this balance during the year was as follows:

	2022 (£m)	2021 (£m)
At 1 April	3.5	3.9
Impairment provision charged to the Income Statement	3.8	2.0
Utilised in the year	(4.3)	(2.4)
At 31 March	3.0	3.5

19 Trade and other payables

	2022 (£m)	2021 Restated* (£m)
Trade payables	45.3	49.8
Other payables	10.7	9.5
Accruals	40.6	36.5
	96.6	95.8

*See Note 31

20 Financial instruments

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, retained profits and borrowings. The main risks arising from the Group's financial instruments are credit, interest rate, foreign currency and liquidity risk. The Board reviews and agrees the policies for managing each of these risks on an annual basis. A full description of the Group's approach to managing these risks is set out below.

The Group does not engage in trading or speculative activities using derivative financial instruments. A Group offset arrangement exists in order to minimise the interest costs on outstanding debt. Furthermore, there are a small number of immaterial hedges relating to fuel prices in order to mitigate any fuel price increases.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are considered to be equal to the carrying values shown in the balance sheet.

Basis for determining fair values

The following summarises the principal methods and assumptions used in estimating the fair value of financial instruments:

- (a) Derivatives – Broker quotes are used for all interest rate swaps.
- (b) Interest-bearing loans and borrowings – Fair value is calculated based on discounted expected future principal and interest cash flows at a market rate of interest.
- (c) Trade and other receivables and payables – For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.
- (d) Lease liabilities – Fair value is calculated based on expected future principal and interest cash flows, discounted at the incremental borrowing rate for the lease.

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. No individual customer accounts for more than 10% of the Group's sales transactions and the Group's exposure to outstanding indebtedness follows this profile. No collateral is held as security in respect of amounts outstanding; however, in a number of instances, deposits are held against the value of hire equipment provided. The extent of deposit taken is assessed on a case-by-case basis and is not considered significant in comparison to the overall amounts receivable from customers.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks that provide the Group's asset based finance facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group establishes an allowance for impairment that is based on historical experience of dealing with customers with the same risk profile along with a consideration of the future expected credit losses.

Notes to the Financial Statements continued

20 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses both short and long-term cash forecasts to assist in monitoring cash flow requirements. Typically, the Group uses short-term forecasting to ensure that it has sufficient cash on demand to meet operational expenses and to service financing obligations for a period of 12 weeks. Longer-term forecasts are performed on a regular basis to assess compliance with bank covenants on existing facilities, ensuring that activities can be managed within reason to ensure covenant breaches are avoided.

At 31 March 2022, the Group had a banking facility amounting to £180.0m (2021: £180.0m), as detailed in Note 21. The cash and undrawn availability on this facility as at 31 March 2022 was £110.8m (2021: £142.3m) based on the Group's eligible hire equipment and trade receivables.

The Group monitors available facilities against forward requirements on a regular basis and, where necessary, obtains additional sources of financing to provide the Group with the appropriate level of headroom against the required borrowing. The Group maintains close contact with its syndicate of banks.

The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities including estimated interest that will accrue.

	Undiscounted cash flows – 31 March 2022				Total (£m)
	2023 (£m)	2024 (£m)	2025 (£m)	2026 and later (£m)	
Asset based finance facility	-	-	68.3	-	68.3
Overdraft	1.7	-	-	-	1.7
Lease liability (principal and interest)	25.0	18.1	12.8	30.6	86.5
Bank interest payments	3.5	3.3	1.2	-	8.0
Trade and other payables	56.0	-	-	-	56.0
	86.2	21.4	82.3	30.6	220.5

	Undiscounted cash flows – 31 March 2021				Total (£m)
	2023 (£m)	2024 (£m)	2025 (£m)	2026 and later (£m)	
Asset based finance facility	-	44.4	-	-	44.4
Overdraft	0.5	-	-	-	0.5
Lease liability (principal and interest)	21.3	15.8	10.8	23.5	71.4
Bank interest payments	2.7	1.7	-	-	4.4
Trade and other payables	57.7	-	-	-	57.7
	82.2	61.9	10.8	23.5	178.4

20 Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit.

