

**Strong foundations...**

# **accelerating sustainable growth**

**Speedy Hire Plc**

Annual Report and Accounts 2023

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# Welcome

**Speedy Hire is the UK's leading provider of tools and equipment hire, and services, to customers ranging from the largest national infrastructure contractors through to SMEs, tradespeople and retail consumers.**

**Our hire and services business operates through an omni-channel approach including approximately 180 trading locations in the UK and Ireland, including concessions within selected B&Q stores and on-site facilities at customer locations, central service hubs and digitally online at our website [speedyservices.com](https://speedyservices.com) and via our mobile app. We also operate internationally through a joint venture in Kazakhstan.**

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# Awards

**ISS Prime:** Ranked as an industry leader for sustainability.

**EcoVadis Silver:** Ranked in the top 25% of companies for sustainability in recognition of the Company's work to reduce its environmental impact.

**Carbon Disclosure Programme Grade B Accreditation:** For our ability to show real progress in operational practices and transparency in our environmental impact.

**A+ Energy Performance Certificate (EPC):** Achieved at our Innovation Centre in Milton Keynes which is now carbon negative, giving back energy to the grid.

**Hire Awards of Excellence:** Highly Commended in the 'Best Sustainability & CSR Initiative'.

**RoSPA Gold:** Achieved for the 9th year running.

**Construction News Awards:** Shortlisted for the Supply Chain Excellence Award to be announced July 2023.

**Fleet News Awards:** Highly Commended for the Wellbeing and Inclusivity in Fleet Award.

**Youth Verified:** Successful verification as a Youth Verified Business by Youth Group, the UK's largest community of young people.

# Highlights FY2023

## Velocity growth strategy

Launched Velocity, our strategy to drive revenue growth and improve margins.

## Zero carbon equipment investment

Expanded the exclusive provision of the Milwaukee MX Fuel range of battery powered assets to extend our fleet of low and zero carbon equipment.

## Electric vehicle fleet expansion

Introduced 150 new electric vans to reduce up to 1,280 tonnes of CO2e per year from our commercial fleet emissions.

## Industry first ECO generators

Launched an industry-first roll-out of retrofitted Stage V emission compliant generators, boosting the availability of greener generators to the construction industry.

## B&Q partnership extension

Extended our B&Q partnership to launch tool hire on both diy.com and tradepoint.co.uk in 2023, fulfilled exclusively by Speedy Hire.

## Supporting Ukraine

Supported the UK Government in providing 287 generators to Ukraine; enough to operate the equivalent of c.8,000 homes, and help run relief centres, hospitals, phone masts and water pumping stations.

## Sustainable Service Centres

Opened the latest brand new low carbon Regional Services Centres in our ongoing programme to more sustainably and efficiently service customers in West Yorkshire and Staffordshire.

## Home delivery from B&Q

Announced being able to provide home delivery tool hire from approximately 300 B&Q stores nationwide.

## Early careers investment

Invested in over 100 early careers trainees across the UK to help boost our skills base and the industry's talent pipeline.

## Emerging Talent Development Board

Implemented an industry-leading Emerging Talent Development Board, to work alongside the Executive Team in assisting the strategic development of the business.

Above: In June, Prime Minister Rishi Sunak visited our industry-first, carbon-negative Innovation Centre to see the ground-breaking work we're undertaking to develop net zero carbon operational facilities, products and logistics.

## Youth Verified

Became a Youth Verified Business, setting a new standard for inclusivity and innovation in the workforce.

## Neurodivergent support

Became one of the founding members of Neurodiversity in Business (the NiB), an industry forum to support the participation of neurodivergent individuals in the workplace.

## The Speedy Hire Expo

After an absence of two years due to the COVID-19 pandemic, we welcomed back over 1,700 customers, colleagues, supply chain partners and leading figures in ESG and innovation to the hire industry's leading event; the Speedy Hire Expo.



Our ambition

## Our Vision

To inspire and innovate the future of hire and accelerate sustainable growth.

## Our Mission

To be the most efficient and sustainable UK hire business: digital and data driven, optimised through operational excellence and powered by our people.

## Our Values

### People First

#### Ambitious

We lead with  
bravery to make  
anything possible

#### Innovative

We nurture a  
culture where  
ideas grow

#### Inclusive

We are all unique,  
and we all belong

#### Safe

We share a collective  
responsibility to keep  
everyone safe

#### Together

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

#### Trusted

We are responsible  
and do the right  
thing, always

# Key company facts and figures

## Colleagues

3,375

Gender diversity at senior leadership level:

80% male,  
19% female,  
1% other

Implementation of an industry leading Emerging Talent Development Board

## Customers

c.68,000

Customers in the UK and Ireland, ranging from large national contractors to local trade and retail

4 star

High levels of customer advocacy with a 4 star rating on Trustpilot

Servicing a significant number of the UK's largest contractors\*

### Products and services

**c.2,500**

hire product lines and approximately 317,000 itemised assets for hire

**53%**

of our revenue is generated from eco products, demonstrating our customers' increasing demand and our commitment to reducing carbon emissions

**40,000**

consumable products in our extensive range (6,200 product lines)

### Property, fleet and logistics

**1,054**

commercial vehicles, a year-on-year reduction of 150 diesel vehicles and now running the largest electric and hybrid vehicle fleet in UK hire

**150**

Service Centre and on-site locations in the UK and Ireland, including Industry-leading low and zero carbon facilities alongside a number of outlets within selected B&Q stores

**31,000**

litres of fuel saved during FY2023 through engine idling reductions

**90**

electric vehicle charging points across our network with a further 122 being installed

### Partnerships and key memberships

Supplier partnerships with globally recognised market leading brands developing sustainable technologies including Milwaukee, Hilti, JCB and many others

Strategic collaborations with Peak (Advanced Data Analytics) and Microsoft (Systems)

Member of the Supply Chain Sustainability School and Advisory Board Member of The All Party Parliamentary Group on Environmental, Social and Governance

All figures quoted as at 31 March 2023 unless otherwise stated.

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

# Providing a channel of choice

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 individual needs.

Our network is designed to reflect our pioneering, Innovation and Regional Service Centre in Milton Keynes, providing the blueprint for our future, and retro-fit low carbon facilities.

## Speedy Direct

Through our central call centre in the North West, with dedicated desks for our national customers.

## Customer Solutions

Through our centralised service providing a single hire destination for the provision of all our core products and services, plus an extensive range of equipment in partnership with the industry's leading product suppliers.

## Regional Trading Hubs

Our regional call centres are located throughout the country, with dedicated colleagues servicing our regional customer base.

## B&Q Concession stores

We operate within selected B&Q stores across the UK and on B&Q's website: [diy.com](https://diy.com) and [tradepoint.co.uk](https://tradepoint.co.uk).

## Service Centre Network

Through approximately 150 operational centres across the UK and Ireland.

## Customer Relationship Centre

Through our central hub in South Wales, dedicated to servicing our SME customers.

## Online

Through our website and mobile app and on B&Q's website: [diy.com](https://diy.com) and [tradepoint.co.uk](https://tradepoint.co.uk).

# Our integrated hire and services offering

## Core Hire

## Specialist products and solutions

## Product and consumable sales

## Fuel and energy

## Training

## Test, Inspection and Certification

### Core and specialist hire

**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, and compressors 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.** We provide an industry leading range of equipment including sustainable hybrid boom lifts, specialist platforms and cherry pickers, bringing the first hydrogen powered access lift to market in June 2023.

**Customer Solutions.** We provide a single hire destination service for customers, offering a complete site service through

the provision of all our core products and services, plus an extensive range of equipment to provide a site solution to any customer requirement through our partnerships with the industry's leading suppliers.

### Product and consumable sales

**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 Hire Service Centres and within selected B&Q stores across the UK.

### Fuel sales and energy

**Fuel Management.** Speedy Hire 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

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

### Test, 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.** We provide specialist servicing and refurbishment services for powered access equipment.

### Net zero carbon strategy for Hire

In FY2023 we partnered with Hydrock, a leading engineering, energy and sustainability consultancy to support our business, customers and suppliers on our 'decade to deliver' commitment to become a net zero business and make hire services, solutions and equipment even more sustainable.

Hydrock is providing advice and expert guidance across our business in areas such as whole lifecycle carbon assessments of our products, processes and operations; social value; EDI; and wellbeing. Hydrock also verify our carbon data to ISO standards ensuring data accuracy and transparency in our external reporting which is critical to achieving our target of being net zero by 2040.

We also want to help our customers and supply chain better understand their own carbon impacts and how to make better informed decisions at every stage of the hire process to support them in achieving their own net zero goals. As a consequence, from FY2023 we will be offering a range of carbon and sustainability services alongside 'Hire' in partnership with Hydrock.

# Why invest in Speedy Hire

We are a market leading hire and services company.

We have a clear customer focused growth strategy underpinned by an ambitious award-winning Environment, Social, Governance (ESG) programme that drives innovation and sustainability in our sector. We supply large national customers, including a vast number of the UK's top 100 contractors, as well as local trades and retail markets.

- 1

**Ambitious**  
An ambitious, purpose-led strategy to increase revenue, grow our margins and become the UK's most efficient and sustainable hire business.
- 2

**Optimised**  
A digital and data driven business, optimising our network, logistics and assets and powered by our people.
- 3

**ESG leading**  
Industry leading ESG programme designed to reach net zero by 2040. Committed to keeping colleagues and customers safe, reducing our impact on the environment, supporting our people and local communities and operating as a leading sustainable company.
- 4

**Strong end markets**  
Supportive long-term end market fundamentals across infrastructure and construction, as well as RMI\* and Support Services that create a visible, resilient, less cyclical revenue stream.
- 7

**Cash generative**  
Strong balance sheet and cash generation, with significant banking facility headroom with which to grow the business organically and through value enhancing acquisitions.
- 8

**Capital allocation**  
Clear capital allocation investment and dividend policy.
- 9

**Strong and resilient**  
Strong and resilient business with ability to develop revenue, grow EBITDA, expand margins and increase shareholder returns over the next five years.
- 10

**Measured**  
Focused key metrics in place to measure strategic progress and priorities.

5

**Thriving UK retail sector**

We have accelerated our penetration of the growing consumer retail market through our partnership with B&Q including on diy.com.

6

**Diverse**

From our growing range of services to our diverse customer base, we aim to grow our business which ensures we are more resilient to an economic downturn.

11

**Unique service promise**

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

12

**Innovative**

We embrace technology through digital and product innovation, actively working with our suppliers through our ESG strategy to deliver award-winning, sustainable customer solutions.

13

**Customer satisfaction**

We have high levels of customer advocacy, with a 4-star rating on Trustpilot.

\* Repair Maintenance Improvement (housing and construction).

# Strategic growth engines supporting strong end markets

Key product, service and market opportunities to accelerate sustainable, profitable growth.

<p><b>Core hire products</b></p> <p>Grow our market share with all customer segments across all geographies trading as a multi-channel service offering.</p>	<p><b>Specialist products and services</b></p> <p>A focus on niche products and services with significant growth and margin opportunities.</p>	<p><b>Trade and retail markets</b></p> <p>Grow trade and retail customers, through conversion of sales into hire space, e-commerce opportunities and market creation to a less developed area of hire.</p>
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We operate across diverse markets and sectors, with an integrated hire and services customer proposition. Our customer proposition, combined with our omni-channel delivery model enables our national customers to deliver the largest infrastructure projects in the UK, through to retail customers who are renovating their homes.



## Markets we operate in

27%\*

### Infrastructure

New Build Highways, Rail, Energy, Harbours and Airports

Frameworks in Water and Sewerage (AMP7), Roads (Highways England), Rail (CP6) and Tele-communications

10%\*

### Residential Construction

New Build Housing

21%\*

### Non-Residential Construction

New Build Offices, Shops, Education, Hospitals, Warehouses and Factories, Hotels, Stadiums and Prisons

2%\*

### Residential RMI\*\*

DIY and Home Improvement

4%\*

### Industrial Services RMI\*\*

Power, Petrochemicals and Steel

36%\*

### Support Services and Other RMI\*\*

Facilities Management, Manufacturing and Production, Environmental Services, Engineering Services, Defence and Media

\* Approximate percentage of Group revenue.

\*\* Repair Maintenance Improvement (housing and construction).

## Chairman's statement



**The results we are reporting today demonstrate the strength and resilience of our business model."**

**David Shearer** Chairman

#### Overview

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

#### Results

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

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

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

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

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

#### Dividends and returns to shareholders

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

The Group completed its £30 million share buyback programme on 8 March 2023. In line with the capital allocation policy we will continue to prioritise investment in organic



We have a resilient business model with an ambitious growth strategy, Velocity, which positions the Group strongly to accelerate sustainable profitable growth despite the challenging macro-economic environment."

growth and maintaining regular returns to shareholders, whilst remaining open to potential bolt on acquisition opportunities with a strong strategic rationale. In view of the new growth strategy which has been implemented there is presently no plan to engage in a further share buyback programme, but the Board will continue to keep this under review.

#### Board and people

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

On 1 November 2022 James Bunn stepped down as Chief Financial Officer ("CFO") to pursue an opportunity in an unrelated sector. The Board appointed an external head-hunter to start the process to find a permanent successor and in the intervening period was pleased to announce the appointment of Paul Rayner who assumed the role of interim CFO with effect from 1 November 2022, for a period of up to 12 months. This allowed time for the Board to complete the recruitment process. After undertaking a comprehensive search process, the Board offered Paul the role on a permanent basis and he will join the Board as CFO with effect from 1 July 2023. Paul is an experienced CFO and since joining the business as interim he has established strong relationships

with the Board, Dan Evans and the senior team and has worked closely with them in the development of the Velocity strategy. I am delighted that he has accepted the position and look forward to continuing to work with him.

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

#### Future

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

**David Shearer**  
Chairman

## Chief Executive's review



**Our new strategy, Velocity, is exciting, provides clear direction and we expect it to deliver long term benefits to our customers, our people and our investors."**

**Dan Evans** Chief Executive

### Overview and results

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

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

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

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

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

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

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

### Strategy and operational review

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

Our new vision is to inspire and innovate the future of hire. As the UK and Ireland's leading provider of tools, specialist equipment and services, we provide exceptional customer experience, accelerating mutual success with our customers working towards a sustainable future. Our mission, is to be the most efficient and sustainable UK hire business: digital and data driven, optimised through operational excellence, and powered by our people.

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

We have increased our focus on growing share of the regional customers and trade and retail market. This is achieved through continued growth in our Customer Relationship Centre, a telesales division located in South Wales primarily geared to activate lapsed and dormant accounts through a targeted approach across the UK, as well as remote customer support for these customers to ensure they enjoy their customer experience.