Foreign exchange risk

With 2.7% of the Group's revenue generated in currencies other than sterling, the Group's Balance Sheet and Income Statement are affected by movements in exchange rates. The revenue and costs of overseas operations normally arise in the same currency and consequently the exposure to exchange differences is not normally significant and consequently not hedged. Overseas operations maintain local currency bank facilities, which provide partial mitigation against balance sheet risk.

At 31 March 2022, if sterling had weakened or strengthened by 10% against the Euro and United Arab Emirates dirham with all other variables held constant, post-tax profit for the year would have been £0.8m (2021: £0.6m) higher or lower respectively.

Interest rate risk

The Group is exposed to a risk of a change in cash flows due to changes in interest rates as a result of its use of variable rate borrowings. The Group's policy is to review regularly the terms of its borrowing facilities, to assess and manage the long-term borrowing commitment accordingly, and to put in place interest rate hedges to reduce the Group's exposure to significant fluctuations in interest rates. The Group adopts a policy of ensuring that between 40% and 80% of its net borrowings are covered by hedging instruments.

The principal derivative financial instruments used by the Group are interest rate swaps. The notional contract amount and the related fair value of the Group's derivative financial instruments can be analysed as follows:

	31 March 2022		31 March 2021	
	Fair value (£m)	Notional amount (£m)	Fair value (£m)	Notional amount (£m)
Designated as cash flow hedges				
Fixed interest rate swaps	0.4	85.0	(0.4)	60.0

Future cash flows associated with the above instruments are dependent upon movements in the Sterling Overnight Index Average Rate (SONIA) over the contractual period. Interest is paid or received under the instruments on a quarterly basis, depending on the individual instrument, referenced to the relevant prevailing SONIA rates.

The weighted average interest rate on the fixed interest rate swaps is 1.06% (2021: 1.00%) and the instruments are for a weighted average period of 9 months (2021: 10 months). The maximum contractual period is 36 months (2021: 36 months).

Notes to the Financial Statements continued

20 Financial instruments (continued)

Sensitivity analysis

In managing interest rate and currency risk, the Group aims to reduce the impact of short-term fluctuation on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 March 2022 it is estimated that an increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.1m (2021: £0.4m). Interest rate swaps have been included in this calculation.

Capital management

The Group requires capital for purchasing hire equipment to replace the existing asset base when it has reached the end of its useful life, and for growth, by establishing new depot locations, completing acquisitions and refinancing existing debts in the longer term. The Group defines gross capital as net debt (cash less borrowings) plus shareholders' funds, and seeks to ensure an acceptable return on gross capital. The Board seeks to maintain a balance between debt and equity funding such that it maintains an efficient capital position relevant for the prevailing economic environment.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the demographic spread of shareholders in order to ensure that the most attractive mix of capital growth and income return is made available to investors.

The Group encourages ownership of Speedy Hire Plc shares by employees at all levels within the Group, and has developed this objective through the introduction of long-term incentive plans and SAYE schemes.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21 Borrowings

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

*See Note 31

21 Borrowings (continued)

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

- (a) A secured overdraft facility, which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (b) An asset based finance facility of up to £175m, based on the Group's hire equipment and trade receivables balance. The cash and undrawn availability of this facility as at 31 March 2022 was £110.8m (2021: £142.3m), based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, reduced to the extent that any ancillary facilities are provided, and is repayable in July 2024, with no prior scheduled repayment requirements. Uncommitted options exist for a further two one-year extensions until July 2026. An additional uncommitted accordion of £220m is in place.

Interest on the facility is calculated by reference to SONIA (previously LIBOR) applicable to the period drawn, plus a margin of 155 to 255 basis points, depending on leverage and on the components of the borrowing base. During the year, the effective margin was 1.73% (2021: 1.80%).

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

Analysis of consolidated net debt

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

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

Notes to the Financial Statements continued

22 Lease liabilities

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

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

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

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

*See Note 31

23 Provisions

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

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

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

24 Deferred tax

	Property, plant and equipment (£m)	Intangible assets (£m)	Share-based payments (£m)	Other items (£m)	Total (£m)
At 1 April 2020 Restated*	7.4	-	(0.4)	(2.0)	5.0
Recognised in income	1.4	(0.3)	-	0.6	1.7
At 31 March 2021	8.8	(0.3)	(0.4)	(1.4)	6.7
Recognised in the year	2.2	0.2	0.3	(0.1)	2.6
At 31 March 2022	11.0	(0.1)	(0.1)	(1.5)	9.3

*See Note 31

The Group has gross trading losses carried forward at 31 March 2022 amounting to approximately £6.1m (2021: £7.7m). No deferred tax asset has been recognised in respect of these losses. The Group also has gross capital losses carried forward at 31 March 2022 amounting to approximately £1.4m (2021: £1.4m). No deferred tax asset has been recognised in respect of these losses.

Notes to the Financial Statements continued

25 Share capital

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

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

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

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

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 177,094 (2021: 1,058,690) shares were transferred to employees during the year. At 31 March 2022, the Trust held 4,236,422 (2021: 4,413,516) shares.

26 Share incentives

At 31 March 2022, options and awards over 19,203,929 shares (2021: 15,533,503) were outstanding under employee share schemes. The Group operates two share incentive schemes. During the year a weighted average 325,283 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2021: 327,607).

As at 31 March 2022, options to acquire 8,035,173 (2021: 6,771,223) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 48 and 56 pence (2021: 46 and 55 pence) at dates between April 2022 and July 2025 (2021: April 2021 and July 2024). At 31 March 2022, options to acquire 11,168,757 shares (2021: 8,762,281) under the Performance Share Plans were outstanding. These options are exercisable at nil cost between April 2022 and November 2031 (2021: April 2021 and November 2030). The weighted average fair value of the awards granted in the year was 55 pence (2021: 27 pence).

26 Share incentives (continued)

The number and weighted average exercise price ('WAEP') of share options and awards under all the share incentive schemes are as follows:

	2022		2021	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	22	15,533,503	21	14,465,265
Granted	28	5,216,389	26	5,463,705
Exercised	29	(1,163,070)	15	(1,519,073)
Lapsed	46	(382,893)	40	(2,876,394)
Outstanding at 31 March	22	19,203,929	22	15,533,503
Exercisable at 31 March	8	5,135,960	5	3,179,683

Options and awards outstanding at 31 March 2022 have weighted average remaining contractual lives as follows:

	2022 (years)	2021 (years)
Exercisable at nil pence	1.4	0.8
Exercisable at 46 pence	-	0.8
Exercisable at 48 pence	0.8	1.8
Exercisable at 55 pence	1.8	2.8
Exercisable at 56 pence	2.8	-

Notes to the Financial Statements continued

26 Share incentives (continued)

The fair value of services received in return for share options granted and shares awarded is measured by reference to the fair value of those instruments. The pricing models and inputs used for the outstanding options (on a weighted average basis where appropriate) are as follows:

Speedy Hire Sharesave Schemes

	December 2021	December 2020	December 2019	December 2018
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	56p	55p	48p	46p
Share price volatility	31.7%	31.2%	28.8%	36.4%
Option life	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	3.6%	1.1%	2.9%	3.2%
Risk-free interest rate	0.5%	(0.1%)	0.5%	0.7%

Performance Share Plan

	June 2021	November 2020	May 2019	June 2018
Pricing model used	Stochastic	Stochastic	Stochastic	Stochastic
Exercise price	Nil	Nil	Nil	Nil
Share price volatility	32.6%	31.8%	27.1%	30.8%
Option life	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	0.1%	(0.0%)	0.7%	0.8%

27 Contingent liabilities

There are no contingent liabilities as at the 31 March 2022.

28 Commitments

The Group had contracted capital commitments amounting to £20.2m (2021: £19.2m) at the end of the financial year for which no provision has been made.

29 Post-balance sheet events

There are no post balance sheet events not already disclosed.

30 Related party disclosures

Key management remuneration

The Group's key management personnel are the Executive and Non-Executive Directors as identified in the Directors' Remuneration Report.

In addition to salaries, the Group also provides non-cash benefits to Executive Directors, and contributes to approved pension schemes on their behalf. Executive Directors also participate in the Group's share option schemes.