## Chief Executive's review continued

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

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

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

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

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

### Trade and Retail

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

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

## ESG

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

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

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

In taking action to minimise our carbon footprint we are actively procuring more sustainable assets into our hire fleet including those with solar, hybrid, electric and hydrogen technology. During FY2023 we invested £52.1m in our hire fleet, of which 51% was on sustainable equipment. We have a target to ensure that ECO products account for 70% of our itemised equipment fleet by 2027.

## People

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

Our People First strategy prioritises personal and professional development, wellbeing and diversity, equity and inclusion within the workplace. We have increased the number of graduates and apprentices within the business and are working towards having 5% of our employees on earn and learn programmes within 4 years. To enhance our capability to affect this, during the year we were successful in becoming a Youth Verified Business by Youth Group, the UK's largest community of young people, after successfully completing the youth verification challenge.

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

## Summary and outlook

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

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

**Dan Evans**  
Chief Executive

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

Our growth strategy

# Velocity

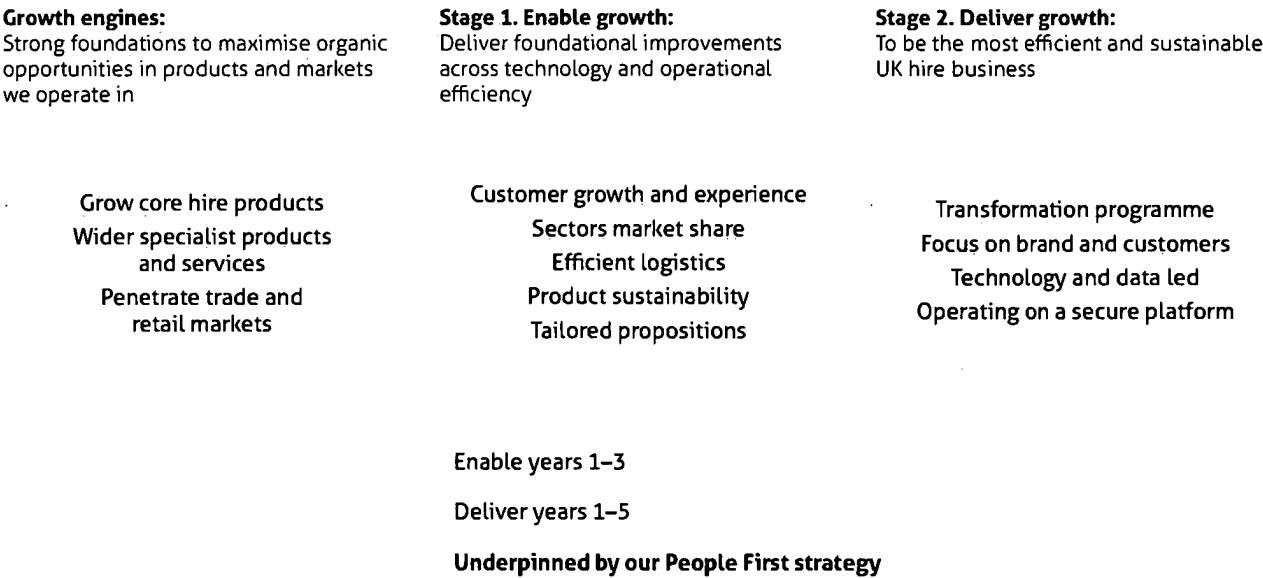
Over the past three years we have improved our business under the Simplify, Standardise, Grow programme as detailed in previous reports.

The work achieved under this programme created a positive platform to develop a new strategy we call 'Velocity', which is designed to accelerate sustainable growth through increasing revenue and improving margins, along with clear focus on measurable medium and long term growth and performance objectives.

Velocity is a five-year transformation and growth strategy. There are two defined stages to achieve this goal and drive sustainable long-term growth:

- 1. Enable growth**  
Deliver foundational improvements across technology and operational efficiency (years 1-3)
- 2. Deliver growth**  
Become the most efficient and sustainable UK hire business (years 1-5)

Fully aligned to our vision 'To inspire and innovate the future of hire and accelerate sustainable growth'.





# Growth engines powering enablement and delivery

Our growth engines reflect opportunities that are presented in our current addressable markets. By focusing on these key areas, we aim to increase market share profitably to enable us to accelerate sustainable growth.

## Core hire

We have the widest range of tools and equipment in the industry, serving customers from the largest Tier 1 national contractors, regional constructors and sub-contractors on large sites, to thousands of independent SME, trade and retail customers. Providing high quality tools and equipment alongside a first-class customer experience is essential in attracting and retaining these customers and enabling the success of their projects.

Our strategy to accelerate sustainable profitable growth through core hire focuses on efficiencies to both reduce cost-to-serve through an omni-channel digital approach, and in making more efficient use of our capital through better asset investment decision making and purchasing power.

The strategy will also be driven to increase sales through attracting and retaining more customers who will buy more from us, more often, increasing market share in every region across the UK.

Fundamentally, growing core hire depends on our customers being able to rely on us to deliver the right piece of equipment, to the right place, on time, every time. And to collect it when we say we will. Ensuring this happens will not only create high levels of customer experience and satisfaction, it will also reduce the administrative costs of not meeting these expectations from customers.

To achieve this, we are accelerating our data and technology programme so that we can create a 360 degree picture of our customers and their

needs individually, and use predictive AI systems to develop automation and increase cross-selling opportunities.

To facilitate an unrivalled service in the market, we launched an industry first same day delivery model in London in 2018, and improved that offer by launching an improved four-hour delivery service on our core 350 products nationally in 2019.

This unique proposition enables customers to stay on site when they need tools and equipment quickly, reducing the associated costs of downtime.

## Core hire products

Grow our market share with all customer segments across all geographies trading as a multi channel service offering.

## Specialist products and services

A focus on niche products and services with significant growth and margin opportunities.

## Trade and retail markets

Grow trade and retail customers, through conversion of sales into hire space, e-commerce opportunities and market creation to a less developed area of hire.

## Our growth strategy continued



Thank you for another site mobilised and ready for our team to hit the ground running at Good Hope Hospital. Every site set up we task Speedy with comes with its challenges, yet by working together the challenges are overcome and a solution is found. Thank you to Speedy for your continued support.”

**Ashley Houghton, Technical Category Manager at Veolia**

### Specialist products and services

We service a significant number of the top 100 national contractors in the UK, across sectors including road, rail and communications infrastructure, commercial and residential construction, industrial services including power, petrochemicals and steel, and support services including facilities management, manufacturing, environmental services, engineering services, defence and media.

These sectors have both common requirements for tools, plant and equipment hire, and a demand for innovative specialist solutions bespoke to their projects. We are uniquely positioned to offer customers operating in these end markets a complete site solution through the provision of specialist sustainable products in categories such as survey, rail, lifting, power and powered access, in addition to our core hire range.

### Speedy Solutions

During FY2023 we created a new division 'Speedy Solutions'. We have brought together our thriving partnered services model, training, consumable sales and our test, inspect and certification (TIC) services. In addition, we have extended our proposition by introducing a new solutions promise to source any item or service required by a customer, enhancing our complete site solutions offering in a more seamless, effective and efficient way for the customer.

We provide site solutions by understanding our customers and the markets and specialist sectors in which they work. We become an extension of their own team, liaising with the customer's various on-site teams and effectively coordinating all project requirements on their behalf.

Working with world class brands, all recognised leaders in their own fields, we offer our customers peace of mind that they can source anything they need to deliver a successful project from day one, and we guarantee the provision of a quality service aligned to our values, and those of our customers.

From a full site set up, including excavators, dumpers and telehandlers through to waste management, cranes and forklift trucks; our Speedy Solutions team work closely with each of its customers to understand the unique challenges of each job.

Our larger customers increasingly require sustainable products and services that drive down carbon to meet their commitments to achieving net zero. With our own extensive range of ECO products, alongside the provision of HVO fuel sales and partner products, our Speedy Solutions business is perfectly placed to meet that growing demand.

Growing Speedy Solutions in the provision of specialist products and services and delivering our customers' needs for fully integrated site solutions is a key strand of our strategy to accelerate profitable growth.

## Trade and retail

During FY2023 we serviced over 41,000 trade and retail customers through utilising our omni-channel approach for customers choosing to do business with us, whether that's through our national Service Centre network, by phone, or online via our click and collect or click and deliver service.

We are embarking on an ambitious contact strategy that will improve the customer experience, attract and retain more trade customers and reduce our cost to serve in a number of ways. This includes:

- Developing and consolidating a future estate of sustainable and efficient Service Centres in better and more accessible locations, with better facilities for both our customers and our colleagues
- Improving the process of account opening to make it simpler, quicker and even more secure
- Accelerating our digital propositions on our website and mobile app from product selection to checkout and delivery

During FY2023 we launched tool hire into the retail marketplace, through our unique partnership with B&Q and released a retail website to run alongside our trade site, with pricing, content and tool selection targeted and more accessible retail consumers.

As part of our Velocity strategy, we plan to revolutionise our retail offering both in-store and digitally to open up the consumer market and position Speedy as the brand of choice for tool and equipment hire.

We continue to develop our trade and retail strategy in partnership with B&Q. During FY2024 we aim to launch Tool Hire on both diy.com and tradepoint.co.uk, hosted by B&Q and fulfilled exclusively by Speedy.

During FY2024 we will extend our service to hire a selected number of products from c.300 B&Q stores nationally. Trade and retail customers

will be able to order products at the Tradepoint and B&Q tills, meaning they can shop the entire Tradepoint or B&Q range and hire the tools and equipment they need at the same time. There is a significant opportunity in these markets, and our strategy is to embark on creating channels that will make the process of hire seamless for consumers so that it becomes second nature and as easy and natural as buying a drill.

Our strategy continued

# Innovation, sustainability and collaboration

## **The Speedy Expo**

Collaboration and trust are key to our success. During October 2022 our annual Speedy Expo, the largest private hire exhibition and conference in the UK, took place in Liverpool. Across two days, over 1,700 of our colleagues, customers, suppliers and industry experts came together to discover innovative and sustainable products, and to understand the key part that data and technology will play in revolutionising our industry.

The collaboration between our customers and supply chain innovations underpins our ability to achieve our ambitious ESG commitments, and ensures we play a key role in our customers delivering their own.

During FY2024, we will be launching a satellite event to our annual Expo; Speedy Net Zero London. The new conference led event will bring together sector and non-sector thought leaders from London and the South East. The event will highlight the essential steps that the supply chain within the industry needs to take in delivering on Scope 3 emissions and the Government's net zero carbon targets, and the role our 'Decade to Deliver' sustainability strategy will play in enabling that transition.

Speedy Net Zero London will also showcase the latest sustainable products on the market, as well as future innovations in development that will drive down carbon and create climate positive solutions in collaboration with a select number of our leading supply chain manufacturers.

Our industry-first Innovation Centre in Milton Keynes is a carbon negative operational site. It runs on state-of-the-art energy saving technology, showcases the latest innovative tools, plant and equipment, and creates a first-class working environment for our people. Since launching the Centre we have conducted over 120 individual tours comprising of over 1,500 customers from contractors operating on the largest and most ambitious projects in the UK.

This regular engagement enables us to build stronger and deeper relationships with those customers, and demonstrate the very latest innovations that we are able to provide them to make their projects successful.

The collaboration between our customers and supply chain innovations underpins our ability to achieve our ambitious ESG commitments, and ensures we play a key role in our customers delivering their own.

## Financial KPIs

KPI	Why this KPI is important to our strategy	How we have done	FY2022 performance
Revenue	A measure of the work we are undertaking.	£440.6m	£386.8m
Revenue (excluding disposals)	A measure of our underlying activity with customers having removed planned hire fleet asset disposal income.	£434.3m	£381.7m
Operating profit	A measure of profit we generate from core operations before the impact of financing and tax.	£3.8m	£31.6m
EBITDA <sup>2</sup>	A measure of operating return before depreciation and amortisation.	£103.7m	£99.5m
EBITDA <sup>2</sup> margin	Highlights value generated either through operational efficiency or the quality of the revenue.	23.5%	25.7%
Adjusted profit before tax <sup>2</sup>	A measure of profit we generate adjusted to exclude amortisation and exceptional items.	£32.1m	£30.1m
Profit before tax	A measure of profit we generate from our revenue activity having accounted for all costs before taxation.	£1.8m	£29.1m

KPI	Why this KPI is important to our strategy	How we have done	FY2022 performance
Utilisation <sup>1</sup>	A measure of how many of our itemised assets are on hire to customers by net book value.	54.4%	57.0%
ROCE <sup>3</sup>	A measure of how well Speedy is delivering a return from the capital invested.	14.5%	13.6%
Net debt <sup>4</sup>	A measure of the Company's borrowings.	£92.4m	£67.5m
Net debt <sup>4</sup> to EBITDA <sup>2</sup>	A measure of how leveraged the balance sheet is.	1.3x	0.9x
NBV of property, plant and equipment	As assets are our core revenue generator, this effectively measures the scale of investment to support revenue.	£237.7m	£257.7m
Earnings per share <sup>5</sup>	A measure of the return generated for the holder of each of our ordinary shares.	0.25p	4.13p
Adjusted earnings per share <sup>5</sup>	A measure of the return generated for the holder of each of our ordinary shares, adjusted to exclude amortisation and exceptional items.	5.25p	4.24p

## Explanatory notes:

1 Utilisation of itemised assets

2 Before exceptional items, see Note 12 to the Financial Statements

3 Return on Capital Employed: Profit before tax, amortisation and exceptional items divided by the average capital employed (where capital employed equals shareholders' funds and net debt<sup>3</sup>), based on a two-point average between opening and closing for the financial year

4 See Note 21 to the Financial Statements

5 See Note 10 to the Financial Statements

# Introduction

**At Speedy, we believe that when it comes to sustainability, the next ten years will define the next hundred, so we need to make this decade count. Our hire business model is already circular and sustainable meaning we are already having a positive environmental impact and supporting our customers on their sustainability journeys.**

Our new business strategy 'Velocity' is designed to accelerate sustainable, profitable growth, so we're rolling out further plans 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 meeting the needs of our people, customers, communities and the planet.

Through collaboration we've learnt that you go furthest, fastest when you go together. That's why as a Speedy family, we will be working even harder with our customers, suppliers and communities to create the biggest positive impact we possibly can.

Today, every project, big or small needs to be sustainable. There's no more time to wait, that's why we've called our plan "The Decade to Deliver" detailed on pages 28 to 39, and our strategy can be implanted throughout our business, our supply chain and within all our customer groups.

For our national and regional customers who have their own stretching sustainability targets, we are providing the latest, most innovative sustainable products, with eco products now accounting for 44% of our hire range to help them deliver on their objectives and accelerate their sustainability objectives.

For trade and retail customers, we know that tools and equipment can spend their time in vans, sheds, warehouses and garages, getting old instead of getting used. Hire is a sustainable way to solve this problem, delivering carbon and waste savings while helping people save money and space.

Our aim is 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. It's time for change and the faster we can deliver it, the sooner we can make this the decade of sustainable hire.

I hope you enjoy reading the progress we have made over the last year, and the plans we have for the future in this report.

**Amelia Woodley**  
ESG Director



# ESG governance

**As ESG (Environment Social Governance) continues to grow in executive mindshare and compliance importance, it's critical to keep good governance practices as a focal point and executive priority.**

With stakeholder demands increasing for strong governance practices; regulators, and customers seek companies that demonstrate sound financial decision-making and business performance whilst contributing more positively to the environment and society; additionally, ESG governance places a key role in voluntary and mandatory ESG reporting and public disclosure.

Our strong controls and leadership within ESG Governance ensure that our sustainability efforts continue to meet current and emerging legal and compliance requirements. Speedy regularly reviews internal and external ESG risks through respected independent frameworks such as TCFD (Task Force for Climate-Related Financial Disclosure), which determine strategies to reduce risk(s), and put preventative and adaptive measures in place to manage these accordingly, see pages 46 to 47.

To validate our performance, we are the only UK hire company to publicly commit to adopting science-based targets to achieve Net Zero carbon emission by 2040, in line with science and government policy, further enhancing our accountability-focused leadership in sustainability.

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 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.

Our ESG committee and associated programme is sponsored by Chief Executive, Dan Evans working closely with ESG Director, Amelia Woodley. The ESG Committee, made up of senior members from across the business, meets monthly to drive continuous improvement in our ESG Strategy and KPIs, which are aligned to Science Based Targets and the United Nations Sustainable Development Goals 2030 (UN SDGs).

The ESG Committee reports business-wide sustainability performance to the Executive Team monthly and the Plc Board Sustainability Committee that meets three times a year demonstrating our leadership commitment. Please see page 45 for more information on this structure.

## **Chief Executive Dan Evans is the Executive sponsor of our ESG programme.**

In November 2020, Dan became a Board member of the Supply Chain Sustainability School, joining Chairman Shaun McCarthy OBE and eight other elected board members from some of the industry's largest businesses.

Based in London, the Supply Chain Sustainability School represents the needs of over 100 partner businesses and 14,000 sustainability school members. The organisation aims to upskill firms on integrating more sustainable ways of working into their businesses through free, practical support in the form of CPD-accredited e-learning modules and training workshops, tailored assessments and action plans, benchmarking tools, networking opportunities, and access to thousands of online resources.

"With the construction industry's significant contribution to carbon emissions, at Speedy we've long recognised the importance of helping our customers transform how they operate by providing low and zero carbon tools and equipment. Our Velocity strategy, underpinned by our ESG programme, sets out ambitious targets to reach net zero for us, and our customers across the markets we operate in. Collaborating with the Supply Chain Sustainability School in working with its members enables us to play an important role in meeting the industry's sustainability targets."

**Dan Evans**  
Chief Executive

# ESG Framework

## Leading the industry

Our Velocity growth strategy, as detailed on pages 18 to 23, is underpinned by a five-year transformation programme to drive sustainable profitable growth, a key part of which includes our ambition to become the most efficient and sustainable UK hire business.

Our ESG framework underpins our Velocity growth strategy, aligns with our vision 'To inspire and innovate the future of hire' and our mission 'to be the most efficient and sustainable UK hire business: Digital and data driven, optimised through operational excellence, and powered by our people'.

The commitment within our Velocity strategy to operate 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 enabling our customers to meet their sustainability targets, and our people and local communities, from looking after their wellbeing and

boosting diversity, equity 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, as detailed in the Governance Report on page 105, robust audit functions and processes.

During FY2023, through the continued development of our ESG programme, building it into every aspect of our business strategy to focus on sustainable growth, we have maintained our status in being ranked as an industry leader in ESG practices by the Institutional Shareholder Services group of companies (ISS).

In FY2023 we were awarded Ecovadis Silver and a B rating under our recent CDP (Carbon Disclosure Programme) disclosure, which is above the industry sector average of C grade for our Net Zero progress, transparent reporting and supplier engagement.

The Decade to Deliver

# Sustainability highlights

2%

positioned in the **top 2%** of businesses in the UK for decarbonisation readiness\*

44%

of our itemised hire range are eco products

c.£9.2m

generated in positive social value for the economy, communities and society

c.14m  
litres

of HVO D+ supplied to our customers, up from c.6 million litres in FY2022

82%

Increased company cars to electric/hybrid to 82%

c.34,400  
tCO<sub>2</sub>e

saved for our customers by supplying HVO fuel

57%

Increased our recycling to 57%

52%

of our revenue generated from eco products

90

graduates and apprentices

c.90%

renewable electricity across our property network in FY2023

## Carbon Disclosure Programme

Grade B Accreditation: For our ability to show real progress in operational practices and transparency in our environmental impact

## BCIA Awards

Finalist in the "Energy Management" category for demonstrating an estate wide move to carbon negative

## A+ Energy Performance Certificate (EPC)

Achieved at our Innovation Centre in Milton Keynes which is now carbon negative, giving back energy to the grid

## Zero

waste to landfill

## ISS Prime

Ranked as an industry leader for sustainability

#1

Largest electric and hybrid vehicle fleet in the UK hire

## EcoVadis Silver

Ranked in the top 25% of companies for sustainability in recognition of the Company's work to reduce its environmental impact

## Partnered with Hydrock

An international engineering and environmental consultancy to support our business, customers and suppliers across Net Zero Carbon and sustainability

## Science Based Targets

First hire company to publicly commit to Science Based Targets

## Fleet News Awards

"Highly Commended" for the "Wellbeing and Inclusivity in Fleet Award"

## Hire Awards of Excellence

"Highly Commended" in the "Best Sustainability & CSR Initiative"

## RoSPA Gold

Achieved for the 9th year running

## Youth Verified

Successful verification as a Youth Verified Business by Youth Group, the UK's largest community of young people

## Construction News Awards

Shortlisted for the "Supply Chain Excellence Award"

\* Based on c.15,000 submissions to EcoVadis.

## The Decade to Deliver 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.**

### Our plan to become the green icon of hire

As an inherently sustainable practice, we are in the position to raise awareness that hire is a sustainable, shareable commodity that provides an alternative to ownership today. It enables customers and, as a newer concept, consumers the ability to make an immediate positive impact on the environment through utilising a re-usable product and reducing the wastefulness of storing unused tools, which could eventually end up in landfill.

We have and continue to collaborate with our suppliers and actively invest in eco technologies such as battery, solar and hydrogen and sustainable fuels and energy to reach Net Zero by 2040, reducing our own emissions and supporting our customers to meet their carbon commitments.

### Investing in eco-technologies

44% of our itemised assets are now defined as eco exceeding our FY2023 target of 40%. This represents an increase from 30% eco in FY2022. ECO products represent over half of our revenue at 52% demonstrating our customer's increasing demand for ECO products and our commitment to reducing carbon emissions. In FY2023 we:

- Invested £4.3m in 380 new low emission powered access scissor lifts to replenish and expand our powered access fleet
- Entered into a multi-million-pound investment in new battery powered assets from Milwaukee's MX Fuel range which is exclusive to Speedy, expanding our fleet of low and zero carbon equipment

All new investments in our hire fleet are now screened against our eco-definitions, the UN Sustainable Development Principles (UN SDGs) and the Sustainability Chain School Plant Charter minimum requirements so that we invest in the most eco option available.

### Switching to sustainable fuels

We have increased the supply of HVO D+ to our customers which reduces tailpipe carbon emissions by up to 90%, whilst we work with suppliers to develop and invest in eco technologies. In FY2023 we supplied c.14 million litres of HVO D+ to our customers, an increase from c.6 million litres in FY2022. This transition to sustainable fuels has saved our customers c.34,400 tCO<sub>2</sub>e as well as reducing our scope 3 carbon emissions and improving local air quality through reduced air pollutants such as NO<sub>x</sub> (30% reduction in nitrous oxide) and PM (86% reduction in particulate matter).

### Closing the loop on circularity

Our innovation philosophy looks at eco investment in hire products and sustainable fuel and energy, and the circularity of products. We work with our people and suppliers to repair, refurbish, retrofit and/or recycle our products, where possible to extend their life and reduce their environmental impact. Through this collaborative approach we have also designed products that contain recycled materials and can be recycled again.

We are actively monitoring and prioritising the phasing out of fossil fuel from our hire fleet to meet Net Zero by 2040 through investment in eco, repair, refurbishment and recycling programmes and divestment of fossil fuel products when they reach their end of life.

## Strategy in action

## Enabling customer success; introducing the industry's first stage V generator retrofit technology

During FY2023 we delivered an industry-first retrofitted Stage V emission compliant generator, as part of a trial to help boost the availability of greener generators to the construction industry.

Working with exhaust systems specialist Eminox, a global leader in the design of aftermarket retrofit technology, we became the first in the industry to retrofit Stage IIIa generators to Stage V emission-compliant standards.

Major infrastructure and construction projects require equipment to meet Stage V emission standards to lower the impact on air quality. Compliant engines limit the overall volume of harmful pollutants, such as nitrogen oxide and carbon monoxide in exhaust gas, and are compatible with hydrotreated vegetable oil, which emits up to 90% less CO<sub>2</sub>e than red diesel. However, customer demand is significantly outweighing supply, with low availability blocking contractors from switching to greener power alternatives.

Retrofitting these units to the increasingly essential Stage V emission compliant standard will help to deliver the capacity the market needs, while ultimately enabling our customers to operate more sustainably. Upgrading generators, rather than replacing, will also cut tonnes of waste in our business as Stage IIIa is phased out in the years to come.

Since our successful trials, we have invested over £1 million in upgrading our Stage IIIa generators to Stage V emission compliance.

Our partnership with Eminox on the Stage V emission retrofit project has been shortlisted as a finalist in the Construction News Awards in the 'Supply Chain Excellence' category to be held in London on 13 July 2023.

We are working hard to make the process of hire even more sustainable in the future and have a clear eco-roadmap to achieve this objective. By 2027 we commit that 70% of our hire fleet will be eco.

To support our eco-roadmap our key focus in FY2024 is to develop our circular economy strategy and work collaboratively across our business and with our suppliers to deliver hire products that are Net Zero and circular.

During FY2023 we delivered an industry-first retrofitted Stage V emission compliant generator, as part of a trial to help boost the availability of greener generators to the construction industry.

## Strategy in action

## Reducing our carbon impact on the supply chain

During FY2023, we partnered with Oxford Plastics to bring tangible carbon savings to customers. Oxford Plastics' lightweight, composite LowPro Road Plates are an alternative to heavy steel plates and save carbon emissions throughout the supply chain. By using a set of LowPro Road Plates instead of a set of steel road plates, there is 79% reduction in carbon dioxide emissions. This includes:

**69% less carbon footprint during the manufacture stage**

**76% less carbon footprint in transit**

**0kg CO<sub>2</sub>e carbon footprint during installation**

This directly impacts on our own carbon footprint and of our customers where trench work is needed. In 2022, we invested in 800 of these LowPro Road Plates, which could save the supply chain up to 1000 tonnes of carbon dioxide equivalent emissions over the lifespan of its use.

The Decade to Deliver continued

# Our roadmap to sustainable innovation

2021	2022	2023	2024
<div>30%</div> <div><ul style="list-style-type: none"><li>• 30% of products to be eco design and operation</li><li>• Develop plan for fuel cell technology and possible integration into our fleet</li><li>• Introduce alternative fuel (HVO) to replace for diesel (red &amp; white)</li><li>• Development of cordless technology to replace electric and engine driven equipment</li><li>• Future development of eco innovative products, collaborating with key suppliers of equipment</li></ul></div>	<div>40%</div> <div><ul style="list-style-type: none"><li>• 40% of product range will be eco friendly</li><li>• Investment in Solar Lighting with a fleet of c.200 units by FY2023</li><li>• Development of stage V engines both new and retrofit</li><li>• Implement a Circular Economy approach and partnership with our suppliers on key product lines</li><li>• Establish carbon footprint of key product lines</li></ul></div>	<div>50%</div> <div><ul style="list-style-type: none"><li>• 50% of product range will be eco friendly</li><li>• Hydrogen product development established</li><li>• Infrastructure to support Hydrogen in place</li><li>• Synthetic fuel to replace diesel and petrol in ICE (internal combustion engines)</li><li>• Explore carbon capture system and how they could work on our products</li></ul></div>	<div>60%</div> <div><ul style="list-style-type: none"><li>• 60% of product range will be eco friendly</li><li>• All products will be delivered from suppliers in ECO friendly packaging (R4R)</li><li>• 110v will be replaced by cordless across the full range of products</li><li>• Full eco product offering made up of solar, hydrogen, battery and recycled options</li></ul></div>

### Racing ahead on recycling

We have continued to meet our zero waste to landfill target and have increased our recycling to 57% through continued implementation of the waste hierarchy and better waste segregation achieving our FY2023 target of 50% recycling. Our recycling targets have been achieved through raising the profile of recycling across our business via recycling campaigns and communications, improved signage and recycling areas at our depots and head office, recycling audits and improved reporting.

We have committed to continue our focus on recycling by increasing our target to 85% by 2025.

We continue to work with our suppliers to reduce packaging waste through understanding the types of packaging used and replacing with alternatives such as delivering our products to our depots in crates instead of cardboard. In FY2024 we will be developing a packaging policy to further reduce our packaging waste in collaboration with our suppliers.

### Reducing water

We recognise that climate change results in water stress, therefore in FY2023 we started a programme to understand how we can reduce our water consumption. Throughout FY2024 we will be fitting automatic water meter readers across our property estate and measure our water use and set an appropriate water reduction target.

### Strategy in action

## Achieving EcoVadis Silver

During the year, we achieved a Silver ranking by leading ratings provider EcoVadis, and placed in the top 25% of companies for sustainability in recognition of our work to reduce our environmental impact.

EcoVadis is a global leading corporate social responsibility rating provider. Its methodology is based on internationally recognised principles and standards such as Global Reporting Initiative (GRI), UN Global Compact and ISO 26000.