Non-Executive Directors receive a fee for their services to Speedy Hire Plc.

Full details of key management personnel compensation and interests in the share capital of the Company as at 31 March 2022 are given in the Directors' Remuneration Report.

31 Prior year adjustment

On transition to IFRS 16 in FY2020 the lease liabilities were overstated and accruals understated. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2020 in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There is no impact on the amounts recognised in the income statement.

A summary of the affected accounts and the restatements made as at 31 March 2021 is as follows:

	Reported (£m)	Adjustment (£m)	Restated (£m)
Assets:			
Deferred tax asset	2.5	(0.4)	2.1
Liabilities:			
Lease liability	(65.8)	2.6	(63.2)
Accruals	(35.9)	(0.6)	(36.5)
	(101.7)	2.0	(99.7)
Net assets	219.2	1.6	220.8
Equity:			
Retained earnings as at 1 April 2020	182.2	1.6	183.8
Retained earnings as at 31 March 2021	192.2	1.6	193.8

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

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

Company Financial Statements

Company Balance Sheet

At 31 March 2022

	Note	31 March 2022 (£m)	31 March 2021 (£m)
ASSETS			
Non-current assets			
Investments	33	93.5	93.5
Deferred tax asset	38	-	0.1
		93.5	93.6
Current assets			
Trade and other receivables	34	399.4	308.6
Current tax receivable		4.1	16.1
Cash	37	11.8	1.0
		415.3	325.7
Total assets		508.8	419.3
LIABILITIES			
Current liabilities			
Trade and other payables	35	(201.4)	(126.5)
Other financial liabilities		-	(0.4)
		(201.4)	(126.9)
Non-current liabilities			
Borrowings	37	(83.1)	(56.4)
Deferred tax liability	38	(0.1)	-
Total liabilities		(284.6)	(183.3)
Net assets		224.2	236.0
EQUITY			
Share capital	39	25.9	26.4
Share premium		1.8	1.3
Capital redemption reserve		0.6	-
Merger reserve		2.3	2.3
Hedging reserve		0.1	(0.7)
Retained earnings		193.5	206.7
Total equity		224.2	236.0

The accompanying notes form part of the financial statements. The Company Financial Statements on pages 200 to 207 were approved by the Board of Directors on 27 May 2022 and were signed on its behalf by:

James Bunn, Director

Company registered number: 00927680

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital (£m)	Share premium (£m)	Capital redemption reserve (£m)	Merger reserve (£m)	Hedging reserve (£m)	Retained earnings (£m)	Total equity (£m)
At 1 April 2020	26.4	0.8	-	2.3	(0.9)	206.5	235.1
Profit for the financial year	-	-	-	-	-	(0.3)	(0.3)
Effective portion of change in fair value of cash flow hedges	-	-	-	-	0.2	-	0.2
Equity-settled share-based payments	-	-	-	-	-	0.5	0.5
Issue of shares under the Sharesave Scheme	-	0.5	-	-	-	-	0.5
At 31 March 2021	26.4	1.3	-	2.3	(0.7)	206.7	236.0
Profit for the financial year	-	-	-	-	-	3.2	3.2
Dividends	-	-	-	-	-	(11.3)	(11.3)
Effective portion of change in fair value of cash flow hedges	-	-	-	-	0.8	-	0.8
Equity-settled share-based payments	-	-	-	-	-	1.2	1.2
Tax on items taken directly to equity	-	-	-	-	-	(0.1)	(0.1)
Purchase and cancellation of shares	(0.6)	-	0.6	-	-	(6.2)	(6.2)
Issue of shares under the Sharesave Scheme	0.1	0.5	-	-	-	-	0.6
At 31 March 2022	25.9	1.8	0.6	2.3	0.1	193.5	224.2

The accompanying notes form part of the financial statements.