We were awarded silver by EcoVadis in this year's assessment after scoring highly for our efforts to reduce carbon emissions. Taken into account was: being the first hire provider to sign up to the science-based targets initiative (SBTi), where emissions targets are certified to be in line with reductions required under the Paris Agreement; launching the industry's first net-zero hire centre in Milton Keynes, certified this year with an A+ energy rating; and investing in our vehicle fleet to ensure that the majority of our vehicles are electric or hybrid by 2030; and that more than 50% of our capex was focused on hire products that help customers to reduce their own emissions.

The EcoVadis assessment universally benchmarks our ESG performance across the environment, labour, ethics, human

rights, corruption, and sustainable procurement. As a marker of our industry leading carbon commitments we were classified as a "Carbon Leader".

We are now working closely with our supply chain of construction equipment manufacturers to help them help us improve our sustainability, and our ambition is to target a Gold EcoVadis rating which will put us into the top 5% of all businesses.

**"This is a great achievement for our business. Our national customers are increasingly scrutinising the environmental impact of their supply chains. The EcoVadis Silver rating gives them the certainty that Speedy is a responsible business that can help them to operate more sustainably. With 1,500 vehicles and c.180 trading locations in the UK and Ireland, net-zero represents a huge transformation for us. The silver accolade demonstrates the maturity of our ESG strategy and reflects how we're moving in the right direction as a business. We now need to mobilise our supply chain to join us on our journey to enhance our position as the leading provider in sustainable hire. Working as one sustainable supply chain into construction, we can play a significant part in the overall decarbonisation of the built environment."**

**Amelia Woodley**  
ESG Director

## The Decade to Deliver continued

# Climate solutions

**We are passionate about minimising climate change, with a commitment to becoming a Net Zero Carbon business by 2040, ten years ahead of the Government's target of 2050. This means accelerating our focus to deliver on where we can make the biggest impact within our own business and collaborate to minimise carbon in the supply chain.**

## During FY2023 we achieved:

- A reduction in carbon emissions from 16,690.20 tCO<sub>2</sub>e in FY2022 to 13,397.49 tCO<sub>2</sub>e in FY2023 equating to a **19.7% reduction**.
- Overall, the carbon emissions per employee have reduced from 4.9 tCO<sub>2</sub>e during FY2022 to 3.8 tCO<sub>2</sub>e during FY2023, equating to **22.6% per employee**.
- Since our baseline FY2020 that we model our science-based targets against (SBTs) we have reduced our carbon emissions from 25,034 tCO<sub>2</sub>e to 13,397.49 tCO<sub>2</sub>e in FY2023 equating to a **46.5% reduction**.

We have delivered these carbon reductions through the key initiatives detailed in this section.

### Delivering Net Zero Carbon by 2040

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 science-based targets (SBTs) and decarbonisation roadmap, which we have now published as part of this report. This includes full Scope 1, 2 and 3 inventories. You can see the overview of the roadmap on pages 38 to 39.

We were the first in UK Hire to commit to SBTs and are now the first in UK Hire to submit our SBTs and decarbonisation roadmap to the Science Based Target Initiative (SBTi) demonstrating our commitment to climate leadership. This commitment plays 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.

As part of our commitment to SBTs we have publicly declared that we will:

- Reduce our Scope 1 and 2 emissions by 50% by 2030 against baseline FY2020.
- Reduce our Scope 3 emissions by 42% by 2030 against baseline FY2020.
- Achieve Net Zero Carbon by 2040 against baseline FY2020.



### Scope 1 and 2 emissions near term targets

We are already making rapid emission cuts now, so that by 2030 our absolute Scope 1 and Scope 2 emissions are reduced by 50% from baseline FY2020. We will be taking a beyond leadership position by setting our ambition slightly higher than 1.5°C thus encouraging investment in innovation and future proofing our future business growth.

Most of our Scope 1 carbon emissions are related to our fuel consumption in our commercial fleet and company cars, which represents 89%.

### Cutting down on carbon – Net Zero vehicles and logistics

We have an industry leading track record of introducing a range of pioneering electric vehicles across our fleet to help reduce our Scope 1 emissions and our customers Scope 3 emissions through sustainable deliveries.

#### Low carbon vehicles

- Our company car fleet list is completely made up of Ultra Low Emission Vehicles (ULEVs) and we have transitioned 82% of our company cars to electric/hybrid significantly reducing the carbon emissions from business travel. Due to manufacturing and supply chain issues in FY2023 we have re-baselined our company car target to reach 100% electric/hybrid by FY2025. By 2030 100% of our company cars will transition to full electric.
- We have continued to use HVO D+ as an alternative sustainable fuel in our HGVs and tankers while we introduce electric HGVs into our commercial vehicle fleet. In FY2023 we replaced one million litres of diesel with HVO D+ saving 2,860 tCO<sub>2</sub>e in FY2023 compared to using diesel, an increase from 794 tCO<sub>2</sub>e in FY2022. By 2030 25% of our HGVs will run on HVO D+ whilst we replace another 15% of our HGVs with electric technologies.
- In FY2023 we began the largest roll out of 150 electric LCVs (Light Commercial Vehicles) which will make up c.15% of our commercial fleet, the largest electric commercial fleet in UK hire. By 2030 at least 66% of our LCVs will be electric.
- 100% of our vehicles meet the EuroCat6 Standard, an increase from 95% in FY2022 helping to reduce air pollutant emissions from our vehicles and improve local air quality.
- Our vehicle fleet transition programme to Net Zero by 2040 has also been supported by the roll out of electric vehicle charging technologies across our property estate and electric vehicle fuel cards to keep our vehicles topped up throughout the day.

#### Low carbon logistics

During the year we introduced double deck trailers on all trunking routes between our National Service Centres (NSCs). This means we can move a larger volume of assets around the network using less journeys.

We have focused on maximising vehicle utilisation to drive down the costs of using third party haulage contractors, and in the process have removed vehicles that have low utilisation, reducing cost and making our fleet more efficient.

During the year we began scoping out a new 'Transport Optimisation Project' (TOP), that sets out to implement a system interface into our ERP Microsoft 365 that will optimise deliveries and collections further to maximise the utilisation of our fleet, reducing costs, time and mileage. The system development is underway, and the project is due to be trialled during FY2024.

We use telematics to monitor data on our vehicles for a host of reasons from speeds and related fuel consumption to safe driving practices. Through the use of telematics, we identified an opportunity to reduce idling time on delivery routes to reduce costs and emissions when the vehicle is stopped for short periods of time. We ran an internal campaign explaining the benefits of reducing engine idling time, resulting in a year-on-year reduction of 31,000 litres of fuel.

There are many times when we are due to collect a product that, when we arrive, the customer wants to keep on hire for an extended period. To address the cost and environmental impact of needless journeys, we have reduced aborted collections through implementing a more robust pre-collection checking process. We aim to reduce this further as we move into FY2024.

A small proportion of our Scope 1 emissions is related to our gas usage across our properties. As part of our SBTs we will transition at least 30% of our natural gas to alternative fuels and technologies by 2030.

## The Decade to Deliver continued

### Strategy in action Industry leading electric fleet

In recent years we have led the industry in developing a sustainable vehicle fleet, innovating with trialling new alternative vehicles including, in the prior year, becoming the first company to introduce a fully electric powered access delivery truck into its fleet. During FY2023 we invested £8.25 million in 150 new electric vans that will cut up to 1,280 tonnes of CO<sub>2</sub>e per year from our commercial fleet emissions.

The investment forms part of our commitment to reduce our emissions by 50% by 2030 and achieve Net Zero by 2040.

The initiative is a major step on our roadmap to becoming a net zero business, and aims to help our customers meet their sustainability targets by reducing their supply chain emissions through zero carbon equipment delivery, while protecting the environment in the communities we operate in.

The new fleet was distributed across our UK-wide network to replace internal combustion engine models. The carbon saving made by the switch is equivalent to that absorbed by 7,700 trees per year\*.

**"Ford has been Speedy's preferred vehicle supplier over many years, and we are delighted to continue that partnership as the company accelerates its move to a zero carbon future and transitions to electric alternatives for its fleet. As Speedy invests in electric vehicles, Ford looks forward to working together to find further opportunities to maximise the productivity and sustainability of its delivery fleet through our integrated Ford Pro solutions."**

**Adam Harkin,**  
Ford of Britain & Ireland Head of  
National Fleet Accounts

\* Approximate, based on one ton of CO<sub>2</sub> per year for six mature trees, according to Climate Consulting by Selectra.

### Cutting down on carbon – Net Zero property estate

For our Scope 2 emissions we continued to prioritise renewable energy procurement achieving c.90% renewable electricity in FY2023, an increase from 88% in FY2022. During the next four years we will continue to work with our property team and landlords to transition the remaining 10% so that 100% of our electricity is renewable by 2027 in the UK and Ireland.

As part of our property decarbonisation programme, we are rapidly re-developing our property network to consolidate smaller inefficient depots into larger, sustainable Service Centres which include smart energy-efficient building solutions.

These solutions include the integration of LED lighting, controlled heating and cooling through a Building Management System, air quality management, daylight harvesting and on-site renewables such as solar photo-voltaics to improve energy efficiency, reduce carbon emissions and maintain a comfortable environment for colleagues and customers. All data generated from smart energy-efficient building solutions is sent to the cloud to support with better energy management across the property estate.

In FY2023 we rolled out a business-wide mandatory energy efficiency training programme to help our people interact more sustainably with our buildings.

### Strategy in action Innovation Centre becomes carbon negative

In FY2022 we launched our Innovation Centre at Milton Keynes designing energy efficient features throughout the building from LED lighting, a building management system and photo-voltaic (PV) cells. During FY2023 our Innovation Centre became Carbon Negative and achieved a rare A+ EPC rating 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. Our Milton Keynes Innovation Centre has set the blueprint for sustainability standards in our properties.

In addition, during FY2023 we consolidated several inefficient depots and set new sustainability standards within the industry by opening two new sustainable low-carbon service centres in Leeds and Stoke which employ many of the same carbon saving technologies featured within Our Innovation Centre. We have ambitious plans to repeat this model for our estate and, where appropriate, retrofit our existing buildings with more energy efficient features to achieve Net Zero by 2040.

Since launching the Centre, we have conducted over 120 individual tours comprising of over 1,500 customers operating on the largest and most ambitious projects in the UK. Customers are able to see first-hand how we are taking major steps in reducing our carbon footprint to help them meet their sustainability targets in the supply chain and enables us to demonstrate the very latest innovations that we can provide them to make their projects more sustainable.

The Building Controls Industry Association recognise innovation, product development, project delivery and industry leading training within sector. We, along with our partners Global Associates, with which we developed the low energy technology within our Innovation Centre, were delighted to be a finalist in the Energy Management Award category at the prestigious BCIA Awards 2023 for demonstrating an estate wide move to carbon negative.

### Scope 3 emissions near term targets

As part of our Net Zero commitment, we have undertaken a scope 3 screening assessment, carbon footprinted our value chain and set a near term Scope 3 carbon reduction target of 42%.

Our Scope 3 carbon emissions represents 91% of our total carbon footprint with most of our emissions sitting in four carbon hotspots:

- Downstream leased assets such as the use of electricity and fuel in the equipment we hire to our customers
- Use of sold products such as the fuel that we sell to our customers
- Capital Goods such as the tools we purchase
- Purchased goods and services such as consultancy services, telecoms and sub-contractors

### Strategy in action

## Enabling customers to meet their sustainability targets on site

Our national customers are demanding products that significantly reduce their carbon emissions, to meet their own stretching targets on the road to net zero, and also the costs of running older machinery.

We have long been at the forefront of bringing brand new products that have been developed with low emission technology to help our customers meet their sustainability goals, launching the Milwaukee MX Fuel range exclusive to Speedy and the V20 lighting tower in the prior year. During FY2023 we placed an order to bring to market a revolutionary new powered access product, the HR15H2E boom lift, manufactured by one of our key supply chain partners NiftyLift, which runs on a hydrogen fuel cell further advancing product innovation in zero emission technology.

In addition to the zero-emission benefit to the environment, the product cuts noise pollution, and high operating costs in terms of maintenance and fuel, helping customers become more efficient and cost-effective.

The 140 new units began to arrive on fleet and became available to customers in June 2023.

### Nature Positive by 2030

We recognise that climate change and biodiversity loss go hand in hand therefore in FY2023 we will start to baseline our biodiversity risks and opportunities across our value chain, and we have partnered with leading biodiversity experts to develop our roadmap to Nature Positive by 2030.

### Mobilising our value chain towards Net Zero

Throughout FY2023 we continued our transformation programme to align our supply chain activities to the ISO 20400 sustainable procurement standard by embedding sustainability across our procurement processes.

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 have continued to focus our carbon reduction efforts across our four key Scope 3 hotspots by:

- Investing in eco products such as battery, solar and hydrogen and adopting circular solutions for our hire products
- Increasing our sales of HVO D+ sustainable fuels to our customers
- Engaging with our key suppliers by issuing a carbon maturity questionnaire to understand where they are on our journey
- Mobilising the supply chain to Net Zero by instructing new sustainability contract requirements to key suppliers asking them to join our SBT journey by 2025
- Engaging our customers on sustainable solutions to help them achieve their Net Zero goals
- Continuing to work across our value chain to improve our Scope 3 data to reduce our carbon emissions

### Strategy in action

## Net Zero carbon strategy for Hire

In FY2023 we partnered with Hydrock, an international engineering, energy and sustainability consultancy to support our business, customers and suppliers on our 'decade to deliver' commitment to become a Net Zero business and make hire services, solutions and equipment even more sustainable.

Hydrock is providing advice and expert guidance across our business in areas such as whole lifecycle carbon assessments of our products, processes and operations; social value; EDI; and wellbeing. Hydrock also verify our carbon data to ISO standards ensuring data accuracy and transparency in our external reporting which is critical to achieving our target of being Net Zero by 2040.

We also want to help our customers and supply chain better understand their own carbon impacts and how to make better informed decisions at every stage of the hire process to support them in achieving their own Net Zero goals. As a consequence, during FY2024 we will be offering a range of carbon and sustainability services alongside 'Hire' in partnership with Hydrock.

The Decade to Deliver continued

# Our roadmap to net zero

As part of the ethos that drives our Velocity strategy, during the year we upgraded our original commitment of becoming a net zero business by 2050 in pledging to reach that goal by 2040; ten years ahead of the government’s target.

In FY2023 we continued to work with Carbon Intelligence to set our long-term target of reducing our emissions by 90-95% before 2040 to achieve Net Zero. 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. Whilst our roadmap will deliver on our own Net Zero strategy, it is also designed to enable our customers to meet their near and long term sustainability goals.