Company Financial Statements continued

Company Cash Flow Statement

For the year ended 31 March 2022

	Year ended 31 March 2022 (£m)	Year ended 31 March 2021 Restated* (£m)
Cash generated from operating activities		
Profit before tax	3.2	0.3
Financial income	(4.8)	(5.6)
Exceptional impairment charge	-	5.3
(Increase)/decrease in trade and other receivables	(75.0)	6.9
Increase in trade and other payables	75.2	23.8
Equity-settled share-based payments	1.2	0.6
Cash generated from operations	(0.2)	31.3
Interest received	4.7	6.1
Tax paid	(3.0)	(0.8)
Net cash flow from operating activities	1.5	36.6
Cash flow from financing activities		
Drawdown of loans*	482.6	340.8
Repayment of loans*	(456.5)	(398.3)
Proceeds from the issue of Sharesave Scheme shares	0.5	0.5
Purchase of own shares for cancellation	(6.0)	-
Dividends paid	(11.3)	-
Net cash flow from financing activities	9.3	(57.0)
Increase/(decrease) in cash and cash equivalents	10.8	(20.4)
Cash at the start of the financial year	1.0	21.4
Cash at the end of the financial year	11.8	1.0

The accompanying notes form part of the financial statements.

*Loan drawdowns and repayments previously shown net in the Cash Flow Statement are now shown separately. The comparative net repayment of £57.5m has been restated to show loan drawdowns of £340.8m and repayments of £398.3m.

Notes to the Financial Statements

32 Accounting policies

The Company Financial Statements have been prepared in accordance with the accounting policies set out in Note 1, supplemented as below. The Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement or statement of comprehensive income and related notes that form part of the approved Financial Statements. The amount of the profit for the financial year dealt with in the Financial Statements of the Company is disclosed in the Company Statement of Changes in Equity.

Investments in subsidiary undertakings are stated at cost less any provisions for permanent diminution in value. Dividends received and receivable are credited to the Company's Income Statement to the extent that they represent a realised profit for the Company. The Company monitors the risk profile of intercompany receivables regularly and provides for amounts that may not be recoverable on the basis of expected portfolio losses.

The Company does not have any employees. Directors are paid by other Group companies.

33 Investments

	Investments in related undertakings (£m)
Cost	
At 1 April 2020, 31 March 2021 and 31 March 2022	113.3
Provisions	
At 1 April 2020, 31 March 2021 and 31 March 2022	(19.8)
Net book value	
At 1 April 2020, 31 March 2021 and 31 March 2022	93.5

Notes to the Financial Statements continued

33 Investments (continued)

Following the impairment testing performed in accordance with IAS 36 (see Note 12), the Company's carrying value of investment in related undertakings has been reviewed and no impairment has been made (2021: £nil).

The Company's related undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Limited ¹	UK	Dormant	100%
Allen Investments Limited ¹	UK	Dormant	100%
Bucks Access Rentals Limited ^{1,2}	UK	Dormant	100%
Chestview (North East) Limited ¹	UK	Dormant	100%
Crewe Plant Hire Limited ^{1,2}	UK	Dormant	100%
Drain Technology (1985) Limited ²	UK	Dormant	100%
Drain Technology Limited ³	UK	Dormant	100%
Geason Holdings Limited ^{2,3}	UK	Holding company	100%
Geason Apprenticeships Limited ^{2,3}	UK	Training services	100%
Hire-A-Tool Limited ¹	UK	Dormant	100%
Ian Kilpatrick Limited ^{2,3}	UK	Dormant	100%
Lifterz Holdings Limited ^{1,2}	UK	Holding company	100%
Lifterz Limited ^{1,2}	UK	Dormant	100%
Lifterz (Scot) Limited ^{1,2}	UK	Dormant	100%
OHP Limited ^{1,2}	UK	Holding company	100%
Platform Sales & Hire Limited ^{1,2}	UK	Dormant	100%
Prolift Access Limited ^{1,2}	UK	Dormant	100%
Rail Hire (UK) Limited ^{1,2}	UK	Dormant	100%
SHH 501 Limited ^{1,2}	UK	Dormant	100%
Speedy Asset Leasing Limited ¹	UK	Dormant	100%
Speedy Asset Services Limited ¹	UK	Hire services	100%
Speedy Engineering Services Limited ¹	UK	Dormant	100%
Speedy Hire (Ireland) Limited ⁴	UK	Hire services	100%
Speedy Hire (Ireland) Limited ^{2,5}	Ireland	Hire services	100%
Speedy Hire (UK) Limited ¹	UK	Dormant	100%
Speedy Hire Centres (Midlands) Limited ¹	UK	Dormant	100%
Speedy Hire Centres Limited ¹	UK	Dormant	100%
Speedy Hire Direct Limited ^{1,2}	UK	Dormant	100%
Speedy Industrial Services Limited ¹	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited ¹	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC ^{2,6,7}	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt) ^{2,8}	Egypt	Dormant	100%
Speedy International Leasing Limited ^{1,2}	UK	Dormant	100%

33 Investments (continued)

	Incorporation and operation	Principal activity	Ordinary share capital held
Speedy LCH Generators Limited ³	UK	Dormant	100%
Speedy LGH Limited ¹	UK	Dormant	100%
Speedy Lifting Limited ¹	UK	Dormant	100%
Speedy Plant Hire Limited ¹	UK	Dormant	100%
Speedy Power Limited ¹	UK	Dormant	100%
Speedy Pumps Limited ¹	UK	Dormant	100%
Speedy Rail Services Limited ¹	UK	Dormant	100%
Speedy Safemaker Limited ^{1,2}	UK	Dormant	100%
Speedy Services Limited ¹	UK	Dormant	100%
Speedy Space Limited ¹	UK	Dormant	100%
Speedy Support Services Limited ¹	UK	Provision of group services	100%
Speedy Survey Limited ¹	UK	Dormant	100%
Speedy Transport Limited ¹	UK	Provision of group services	100%
Speedy Zholdas LLP ¹⁰	Kazakhstan	Hire services	100%
Speedyloo Limited ¹	UK	Dormant	100%
Stockton Investments (North East) Limited ¹	UK	Dormant	100%
Tidy Group Limited ¹	UK	Dormant	100%
Turner & Hickman Limited ^{9,10}	UK	Holding company	50%
Waterford Hire Services Limited ^{1,11}	Ireland	Dormant	100%

1 Registered office: Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ.

2 Indirect holding via a 100% subsidiary undertaking.

3 Registered office: 13 Queen's Road, Aberdeen, United Kingdom, AB15 4YL.

4 Registered office: Unit 2 Duncrue Pass, Duncrue Road, Belfast, Antrim, Northern Ireland, BT3 9DL.

5 Registered office: Unit 2, Glen Industrial Estate, Broombridge Road, Glasnevin, Dublin 11, Republic of Ireland.

6 Although the Group holds less than half of the voting rights, it is able to govern the financial and operating policies of the company. The Group therefore consolidates the company.

7 Registered office: Sector # MW5, Inside ESNAAD Base, ICAD-1, Musafah Industrial Area, Near National Petroleum Construction Company, PO Box 127149, Abu Dhabi, UAE.

8 Registered office: City Light Tower A3, Third Floor, Office No. 303, 1 Makram Ebeid Street, Nasr City, Cairo, Egypt.

9 The Group has a 50% investment in Turner & Hickman Limited, which has a 90% investment in Speedy Zholdas LLP. The registered office of Speedy Zholdas LLP is Building 276, Traffic Atyrau – Dossor, Atyrau City, Kazakhstan.

10 Registered office: 19 Woodside Crescent, Glasgow, G3 7UL.

11 Registered office: Kingsmeadow Retail Park, Ring Road, Waterford, Republic of Ireland.

The Company holds voting rights in each related undertaking in the same proportion to its holdings in the ordinary share capital of the respective undertakings.

Notes to the Financial Statements continued

34 Trade and other receivables

	2022 (£m)	2021 (£m)
Amounts owed by Group undertakings	397.0	306.6
Other receivables	2.4	2.0
	399.4	308.6

Amounts owed by other group undertakings are repayable on demand. Interest is not payable on balances outstanding as a result of routine inter-company trading. Long term inter-company loans bear interest on the same basis as external bank borrowings.