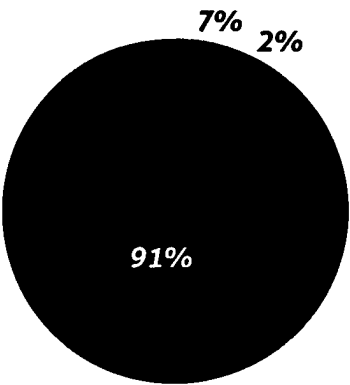
**Near term targets**  
Reduce our Scope 1 and 2 emissions by  
**↓ 50%**  
by 2030 (compared to 2020)

Reduce our total Scope 3 emissions by  
**↓ 42%**  
by 2030 (compared to 2020)

**Long term targets**  
Reduce our Scope 1, 2 and 3 emissions by  
**↓ 90%**  
by 2040 (compared to 2020)

## Our headline goals and targets

To be a Net Zero business by 2040



Scope 1

Scope 2

Scope 3

Reduce our emissions from 270 thousand to 27 thousand tonnes of CO<sub>2</sub> by 2040

27,000

## What we will do together

**We're speeding up on Sustainability to make the next decade count. Through collaboration, transparency and meaningful change, this is how we will do it.**

# 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, and Northern and Republic of Ireland operations. Included are the business travel and waste disposal activities of our UK Mainland offices and depots.

## ISO14064-1:2018 Carbon Summary

This statement has been prepared in accordance with ISO 14064-1:2018 for the purpose of documenting our GHG emissions and progress against our targets. We aim to achieve a minimum of a 5% reduction year on year. Comparisons are made to both the previous financial year and our baseline year (FY2019). The current scope of reporting does not include a full Scope 3 assessment of FY2023 and includes a limited scope consistent with that of the FY2019 disclosure. This statement is intended to inform all of our employees and Board of Directors, and is reviewed on an annual basis in line with our science-based target net zero model. Headline figures have been provided, followed by the methodology used to calculate our emissions, and finally, a detailed breakdown of our emissions.

Overall, the carbon emissions per employee have reduced from 4.9 tCO<sub>2</sub>e during FY2022 to 3.3 tCO<sub>2</sub>e during FY2023, in line with our objective to reduce our carbon footprint. The reduction in absolute emissions is 19.7% and 46.5% comparative to FY2022 and the baseline, respectively.

## Combustion of Fuel and Operation of Facilities

During FY2023, we have significantly reduced our diesel consumption, resulting in approximately 2,900 tCO<sub>2</sub>e less being emitted, and equating to a reduction of 20.4% comparative to the previous financial year.

We have made a significant effort over FY2023 to reduce our carbon emissions. We have achieved a sizeable switch of one million diesel litres across our commercial vehicles to HVO D+, which has had a significant impact on reducing our emissions. We have also transitioned primary ICE company vehicles to PHEV/BEV alternative vehicles, which has resulted in a major shift from diesel mileage to less carbon-intensive Hybrid and Hybrid Plug-in EV mileage, lowering our emissions. Moreover, the Company has fostered a driving conscious culture, with the Executive Team and Senior Leadership Team leading by example.

## Electricity, Heat, Steam and Cooling Purchased for Own Use

Of the electricity procured in FY2023, approximately 90% was renewable. By comparison to FY2022, our emissions from electricity, heat, steam and cooling have reduced by 4.7%.

## Scope 3 Business Travel

Comparative to last financial year, there has been a slight increase in business travel, particularly hotel stays, due to the transition out of the global pandemic and return to face-to-face meetings. As a business, however, we are continuing to encourage our colleagues to reduce travel where possible by opting for teleconferences over in-person meetings, and where not possible, to select more sustainable travel options, such as using public transport rather than private vehicles.

## Scope 3 Waste

In FY2022, emissions associated with our waste increased due to the additional inclusion of oily rags, filters, waste-absorbent materials, wastewater from washdown activities, sludges, waste oil and fuel, and battery waste. Over FY2023, however, we have actively worked to reduce the amount of waste produced, resulting in a reduction of 1.0% comparative to FY2022.

## Methodology

We have made a significant effort to improve carbon data collection and reporting processes, which has supported the reductions during FY2023. Since FY2022, we have implemented a management procedure system, Mavim, and issued an accompanying policy document ('Carbon Reporting System Procedures – 3. Data Management & Storage'), defining the processes of collating carbon data throughout the organisation and ensuring consistency and accuracy of data.

We have reported on all emissions 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 sections. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), Scopes 1, 2 and 3, and emissions factors from the UK Government's GHG Conversion Factors for Company Reporting FY2023. The organisational boundary has been set based on the operational control approach.

## Omissions

- This FY disclosure is consistent with the 2019 baseline reporting boundaries found in the below table. This disclosure omits a full Scope 3 assessment of this FY as this was carried out post FY2023 disclosure period. The limited Scope 3 boundaries of waste, T&D and business travel have been included for year-on-year comparison as in 2019 they were the most mature data sets with a high level of confidence. Going forward in subsequent reporting years Speedy will fully disclose Scope 3 emissions aligned to the 15 categories of the Science Based Targets.
- F gas has not been excluded from the emissions in this Statement; however, only leakages are required to be reported and based on the data for FY2023, no leakages have occurred.

- There have been no biogenic CO<sub>2</sub> emissions or offsets during FY2023. Business Travel WTT emissions are only included for air travel to enable like-for-like comparison to the previous financial year and baseline year.
- Emissions relating to our operations in Kazakhstan have historically been included in the previous year and baseline under Scope 1 and Scope 2. In accordance with ISO 14064-1:2018, emissions relating to Kazakhstan should have been placed in Scope 3 under Category 15 – Investments. Therefore, the figures presented in this statement have been updated and emissions relating to our Kazakhstan operations have been omitted.

#### Data confidence

The data used to report the GHG emissions under ISO14064-1:2018 have been assessed and assigned a "Good" level of confidence +/-5.7%. The confidence level has been established using the 'GHG Protocol guidance on uncertainty assessment in GHG inventories and calculating statistical parameter uncertainty', and has been independently verified. Going forward, we aim to reduce the level uncertainty regarding our Scope 3 emissions by transitioning to activity-based data.

#### Global GHG emissions

The GHG emissions reported below cover the period from 1 April 2022 to 31 March 2023. We have seen a reduction in our carbon emissions per employee of 22.6% comparative to FY2022.

A detailed breakdown is shown in Table 1 below.

**Table 1. GHG emissions for FY2023 comparative to the FY2022 and the baseline year**

Emissions Source	Tonnes of CO <sub>2</sub> e		
	Current reporting year (FY2023)	Last reporting year (FY2022) <sup>2</sup>	Baseline (FY2020) <sup>1,2</sup>
Scope 1 Combustion of Fuel and Operation of Facilities	12,768.77	16,041.32	19,841.43
Scope 1 Refrigerants	0.00	20.11	13.17
Scope 2 Electricity, Heat, Steam and Cooling Purchased for Own Use (market-based)	225.28	236.48	4,411.68
<b>Total Scope 1 and 2 Emissions</b>	<b>12,994.05</b>	<b>16,297.91</b>	<b>24,266.28</b>
Scope 3 Transmission and Distribution of Electricity	164.04	183.00	283.1
Scope 3 Waste	55.39	55.94	91.94
Scope 3 Business Travel (inc. Air WTT)	184.01	153.36	392.91
<b>Total Scope 3 Emissions</b>	<b>403.44</b>	<b>392.29</b>	<b>767.95</b>
<b>Total emissions Scopes 1, 2 and 3</b>	<b>13,397.49</b>	<b>16,690.21</b>	<b>25,034.23</b>
<b>Tonnes of CO<sub>2</sub>e per employee</b>	<b>3.80</b>	<b>4.91</b>	<b>7.92</b>

- 1 Figures were previously reported for calendar year 2019. These figures have undergone a verification process as part of SBT modelling and have been represented as they are now aligned with the Groups' financial reporting periods to ensure consistency and comparability. Furthermore, as part of the Group's continuing data improvement journey, Scope 2 data has been represented using market-based emissions rather than previously reported location-based emissions; similarly to assist with consistency and comparability.
- 2 Historically, emissions relating to operations in Kazakhstan have been included under Scope 1 and Scope 2. In accordance with ISO 14064-1:2018, however, these emissions should fall under Scope 3, Category 15; figures for FY2022 and the baseline have therefore been updated accordingly.

#### Streamlined Energy & Carbon Report ('SECR')

Energy usage and carbon emissions have been disclosed separately to adopt to the requirements of the UK Streamlined Energy and Carbon Reporting ('SECR') policy. Included in the table below are the Group's total emissions, of which the UK makes up materially all.

	FY2023	FY2022	FY2020
Scope 1 emissions (tCO <sub>2</sub> e)	12,768.77	16,061.43	19,854.60
Scope 2 emissions (tCO <sub>2</sub> e) (location-based)	225.28	236.48	4,411.68
Total Scope 1 and 2 emissions (tCO <sub>2</sub> e)	12,994.05	16,297.91	24,266.22
Emission intensity Scope 1 & 2 (tCO <sub>2</sub> e/£m revenue)	29.5	42.1	59.7
Natural gas usage (kWh)	3,654,672	6,063,727	7,365,690
Commercial fuel usage (litr)	5,501,104	5,782,180	6,310,316
Electricity usage (kWh)	9,267,873	9,741,279	11,438,472
Total energy consumption (kWh) (Gas & Electric)	12,922,545	15,805,006	18,804,162

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency 28/10/2019) used in conjunction with Government GHG reporting conversion factors.

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. We have implemented various improvements during FY2023 and will continue to do so as part of our strategy. See pages 28 to 39 for further detail.

## Corporate Greenhouse Gas (GHG) Report continued

### Assurance Statement

Assurance Statement related to the Speedy Hire Plc, Greenhouse Gas Statement on Operational Control Emissions for the Financial Year April 1, 2022 to March 31, 2023.

This Assurance Statement has been prepared for Speedy Hire Plc in accordance with Hydrock's contract.

### Terms of Engagement

This Assurance Statement has been prepared for Speedy Hire Plc, Chase House, 16 The Parks, Newton Le Willows, Merseyside, WA12 0JQ.

Hydrock Holdings Limited (Hydrock) was commissioned by Speedy Hire Plc to assure the Greenhouse Gas (GHG) Emissions Inventory and GHG Statement of Speedy Hire Plc for Financial Year 2023, based on operational control consolidation.

The GHG Statement relates to the following emissions:

- Complete Scope 1 Indirect Emissions
- Complete Scope 2 Direct Emissions
- Partial Scope 3 Indirect Emissions – limited to waste disposal, transmission and distribution, Employee commuting.

Hydrock was commissioned by Speedy Hire Plc to provide unaccredited GHG data verification to ISO 14064-1:2018.

Hydrock has been involved in the GHG consultancy support of Speedy Hire Plc. However the verification contract delivered by Hydrock has mitigated the risk between consultancy and verification by having separate personnel. This risk has been reviewed under the Hydrock stage 3 technical assurance review.

### Management Responsibility

Speedy Hire Plc was responsible for providing suitable evidence and conformity against the ISO 14064-1:2018 criteria. Hydrock's responsibility was to carry out the unaccredited verification of GHG in accordance with our contract with Speedy Hire Plc.

Ultimately, the FY2023 GHG emissions data for Speedy Hire Plc, has been approved by, and remains the responsibility of Speedy Hire Plc.

### Hydrock Approach

Our verification has been conducted in accordance with ISO 14064-3:2006, 'Specification with guidance for validation and verification of greenhouse gas assertions' to provide reasonable assurance that GHG data as presented in the GHG Statement have been prepared in conformance with:

- ISO 14064-1:2018 – Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals (hereafter referred to as ISO 14064-1).

To form our conclusions, the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- Review existing Green House Gas Management Systems and processes to manage GHG emissions.
- Interview various Speedy Hire Plc Senior Management Staff to confirm engagement, processes and responsibility.
- Investigate internal governance, systems and tools which contribute to the financial year reporting.

### Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance and at a materiality of  $\pm 5\%$ .

### Hydrock Opinion

Based on Hydrock's approach, we believe that the organisation has, in all material respects:

- Met the requirements of ISO 14064-1; and
- Disclosed accurate and reliable performance data and information.

### Qualifications

- Hydrock has not verified the GHG emissions of the Financial Year 2020 which Speedy Hire Plc has established as the base year for GHG emissions.
- Hydrock has not verified the GHG emissions of the Financial Year 2021-2022 which Speedy Hire Plc has established for a Year-on-Year comparison.
- This engagement has not verified current SBTi progress or verified any other Scope 3 carbon data apart from those specified within this assurance statement.
- Hydrock has not verified Speedy Hire Employee numbers.

### Notes for information

- Any external disclosure by Speedy Hire Plc in relation to this assurance engagement is made at the risk of Speedy Hire Plc. The Hydrock risk is mitigated by the issuance of this Assurance Statement.

### Hydrock competence and independence

Hydrock ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all assurance engagements is internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.



## Taskforce on Climate-Related Financial Disclosures ('TCFD')

# Introduction

This disclosure details Speedy's response to the recommendations and recommended disclosures of the TCFD in accordance with Listing Rule LR 9.8.6 (8). In preparing this report we have considered the completeness and robustness of the scope 3 emissions data available and have decided not to include that data for some categories of scope 3 emissions in these disclosures. For this reason we consider ourselves to not be fully consistent with the TCFD recommendations in this regard. Speedy's reporting is otherwise consistent with the TCFD reporting requirements for UK premium-listed companies. The sections below describe how climate change is incorporated into corporate governance processes, its potential impact on our strategy and financial planning, its treatment in our risk management procedures and climate-related KPIs for Speedy.

The following sections correspond to the TCFD framework:

1.

**Governance** – Our governance structure provides effective oversight over our climate-related risks and opportunities.

2.

**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. We present the results from our climate scenario analysis.

3.

**Risk Management** – How we identify, assess and manage climate-related risks as part of Speedy's overall risk management.

4.

**Metrics and Targets** – How we measure, track and manage our performance in addressing these risks and opportunities.

# Governance

## Board-Level Oversight

1.

Speedy's Board has strategic oversight of climate-related risks and opportunities and for approving the Company's ESG strategy. The Plc Board Sustainability Committee meets three times a year and TCFD and climate risk are discussed. Prior to submission to the Science Based Target initiative (SBTi) for verification, the ESG Committee, Executive Team and Plc Board Sustainability Committee approved Speedy's science-based targets (SBT).

The Plc Board's responsibilities are discharged through its committees as follows:

- The **Audit & Risk Committee** oversees climate-related risk. The Committee reviews the efficacy of risk management and internal control processes and ensures the Company complies with its disclosure obligations. The Committee ordinarily meets four times a year.
- The **Sustainability Committee** oversees the management of climate-related risks and opportunities as part of the Committee's oversight of the Company's ESG strategy and performance against targets. The Committee meets as required and at least three times year.
- The **Remuneration Committee** integrates our ESG-related performance metrics where relevant into the Company's variable remuneration, including the Executive Team's bonus payments being linked to carbon reduction targets, which have been achieved for FY2023.
- The **Nomination Committee** supports the Company's diversity, equity and inclusion strategy with the aim of developing an increasingly diverse and inclusive workforce including across backgrounds, experience, knowledge, skills and gender which additionally helps create a sustainable and prosperous business.

Each Board Committee liaises directly with relevant Management and Executive Directors and provides regular reports to the Plc Board. The Executive Team has responsibility for ensuring the management of climate risks and opportunities, it meets monthly and is also briefed directly by senior management on material issues. The ESG Committee is responsible for driving the ESG agenda, climate strategy and performance, and its members meet monthly and reports to both the Executive Team monthly and the Plc Board Sustainability Committee three times a year. The ESG Director chairs the ESG Committee, which is attended by key stakeholders across HR, Operations, Digital, Supply Chain, General Counsel and Risk. Other stakeholders attend as guest presenters to update the ESG Committee on their progress to the ESG Strategy. The ESG Director also provides strategic and technical leadership on climate across the business to ensure the risks are appropriately managed.

The ESG Director was promoted to the Executive Team on 1st April 2023 and represents the link between the ESG Committee, Executive Team and Plc Board Sustainability Committee. The Chief Executive is a member of the Plc Board Sustainability Committee to which climate-related matters are reported or escalated in accordance with governance and policy set by the Plc Board Sustainability Committee.

In FY2023 we selected 30 people across all business divisions to become ESG Business Partners to mitigate climate risk and support the delivery of climate opportunities and form a sustainability roundtable where climate-related topics are discussed. The sustainability roundtable is chaired by the ESG Director and attended by the ESG Business Partners and ESG team.

## Governance framework



### Training & Partnerships

Over the course of FY2023, training has been provided to senior leaders on ESG including climate-related issues through workshops to develop our Net Zero by 2040 roadmap and to embed TCFD across our business, and help to identify opportunities to reduce and mitigate climate risk as well as identifying climate opportunities for future sustainable growth.

Together with Carbon Intelligence, part of Accenture, we also ran a series of leadership workshops for our Executive Team in FY2023 and has started the development of a business-wide sustainability training programme that includes climate change. We have collaborated with industry experts Futerra, IEMA (Institute of Environmental Management and Assessment), SSCS (Sustainability Supply Chain School) and Hydrock to deliver our sustainability training programmes. As a first step all colleagues have now been trained on energy efficiency to reduce our energy use and carbon emissions and our sales teams have received training on Net Zero to better communicate our eco product and sustainable fuels range with customers.

Furthermore, as part of our Green Skills transition programme, the ESG Business Partners who will lead the ESG agenda for their business unit will be trained to an IEMA Associate Level in FY2024, giving them a deeper understanding of sustainability and climate change. We have also formally partnered with engineering design and environmental consultancy Hydrock, who provides sustainability technical advice and support to our ESG team and the wider business.

# Strategy

## 2.

In FY2023 we updated our list of climate-related risks and opportunities. For example, we added energy as a new risk due to the rising costs of charging electric vehicles and running occupied office premises. Our 11 top-rated climate risks are listed in the table below, along with the potential impacts and the mitigating controls we have put in place.

Risks	Potential Impacts	Timeframes	Mitigating Controls in place
<b>Technology:</b> Climate technology may not keep up with demand.	This could lead to unreliable new technologies and increased costs.	Long-term (5-10 years)	<ul style="list-style-type: none"> <li>Monitoring the market and research</li> <li>Engaging with customers to understand the preferences and benefits of ECO products</li> <li>Increased R&amp;D expenditure and capex investment on low-carbon equipment and sustainable fuels</li> </ul>
<b>Assets:</b> Carbon-intensive assets may become obsolete.	This could damage our margins if these assets cannot generate revenue and impose more costs for disposal.	Medium-term (2-5 years)	<ul style="list-style-type: none"> <li>Investing in the refurbishment and/or upgrading of equipment to eco</li> <li>Greater investment in low carbon technologies and targeted divestment of carbon intensive products</li> <li>Working with suppliers on recycling or repurposing solutions to extend product lifecycle</li> <li>Developing our circular economy strategy to lower the environmental impact of our products</li> </ul>
<b>Fuel:</b> Increasingly limited supply of fossil fuel may lead to greater instability in fuel prices.	We could be exposed to increases in cost.	Short-term (0-2 years)	<ul style="list-style-type: none"> <li>Hedge our fuel rates for diesel and HVO D+</li> <li>Improving energy and fuel efficiency across our properties and products</li> <li>Investing in hybrid/electric company cars and electric commercial vehicles and consolidating vehicle logistics</li> <li>Use of sustainable fuels across our properties, products and commercial vehicles</li> </ul>
<b>Energy:</b> Increasing energy prices will increase direct costs.	Speedy could be exposed to increases in cost.	Short-term (0-2 years)	<ul style="list-style-type: none"> <li>Hedge energy rates and Power Purchase Agreements (PPAs) in place for properties with on-site renewables</li> <li>Improving energy and fuel efficiency across properties and products</li> <li>Delivered employee training focused on energy-efficient behaviours with further training planned</li> <li>Consolidating properties to more energy efficient buildings</li> <li>Invested in energy-efficient technologies such as Building Management Systems across properties</li> </ul>
<b>Reputation:</b> Speedy may not stay on track to meet its Science Based Target.	This could lead to reputational repercussions with stakeholders, such as customers and external ESG rating agencies.	Medium-term (2-5 years)	<ul style="list-style-type: none"> <li>SBT Net Zero by 2040 roadmap cascaded across the business and supply chain</li> <li>Implementing processes across the business to embed climate and carbon reduction</li> <li>Allocation of accountability across the organisation, teams, and individuals supported by KPIs</li> <li>Embedment of ESG business partners across all business units to deliver climate and carbon reduction</li> <li>Requested key suppliers in supply chain to align to SBTs by 2025</li> </ul>

Risks	Potential Impacts	Timeframes	Mitigating Controls in place
<b>Customer demand:</b> Speedy's provision of low-emission fuel alternatives may be insufficient to meet customer demand.	There is a risk of losing customers to competitors or straining customer relationships due to cost negotiations.	Short-term (0-2 years)	<ul style="list-style-type: none"> <li>Monitoring the market and research</li> <li>Engaging with customers to understand the preferences and benefits of ECO products</li> <li>Working with suppliers to bring ECO products to market</li> <li>Identified and set aside necessary budget to invest in R&amp;D for alternative products and services</li> </ul>
<b>Regulation:</b> Not meeting compliance requirements of advancing climate regulation.	This could lead to reputational damage, fines and/or stranded assets.	Short-term (0-2 years)	<ul style="list-style-type: none"> <li>Implemented governance mechanism (horizon scanning and materiality assessments) to continuously monitor the regulatory and reporting landscape</li> <li>Review requirements and regulations through the ESG Committee and Plc Board Sustainability Committee</li> </ul>
<b>Data:</b> Challenges in obtaining Scope 3 greenhouse gas emissions data.	Inaccurate or incomplete Scope 3 data could mean that Speedy fails to satisfy reporting requirements and rising stakeholder expectations.	Short-term (0-2 years)	<ul style="list-style-type: none"> <li>Aligning procurement activities to ISO 20400 sustainable procurement standard</li> <li>Issued a climate and carbon questionnaire to our suppliers</li> <li>Contractually instructed suppliers to provide GHG data</li> <li>Developed a product carbon calculator for our Top 350 products</li> <li>Investing in telematics on key equipment</li> <li>Implementing data collection systems for Scope 3</li> <li>Externally verified our carbon data to ISO 14064-1</li> <li>Supplier training and supplier engagement programme</li> </ul>
<b>Infrastructure:</b> Insufficient EV infrastructure development might inhibit Speedy's transition success.	Customer satisfaction could be affected if this impacts how quickly Speedy can service customers.	Medium-term (2-5 years)	<ul style="list-style-type: none"> <li>Developed fleet investment and transition roadmap</li> </ul>
<b>Extreme weather events:</b> Business operations and human capital may be significantly affected by the increasing frequency and severity of storms.	This could negatively impact operating efficiency and increase costs as business operations and human capital may be significantly affected.	Medium-term (2-5 years)	<ul style="list-style-type: none"> <li>Implementing changes in properties to move out of old premises into fit for purpose premises</li> </ul>
<b>Extreme weather events:</b> Storms and extreme winds speeds may cause physical damage to Speedy's sites and assets.	This could negatively impact operating efficiency and increase costs as business operations and human capital may be significantly affected.	Medium-term (2-5 years)	<ul style="list-style-type: none"> <li>Developed property investment and transition roadmap</li> </ul>

## TCFD continued

Speedy also intends to capture climate-related opportunities. The four most significant opportunities are listed in the table below.

Opportunity	Potential Impact	Timeframe	Actions to seize opportunities
<b>Products and services:</b> Customer demand for low-emissions equipment and services will rise as the economy transitions to net zero.	This could lead to new revenue streams and greater market shares, especially if Speedy is a first mover.	Medium-term (2-5 years)	Capitalising on emerging needs is key to diversifying our business and generate new revenue streams.
<b>Supports targets:</b> Investment in low-emissions product technology will support Speedy's 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)	Investment in low emissions technologies to develop our vehicle and hire fleet products will be a key area of action in achieving emission target goals and aligning to 1.5°C trajectory.
<b>Climate leadership:</b> Achieving our Science-Based Target could allow us to become a climate leader.	This could help Speedy attract new talent.	Medium-term (2-5 years)	Significant investments and allocation of internal resources over time will be required to realise this opportunity.
<b>Product development:</b> Development of a carbon product calculator to report carbon emissions and costs for our Top 350 products.	By mitigating Speedy's data-related risk and developing this new product, this could generate new revenues. The development in conjunction with partners and customers to also help them understand their carbon impacts and help manage it.	Short-term (0-2 years)	Increase resources expenditure to monitor and respond to market and technology trends.

We have now taken our top climate-related risks and opportunities through **scenario analysis**. The aim was to test and enhance the resilience of our current strategy and risk management to the transition risks of rapid global decarbonisation as well as the physical risks of global warming. To do so, we chose three plausible climate scenarios from the Network for Greening the Financial System (NGFS), one of the TCFD-recommended frameworks, and included a well below 2°C scenario in line with the TCFD Recommendations:

- **Net Zero 2050 (1.5°C):** Policies are implemented immediately and smoothly. Emissions start declining immediately and reach zero by 2050. This scenario is aligned with the RCP 2.6 pathway.

- **Delayed Transition (2°C):** This scenario assesses our resilience under a high transition risk scenario with increased physical risk. With no additional policies, emissions rise until 2030. Thereafter, strong and rapid policy sees emissions decline dramatically, reaching Net Zero by 2060. This scenario is aligned with the RCP 4.5 pathway.
- **Current Policies (3°C):** This scenario tests our resilience in a world with high warming and physical change. With only current policies pursued, emissions continue to rise. This scenario is aligned with the RCP 8.5 pathway.

Using these climate scenarios, we then modelled the risks and opportunities across four timeframes: short-term (2022-2024), medium-term (2024-2027), long-term (2027-2032), and very long-term (2032-2050).

Our high-level scenario analysis tested the resilience of our current strategy and risk management framework to climate transition and physical risks shows that physical risk is likely to be most impactful to our business under the Current Policies (3°C) scenario and less so under the other scenarios. Under the Net Zero 2050 (1.5°C) scenario, we face potential transition risk in the short- to medium-term. Under a Delayed Transition (2°C) scenario, it is projected that we experience these risks in the long-term but with potentially greater impact due to the delayed uptake of climate policy. In a Net Zero 2050 (1.5°C) scenario, we have the greatest opportunity due to early action, allowing us to potentially reap both financial and reputational benefits. In FY2023 we extended this work to include quantitative modelling of financial impact for one risk, which is the investment required to transition to eco-products to reduce scope 3 emissions to meet Speedy's Science-Based Target commitments.

## Climate Scenario Analysis Summary

### Key to risk intensity

The risk intensity has been defined by the potential impact the risk could have on Speedy considering the potential impact on Speedy's strategic plan and the likelihood of the risk occurring across the three scenarios and time horizons. Speedy's risk register was used to inform the definition of the likelihood of occurrence.

### Key to time-horizons:

**ST:** short-term (2022-2024)      **LT:** long-term (2027-2032)

**MT:** medium-term (2024-2027)    **VT:** very long-term (2032-2050)

### Transition Risk

Transition risk category	Scenario 1: Current Policies				Scenario 2: Delayed Transition				Scenario 3: Net Zero 2050			
	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)
Technology – Unreliable Tech	Medium	Medium	Medium	Medium	Medium			Medium	Medium	Medium	Medium	Low
Technology – Assets	Low	Low	Medium	Medium	Medium	Medium			Medium			
Fuel	Medium	Medium	Medium	Medium	Medium	Medium	Medium		Medium	Medium	Medium	
Energy	Medium	Medium	Medium	Medium	Medium	Medium	Medium		Medium	Medium	Medium	
Reputation	Low	Low	Medium	Medium	Low	Low	Medium		Low	Medium		
Customer Demands	Medium	Medium	Medium	Medium	Medium	Medium			Medium			
Regulation	Low	Low	Low	Medium	Medium	Medium			Medium			
Data	Medium	Medium	Medium	Medium	Low	Medium			Medium	Medium		
Infrastructure	Low	Low	Low	Medium	Medium	Medium			Medium	Medium	Medium	Medium

### Physical Risk

Transition risk category	Scenario 1: Current Policies				Scenario 2: Delayed Transition				Scenario 3: Net Zero 2050			
	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)	ST (2022-2024)	MT (2024-2027)	LT (2027-2032)	VT (2032-2050)
Extreme Weather – Business Operations	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium
Extreme Weather – Physical Damage	Medium	Medium	Medium		Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium

### Low risk intensity

### Medium risk intensity

### High risk intensity

### Mitigating Controls

During FY2023, we reviewed the controls we have in place that support climate-related risk management processes, such as business continuity, financial, and strategic planning. We assessed the effectiveness of these processes in mitigating risks. Our aim is to ensure that Speedy is resilient enough to thrive in multiple plausible climate scenarios.