35 Trade and other payables

	2022 (£m)	2021 (£m)
Amounts owed to Group undertakings	200.6	125.7
Accruals	0.8	0.8
	201.4	126.5

Amounts due from other group undertakings are repayable on demand. Interest is not payable on balances outstanding as a result of routine inter-company trading. Long term inter-company loans bear interest on the same basis as external bank borrowings.

36 Financial instruments

The Company financial instruments are stated in accordance with Note 20.

The fair values of financial assets and liabilities are considered to be equal to the carrying values shown in the balance sheet.

37 Borrowings

	2022 (£m)	2021 (£m)
Non-current borrowings		
Maturing between two and five years		
- Asset based finance facility	83.1	56.4
Total borrowings	83.1	56.4
Less: cash	(11.8)	(1.0)
Net debt	71.3	55.4

The Company borrowings are stated in accordance with Note 21.

Both the overdraft and asset based finance facility are secured by a fixed and floating charge over all the assets of the Group and are rated pari passu.

Analysis of net debt	31 March 2021 (£m)	Non-cash movement (£m)	Cash flow (£m)	31 March 2022 (£m)
Cash	1.0	-	10.8	11.8
Borrowings	(56.4)	(0.6)	(26.1)	(83.1)
	(55.4)	(0.6)	(15.3)	(71.3)

38 Deferred tax

	Total (£m)
Company asset	
Opening at 1 April 2020 and 1 April 2021	0.1
Recognised in income	(0.2)
Closing balance at 31 March 2022	(0.1)

39 Share capital and share incentives

The Company share capital is stated in accordance with Note 25.

40 Contingent liabilities and commitments

The Company contingent liabilities and commitments are stated in accordance with Notes 27 and 28.

41 Post-balance sheet events

The Company post-balance sheet events are stated in accordance with Note 29.

42 Related party disclosures

The Company related party disclosures are stated in accordance with Note 30.

Five-year Summary

	2022 ³ (£m)	2021 ³ Restated ² (£m)	2020 Restated ² (£m)	2019 (£m)	2018 ² (£m)
Income Statement					
Revenue	386.8	332.3	406.7	394.7	373.0
Gross profit	221.1	184.9	224.2	214.4	204.7
Analysis of operating profit					
Operating profit before amortisation and exceptional items	32.6	21.7	39.1	36.7	29.2
Amortisation	(1.0)	(0.8)	(1.3)	(0.7)	(0.2)
Exceptional items	-	(8.4)	(23.8)	(1.2)	(7.2)
Operating profit	31.6	12.5	14.0	34.8	21.8
Share of results of joint ventures	3.2	1.2	2.8	1.9	0.8
Net financial expense	(5.7)	(5.4)	(7.0)	(7.2)	(4.1)
Financial income/(expense) - exceptional	-	-	10.9	(0.8)	(0.5)
Total net financial (expense)/income	(5.7)	(5.4)	3.9	(8.0)	(4.6)
Profit before taxation	29.1	8.3	20.7	28.7	18.0
Non-GAAP performance measures					
EBITDA before exceptional items	99.3	85.3	107.4	104.8	73.0
Adjusted profit before tax, exceptional items and amortisation	30.1	17.5	34.9	31.4	25.9
Balance sheet					
Hire equipment – original cost	422.7	386.6	408.1	385.8	364.0
Hire equipment – net book value	226.9	207.2	227.1	216.9	203.7
Total equity	226.4	220.8	211.5	202.0	197.8
Cash flow					
Cash generated from operations	28.6	72.9	64.5	61.2	37.2
Net cash flow before financing activities	5.5	69.7	45.2	13.6	17.4
Purchase of hire equipment	(71.5)	(36.4)	(53.6)	(54.3)	44.8
Profit/(loss) on disposal of hire equipment	0.5	(1.0)	0.8	1.2	0.7
In pence					
Dividend per share (interim and final dividend)	2.20	1.40	0.70	2.00	1.65
Adjusted earnings per share ²	4.24	2.68	5.54	4.96	4.04
Net assets per share	43.7	41.8	40.1	38.5	37.7