Our growing number of mitigating controls to address climate-related risks fall under three groups: energy and fuel risk, data and technology. As technology evolves, for example, we are investing in solutions to avoid emissions-intensive equipment becoming obsolete assets. We are retrofitting such products as power generation and lighting towers with the latest technology while HVO D+ is helping to reduce emissions from our diesel assets by up to 90%.

To respond to energy and fuel risks we are engaging with energy and fuels providers, keeping up to date with market changes and improving energy and fuel efficiency across sites, properties and products. For data-related risks, we are engaging with our supply chain and will invest in software for supplier GHG data, are fitting key products with telematics and developing carbon calculators and reporting solutions for our customers. Finally, on technology risks, we are Speedy is in the process of engaging with customers to understand the preferences and benefits of ECO eco products, communicating the environmental benefits of our products and identify circular economy opportunities for assets.

As a result of the scenario analysis, the following steps are being taken:

- We are moving all of its carbon data into a data warehouse to develop automated reporting for Scope 1, 2 and limited Scope 3.
- For engagement, we are developing training programmes for all internal staff on carbon for rollout in FY2023.
- We are investing in our property estate to reduce energy consumption.
- Linked to modelling, we have an eco-roadmap and monitor eco-investments through our Investment Committee.

# Risk management

## 3.

On behalf of the Audit & Risk Committee, the ESG Director and Head of Risk and Assurance review a climate and ESG risk register that is based on each functional department's own risk register, where the risks are recorded.

To do so, the ESG Director seeks climate-related mitigation activities from internal stakeholders, as well as climate risk specialists. On at least a six-monthly basis, internal stakeholders and risk owners assess our comprehensive list of climate-related risks and opportunities for materiality based on their likelihood and impact. This approach is aligned with our risk management framework and based on current expectations of climate trajectories and global action. We then decide whether to transfer, control or mitigate each risk and embed into our risk management framework. These risks and associated mitigations are reviewed by the ESG committee on a quarterly basis.

With the support of Carbon Intelligence part of Accenture, we developed a comprehensive list of climate-related risks to assess our exposure. This list, which is periodically updated, includes both physical risks (e.g., flooding or storms) and transition risks (e.g., regulatory, technological, reputational or legal risks) involved with the shift to a low-carbon economy.

### **Integrating Climate-Related Risk**

Climate-related risk management is integrated in our overall risk management. Our climate-related risks are integrated into the Company's overall risk register and used by the Board to assess our principal risks. All risks and opportunities identified in this disclosure are therefore listed in the Company's risk register. In addition, a business team is assigned to lead the management of each risk.



# Metrics and targets

## 4. Developing metrics and targets for each key risk and opportunity is essential to track our progress in decarbonising our business, managing climate-related risks and capturing opportunities.

The Science Based Target initiative's (SBTi) new Corporate Net Zero Standard is the world's first framework for corporate net zero target setting. Subject to verification, we have set a near-term 2030 science-based target (SBT) for Scopes 1, 2 and 3 emissions that is in line with a 1.5°C scenario. In addition, we have set a long-term 2040 science-based Net Zero target for Scopes 1, 2 and 3 with a FY2020 base year. These targets provide a clearly defined pathway to reduce our greenhouse gas emissions in line with the Paris Agreement.

We are the first company in UK Hire to set and submit SBTs and a decarbonisation roadmap across all Scopes to reach Net Zero.

The following targets have been submitted to the SBTi and are currently subject to verification. We expect our targets to be verified and validated before the end of FY2023.

We have committed to:

- Reduce absolute Scope 1 & 2 GHG emissions by 50% by FY2030 from FY2020 base year.
- Reduce absolute Scope 3 GHG emissions by 42% by FY2030 from FY2020 base year.
- Reduce absolute Scope 1, 2 & 3 GHG emissions by 90% by FY2040 from FY2020 base year.
- Reach net-zero GHG emissions across the value chain by FY2040.

The targets for our decarbonisation pathway span the entire Speedy business: product offering, operations, property estate, fleet and supply chain. Our Scope 1 & 2 targets will be achieved by continuing our transition to HVO D+ fuel, electric vehicles, renewable power, low-carbon heating, cooling and retrofitting our properties.

Our Scope 3 targets will be achieved by investing in low carbon equipment and sustainable fuels and implementing circular economy solutions such as repairing, refurbishing and retrofitting our equipment. We are working collaboratively with our supply chain to engage and achieve Net Zero by 2040 together and have asked our top suppliers to join SBTi Initiative by 2025.

TCFD continued

In FY2023 we reduced our carbon emissions across Scope 1, 2 and 3 by 19.7% compared to FY2022 and 48.55% compared to our SBT baseline year of FY2020. We achieved this by:

- Increasing the number of company cars to electric/hybrid to 82% significantly reducing the emissions associated with business travel, with the aim to achieve 100% electric/hybrid by FY2025 and 100% electric by 2030.
- Continuing to run our large commercial vehicles such as HGVs and tankers on HVO D+ instead of diesel replacing c.1 million litres of diesel and reducing carbon emissions by 2,860 tCO<sub>2</sub>e. By 2030 25% of our HGVs will run on HVO D+ whilst we replace another 15% of our HGVs with electric technologies.
- Introducing 150 electric Light Commercial Vehicles (LCVs) in collaboration with Ford making us the biggest EV commercial fleet in Hire. By 2030 at least 66% of our LCVs will be electric.
- Continued to roll out supporting EV charging infrastructure across our network.
- Consolidating our property estate and implementing energy efficient technologies, such as Building Management Systems to control heating and cooling, air quality management, daylight harvesting and on-site renewables such as solar photovoltaics.

- Increasing the proportion of electricity from renewable sources that we purchase as a Group. At present, renewable electricity accounts for c.90% of electricity. By 2027, this will account for 100% of purchased electricity and by 2030 30% of our natural gas will be replaced by alternative fuels and technologies.
- Increasing our investment in eco-products from 30% to 44% meeting our FY2023 target of 40%. Our aim is to reach 50% of eco products by FY2024 with the goal that 70% of our products will be eco by FY2027. Our eco products represent over half of our revenue at 53% reflecting the increasing demand from our customers for eco-solutions.
- Increasing our sales of HVO D+ from c.6 million litres to c.14 million litres to support our customers demand for sustainable fuels saving c.34,400 tCO<sub>2</sub>e.
- Working with our people and suppliers to repair, refurbish, retrofit and/or recycle our products, where possible, to extend their life and reduce their environmental impact and collaborating with suppliers to design products that contain recycled materials and can be recycled again.
- Continuing to achieve zero waste to landfill and have increased our recycling to 57% meeting our FY2023 target of 50% with the aim to reach 85% recycling by FY2025.
- Continuing to support our supplier engagement programme. In FY2023 we issued a carbon questionnaire to understand the carbon maturity of our supply chain and requested our key suppliers to align to SBTs by 2025.

- Developed a BETA product carbon calculator for our Top 350 products to help our customers make more sustainable solutions.
- Calculated our first annual Scope 3 footprint to monitor our Scope 3 targets in our four key Scope 3 hot-spots.

Through our sustainability partnership with Hydrock we are also looking to better support our customers and suppliers on their carbon journey through Net Zero solutions and carbon reporting alongside our core 'hire' offering.

These metrics and targets allow us to track the magnitude of risks and exposure, capture opportunities and strengthen our resilience.

Climate metrics:

- % carbon reduction (Scope 1, 2 and 3)
- % renewable energy
- % energy use reduction
- % suppliers with SBTs
- % eco products by volume
- % eco products by revenue
- % recycling

We use the Greenhouse Gas (GHG) Protocol to calculate our GHG emissions, which are reported below. Further data for FY2023 and comparisons to our base year are available on pages 40 to 42.

#### Additional metrics:

Metrics	FY2023 Performance	Target
GHG emissions*	Complete Scope 1 Indirect Emissions: 12,768.77	<ul style="list-style-type: none"> <li>• Reduce absolute Scope 1 &amp; 2 GHG emissions by 50% by FY2030 from FY2020 base year</li> </ul>
• Scope 1	Complete Scope 2 Direct Emissions: 225.28	<ul style="list-style-type: none"> <li>• Reduce absolute Scope 3 GHG emissions by 42% by FY2030 from FY2020 base year</li> </ul>
• Scope 2	Partial Scope 3 Indirect Emissions (Waste disposal, transmission and distribution, and business travel): 403.44	<ul style="list-style-type: none"> <li>• Reduce absolute Scope 1, 2 &amp; 3 GHG emissions by 90% by FY2040 from FY2020 base year</li> </ul>
• Scope 3	<p>* This data has been assured by Hydrock and is for the Financial Year April 1, 2022 to March 31, 2023</p>	<ul style="list-style-type: none"> <li>• Reach net-zero GHG emissions across the value chain by FY2040</li> </ul>
Transition opportunities/ climate-related opportunities	<p>c.90% electricity renewable</p> <p>82% of company cars are electric/hybrid</p> <p>Introduced the roll out of 150 electric LCVs</p> <p>44% of itemised assets are eco representing 52% of revenue</p> <p>Instructed top suppliers to set SBTs by 2025</p> <p>Zero waste to landfill</p> <p>57% recycling</p>	<ul style="list-style-type: none"> <li>• 100% renewable electricity by 2027</li> <li>• 30% replacement of natural gas with alternative fuels and technologies by 2030</li> <li>• 14% reduction in refrigerants</li> <li>• 100% company cars to be electric/hybrid by FY2025 and 100% electric by 2030</li> <li>• 25% HGVs converted to HVO D+ and 15% transitioned to electric by 2030</li> <li>• 70% eco products by volume to be eco by 2027</li> <li>• Use of sold goods – 18% reduction in petrol, 60% reduction in two stroke, 6% reduction in propane and 17% reduction in propane by 2030</li> <li>• Downstream leased assets – 68% reduction in diesel, 17% reduction in petrol and 15% reduction in LPG by 2030</li> <li>• Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution – engage top suppliers to set SBTs by 2025</li> <li>• 2% YoY reduction in waste from FY2023 to 2030</li> <li>• 40% reduction in employee commuting by 2030</li> <li>• Reduce business air travel by 40% by 2030, hotel use by 35% and car use by 45% by 2030</li> </ul>
Capital deployment	<p>44% of itemised assets are eco representing 52% of revenue</p> <p>51% of capital expenditure on hire fleet relates to eco forward products</p>	<ul style="list-style-type: none"> <li>• Achieved FY2023 target of 40% of itemised assets being eco</li> </ul>

Including everyone

# Our Speedy Family

**Our People First approach has been developed as a key component within our growth strategy Velocity, and is driven by living our values of ambition, innovation, inclusivity, safety, working together and trusting each other.**

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.

## Colleague Engagement

Our People Engagement team have tailored a full range of communication tools, both digital and in person for our different job families. This enables us to get relevant, key information to our colleagues promptly and also encourages two-way communication. Yammer was introduced this year which has facilitated communication and connection opportunities right across the organisation.

In 2023, we have significantly improved our Hub by moving it across to the MS365 share point platform. This has enabled colleagues to access company and employee news, initiatives, support articles and much more from either a Speedy device or their own.

This year our People Like Us group has further developed, with an affinity network which is colleague led. These groups which cover race and ethnicity, wellbeing, communities and gender balance are governed by the ESG Committee and work together to deliver our social value objectives.

Our established CCC, Colleague Consultative Committee provides an avenue for appointed colleague representatives from across Speedy to review colleague ideas, challenges and provide feedback directly to the CEO, CPO, and other members of the Executive Team. Rhian Bartlett in her capacity as the designated Non-Executive Director for employee engagement annually attends this meeting. Her attendance helps ensure our colleagues voices are heard in the boardroom. This enables a greater understanding of workforce concerns and their consideration in Board decisions.

## Our People First Commitment

Our renewed Colleague Value Proposition sits at the heart of becoming a Times Top 100 employer. The key metric for People First is colleague engagement. We maintained a high engagement score of 77% for FY2023. Our survey is run by an independent company and when measured against similar sized companies, Speedy's results were 5% above the external benchmark. Our goal is to improve this result with two areas of concentrated effort in FY2024.

- Embedding our new Vision, Mission, and Values, helping our colleagues understand how their roles contribute to the success of the business
- A further focus on wellbeing, focused on work-life balance and raising the bar with mental health wellbeing through the 'Make It Visible' campaign, where we will work in conjunction with the Lighthouse Club.

## Wellbeing

Mental health and wellbeing are a key issue within the construction industry. Every single working day in the UK two construction workers take their own life, and that stress, anxiety and depression accounts for a fifth of all work-related illness. Speedy is a company supporter of the Lighthouse Club, the only charity that provides emotional, physical, and financial wellbeing to support construction workers and their families. Our support of this charity has enabled us to train 55 volunteers within Speedy to become Mental Health First Aiders who have the skills to identify potential mental health issues in the workplace, and proactively promote strategies to support the wellbeing of our colleagues. This support is available 365 days a year and if further help is required, colleagues can use our Employee Assistance Programme. We are leading the way for Hire with the, 'Make it Visible' mental health and wellbeing campaign, this is being facilitated by the Lighthouse Club with the support of the Government to reduce the number of suicides in construction-related businesses. Our Chief People Officer is involved in the launch of this campaign. During FY2023 we delivered several wellbeing initiatives and campaigns promoting a healthy approach to mind and body supported by our wellbeing group. These initiatives were delivered either via training our colleagues, or by them accessing our internal communications platform "The Hub", the content of which is refreshed on a regular basis. On here we have a calendar of events that are planned throughout the year and any opportunities for involvement in these.

We have supported our colleagues by way of guidance and coaching regarding managing workloads and how to have a healthy work-life balance. This coaching has been welcomed as we began a flexible working trial which is in place to assess the viability of a nine-day fortnight, four and a half-day week, and other suitable work patterns. A final decision on flexible working will be taken in June 2023, and throughout this trial we have and continue to seek feedback from our colleagues that have chosen to be part of the trial and those that haven't so that all opinions can be taken into consideration. We introduced a hybrid working policy to provide flexibility and improved work-life balance and shared guidelines around managing meetings remotely.

Our Time to Talk campaign, that began in FY2023, with colleagues being encouraged to talk on the last Friday of the month, has supported several colleagues in seeking professional help. Those colleagues have gone on to share their experiences and promoted Time to Talk via videos on the Hub.