	2022 ³ (£m)	2021 ³ Restated [*] (£m)	2020 Restated [*] (£m)	2019 (£m)	2018 ² (£m)
In percentages					
Gearing	29.8	15.0	37.8	44.1	35.1
Return on capital employed ¹	13.1	8.4	14.4	11.7	11.5
EBITDA margin ²	25.7	25.7	26.4	26.6	19.3
In ratios					
Net debt/EBITDA ² (excluding impact of IFRS 16)	0.9	0.5	1.0	1.1	1.0
Net debt/net tangible fixed assets	0.20	0.11	0.31	0.35	0.29
In numbers					
Average employee numbers	3,501	3,875	4,071	3,873	3,783
Depot numbers	207	180	216	222	217

1 2019 and 2018 ROCE are calculated as adjusted profit before tax. 2020, 2021 and 2022 are calculated on adjusted EBITA.

2 2018 amounts are presented excluding the impact of IFRS 16

3 2022 and 2021 Income Statement amounts are presented for continuing operations only

*See Note 31

Shareholder Information

Annual General Meeting

The Annual General Meeting ('AGM') will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG on 8 September 2022 at 11.00am.

Details of the business of the AGM and the resolutions to be proposed will be sent to those shareholders who have opted to continue receiving paper communications, which are also available to other shareholders and the public on our website at speedyservices.com/investors.

Shareholders will be asked to approve the Directors' Remuneration Report and the re-election of all Directors.

Other resolutions will include proposals to renew, for a further year, the Directors' general authority to allot shares in the Company, to allot a limited number of shares for cash on a non-pre-emptive basis and to buy back the Company's own shares.

Share price information/performance

The latest share price is available at speedyservices.com/investors.

By selecting share price information under the investor information section, shareholders can check the value of their shareholding online or review share charts illustrating annual share price performance trends.

Shareholders can download copies of our Annual Report and Accounts and interim accounts from speedyservices.com/investors.

Dividend reinvestment plan (DRIP)

You can choose to reinvest dividends received to purchase further shares in the Company through a DRIP. A DRIP application form is available from our registrar, whose contact details are 0371 384 2769, or from overseas +44 (0)121 415 7047. Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Alternatively you can write to our registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Electronic communications

You can elect to receive shareholder communications electronically by signing up to Equiniti's portfolio service at shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent a notification to say when shareholder communications are available on our website and you will be provided with a link to that information.

Enquiries on shareholdings

Any administrative enquiries relating to shareholdings in the Company, such as dividend payment instructions or a change of address, should be notified direct to the registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Your correspondence should state Speedy Hire Plc and the registered name and address of the shareholder. Information on how to manage your shareholdings can be found at help.shareview.co.uk.

If your question is not answered by the information provided, you can send your enquiry via secure email from this webpage. You will be asked to complete a structured form and to provide your shareholder reference, name and address. You will also need to provide your email address, if this is how you would like to receive your response.

Boiler room fraud

Share scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares. While such scams promise high returns, those who invest usually end up losing their money.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

- get the name of the person and organisation contacting you;
- search the list of unauthorised firms to avoid at [fca.org.uk/consumers/scams](https://www.fca.org.uk/consumers/scams) to ensure they are authorised;
- only use the details on the FCA Register to contact the firm; and
- call the Consumer Helpline on 0800 111 6768 if you suspect the caller is fraudulent.

REMEMBER: if it sounds too good to be true, it probably is!

Forward-looking statements

This Annual Report and Accounts 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, the Disclosure Guidance and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring on or after the date of this Annual Report and Accounts.

Contact details

We are happy to answer queries from current and potential shareholders. Similarly, please let us know if you wish to receive past, present or future copies of the Annual Report and Accounts. Please contact us by telephone, email or via the website.

Speedy Hire Plc
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Merseyside WA12 0JQ

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01942 720 000

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speedyservices.com/investors

Registered office and advisers

Registered office

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Company Secretary

Neil Hunt

Visit our website to find out more
speedyservices.com/investors

Sign up for our RNS alerts
speedyservices.com/investors/alert-subscribe

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at the 2022 AGM
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No 1 Spinningfields
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All paper from sustainable and controlled sources.

This Annual Report is available at:
speedyservices.com/investors

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