#### **Diversity, Equity, and Inclusion**

The Board understands and appreciates that, diversity, equity, and inclusion (DEI) is an increasingly important aspect of the way we operate and that is why we have continued to encourage DEI in the composition and culture of our Board, Board Committees, senior management as well as our wider workforce. Full details of the Group's diversity, equity and inclusion is detailed in the Corporate Governance Report on pages 94 to 96.

A comprehensive review of our group People Policies and how they are applied across the group was completed in the summer of 2022 and relaunched in October 2022. This included training sessions with members of the People Team, targeted communications across the business as well as enhancing the training provided to our people managers.

We appreciate that we need to recruit and retain our female workforce as well as attract and retain a younger demographic. The review of our People Policies paid particular attention to our family friendly policies, including making several improvements in the promotion of the early adoption of future legislative employment rights changes with regards to flexible working and neo natal care leave.

Via our PLUS affinity group, we have further increased awareness of menopause and neurodiversity by hosting PLUS talks open to all colleagues. We also continue to support Black History Month and Pride events. As a result of our revised DEI Policy, we have commenced DEI training with our newly appointed People Managers, and this will be rolled out to our wider management teams throughout 2023.

To attract a more diverse and wider age demographic throughout the business we have engaged in several partnerships and affiliations, including with Not Going to Uni, highlighting the alternatives to the standard route to school and college leavers. We are a committed member of the '5% Club', a dynamic movement of employer-members working to create shared prosperity across the UK by driving 'earn and learn' training opportunities; this supports our effective early careers strategy. We have also successfully undergone a verification process with the Youth Group. Our ambition is that we diversify and strengthen our workforce by further enhancing our young talent.

#### **Strategy in action**

### **Bump 2 Baby & beyond**

As part of our commitment to supporting our colleagues when embarking on any type of dependant's leave, or to support as they face life changing events, we entered a collaboration with "Bump 2 Baby & Beyond".

A charitable group encompassing experienced public health experts and academics offering specialised train the trainer training in all aspects of fertility; pregnancy; adoption; dependent leave; workplace support; domestic violence and coercive behaviour awareness; sexual harassment and sexual assault awareness. This coming year we will formalise the train the trainer sessions and share this content by way of classroom and eLearning to our colleagues.

We have also focused on male health with this partnership, with delivering train the trainer sessions on prostate and testicular cancer awareness. To provide support to colleagues who are diagnosed with cancer and our managers supporting their people, we have introduced a cancer support pack detailing the help and support that is available internally and externally.

To continually support our colleague's wellbeing as we move into FY2024, our action plan includes:

- Reinforcing the importance that Speedy places on the mental health and wellbeing of our people and what we are doing to help within our monthly video messaging from the Executive Team.
- 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.

## Including everyone continued

### Strategy in action Becoming a Youth Verified Business

During the year we were proud to announce our successful verification as a Youth Verified Business by Youth Group, the UK's largest community of young people.

Becoming Youth Verified aligns with our People First strategy and underpins our values of ambitious, innovative, inclusive and togetherness. The youth verification challenge process allowed Speedy to understand how it can further diversify and strengthen its workforce with outstanding young talent. We plan to leverage this status to attract more young people into the business, working with Youth Group to showcase the hire industry and the plethora of career opportunities available within it.

**"We are inspired by the Youth Group and its goals to support young talent into work whilst simultaneously assisting employers with attracting them into progressive businesses like Speedy. There are over 1.7 million young people connected to the Youth Group, all seeking some level of guidance when it comes to finding a career for themselves. We are delighted to be Youth Verified and excited to share our opportunities and welcome more young people into our Speedy family."**

Ellie Armour  
Chief People Officer

**"We are thrilled to have Speedy join our growing list of Youth Verified Businesses. Their commitment to inclusivity, innovation and the development of young talent aligns perfectly with our mission at Youth Group. This is just the beginning of a meaningful partnership between our organisations, and we look forward to supporting Speedy in their continued efforts to create a better future for all young people."**

Leon Marseglia  
Chief Operating Officer at Youth Group

We are committed to ensuring that young people are heard, mentored, developed, nurtured, and are part of the Speedy family. We also plan to expand the work we do around mental health, DEI, ESG, flexible working, career development opportunities, and mentoring, so all young people can progress in the pathways they choose, be happy, healthy, and feel embraced by what is known amongst our people and customers as 'the Speedy Spirit'.

### Resourcing Partnerships

This year we have re-signed the Armed Forces Covenant as a continued commitment to the employment of ex-service personnel.

We continue to be a signatory to Cleansheet, a national Criminal Justice Charity founded in 2010 with the simple purpose to offer people with spent convictions the hope of a better future by finding real, permanent employment.

In addition to this we are planning to form a new partnership to support survivors of modern slavery find permanent employment.

### People Matter Charter

We have reconfirmed our ongoing commitment to our people and to the employees in our supply chain by completing, for the second year, our membership and commitment to The Supply Chain Sustainability School's People Matter Charter of which we are a proud partner. The Charter focuses on a wide range of principles, including fairness, inclusion and respect, and training and skills. A key requirement of this re-commitment is producing a case study to evidence how we have committed to each principle and analysing how this has added value to our business. We have a representative from our ESG Team on the charter's working group, focusing on human rights and modern slavery within the construction industry, an example of a collaborative approach across the Built Environment to reduce marginalisation of vulnerable people.

We intend to closely monitor each element of our DEI strategy and the work underpinning it to continue to improve our DEI position and thus helping to ensure that further tangible beneficial results can be provided in the future.

By 2026 5% of our talent will be apprentices, graduates, and sponsored students.

### Personal development

Supporting and developing our people will underpin our Velocity strategy to accelerate sustainable growth. 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 and all initiatives support our approach to talent and succession planning for all roles.

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.

### 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.

### Apprenticeships

We have 78 colleagues participating in apprenticeship schemes across the UK to boost our skills base and the industry's talent pipeline. Our schemes are made up of a mix of new apprentices (we invested in 40 early years trainees this year) 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.

We remain on track to meet our 5% Club objective with 2.8% of our people being apprentices, graduates, professional trainees, and our sponsored students on formal programmes as of April 2023. The overall percentage has remained broadly flat year on year due to having had several new trainees starting and others qualifying, whilst operating with a smaller workforce. Our plan is to accelerate our progress against target during FY2024.

Additionally, in FY2023 we launched a 'late careers' mentor programme which matches experienced colleagues with our early careers trainees to ensure that our trainees are receiving the best possible experience and recognising the exceptionally skilled colleagues we have.

### Graduate Programmes

We offer two types of graduate programmes at Speedy, a two-year fixed placement where the graduate learns about all aspects of their chosen business area, and a three-year rotational programme where the participant gains exposure and experience of working across the business before identifying the area they want to start building their Speedy career.

During FY2023 we increased the total number of graduates participating in these programmes from 10 to 12.

### High potential programme

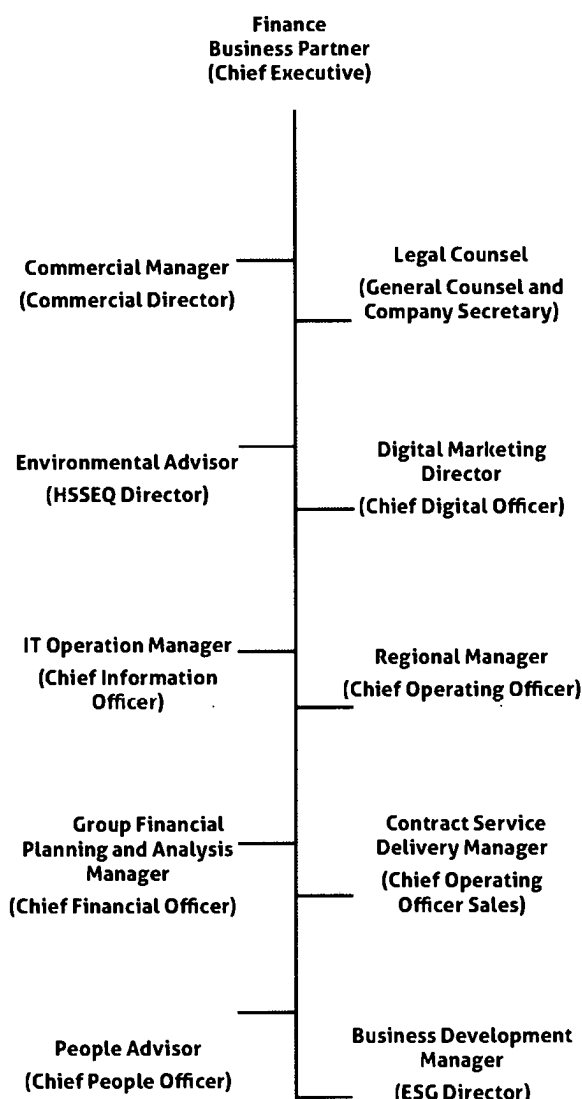
Colleagues who have been identified as having the potential, ability and aspiration for leadership positions are invited to join our High Potential Programme which is made up of modules around leadership and self-awareness.

During FY2023 a cohort of 62 colleagues successfully participated in the programme, with 29% now having been promoted or moved into new roles as part of their 'Career Line of Sight' journey.

### Industry first Development Board

During FY2023 we implemented an industry leading Emerging Talent Development Board. This group is made up of 11 of our brightest 'emerging talent' colleagues in our business, and they are charged with developing themselves personally and professionally while working alongside the Executive Team in contributing to the strategic plans and delivering on complex, business projects.

The organisation chart below demonstrates the Board Development roles in support of each Executive Team member.



Brackets denote equivalent role as represented at Executive Team level.

## Including everyone continued

### Senior Leadership Programme

We operate an annual Senior Leadership Programme, which in FY2023 is being attended by 7 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.

### Training Academy

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.

In FY2023 we provided 51,643 training courses which was a combination of e-learning and classroom-based training.

### Sustainability training and upskilling

As a member of the Supply Chain Sustainability School, we also provide sustainability training as part of our High Potential Programme and Graduate and Apprenticeship Training Schemes.

In FY2023 we partnered with Futerra, IEMA and the SCSS to deliver sustainability training across our entire business with the aim that all our people will receive sustainability training by FY2025.

We also launched our first ever ESG business partnering programme in FY2023 to embed sustainability deep within our business and culture. 30 people from across the business have been handpicked to be the custodian of ESG for their business function helping to deliver our ESG strategy. Our ESG BPs will be supported in their sustainability journey by a team of leading experts from the internal ESG team and Hydrock. They will all receive training to an IEMA Associate Level supporting their skills, knowledge and CDP. This is an industry leading programme that formalises the role of a green champion within a business.

### 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. 2141 awards were presented during FY2023.

We host an annual People First Awards event where outstanding teams and individuals are publicly recognised for their performance. The awards are made over several categories that are associated directly with our company values: Ambitious; Innovative; Inclusive; Safe; Together; and Trusted. Nominations are received from colleagues within the business and in FY2023 we received a record number of nominations.

Celebrating colleagues at our annual Excellence Awards, which has been re-branded in line with our strategy as the People First Awards in FY2024.

Our long service recognition scheme celebrates loyalty for those who have 10, 20 and 25-years' service with the Company. 144 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 FY2023 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 several 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.

Group headcount 3,375 employees (31 March 2022: 3,554).

### Gender pay gap and living wage

At Speedy we aim to ensure that everyone is rewarded and recognised fairly for their contribution, with equal access to opportunities, no matter what part of our business they work within. We believe in promoting equality and diversity within our workforce and we work hard to encourage inclusivity in all our activities both internally within Speedy and externally with our customer base. Our recruitment team is working to attract applicants from a wide variety of backgrounds and increase female representation across the business, increasing diversity at all levels and in all roles.

Speedy's gender pay gap has increased slightly this year in comparison to figures reported for April 2021 but remains well below both the national median average of 14.9% published for 2022 by the Office for National Statistics and the gap for the construction industry for the year ending April 2022 of 23.7% published by CIPD. Speedy is also proud to be a Living Wage supporter as we believe our colleagues deserve a wage which meets everyday needs.

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

- Plc Board – female 28.57%, male 71.43%
- Executive Team – female 22.22%, male 77.78%
- Senior management team\* – female 18.59%, male 80.13%, other 1.28%;
- All Speedy colleagues (UK and Ireland) – female 21.34%, male 75.68%, other 2.98%

22% 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 and we have a Gender Group to drive initiatives to help us reach our gender target.

\* Grade 6 and above

Including everyone continued

# Safety

## Safety of our people and communities

**Our commitment to the safety of our colleagues and customers sits at the heart of our business and is core to supporting our Velocity sustainable growth strategy.**

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. An example during the year was our AluTruk innovation, a newly designed sack truck which has led to a 20% reduction in lifting and handling injuries. Having trailed, consulted, and designed the product, we distributed over 850 units throughout our network and vehicles to reduce manual handling injuries.
- Continuing to develop and promote the use of our new safety management system 'EcoOnline', a system for every colleague within the business in all areas and at all levels to manage safety incidents, accidents, environmental incidents, and hazardous and near miss reporting. Alongside this, it enables colleagues to record positive examples of safety practices and, as a business, provide the data to drive continual improvement through corrective action logging and root cause analysis.

### 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 Board and Executive Team on safety performance
- Providing safety dashboards on our EcoOnline system for the business for every colleague in the business to access
- 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
- Safety standard recognised by Network Rail and RoSPA

### Key reporting measures

- 0.12 RIDDOR accidents per 100,000 hours worked (FY2022: 0.35)
- 0.03 Specified Injury Frequency Rate per 100,000 hours worked (FY2022: 0.09)

### Our Collective Responsibility action plan FY2024

At the beginning of FY2024, we launched a new plan to keep our people and customers safe, to continuously improve and provide a basis for monitoring and reporting progress. The plan is categorised into six key areas as follows:

#### People First

People are our most valuable asset and we continue to develop solutions to keep them safe in every environment be that working from home in our network or on site:

- Launch "Our Commitments"
- Colleague safety engagement days
- Walk and Talk conversations
- Improved workwear and PPE offering

#### Safety organisation

Listening and consulting with our colleagues ensures that our management systems reflect the reality of the business:

- Complete pulse safety culture survey
- MMA review and relaunch
- HSSEQ communications strategy
- Quarterly Safety Committee meetings
- Major incident testing of CMP and BIA's

#### Training

We aim to ensure that safety training is provided to all our leaders, managers and supervisors and 2023 will see this delivered to our entire leadership team:

- Culture training for Managers and Supervisors
- Review competency pathways in People Fluent
- Review delivery of training courses
- Deliver IOSH approved Managing SHE 200+
- CDM Awareness training

#### Health

During 2023 we will develop our occupational health screening provision with a new provider who will bring the service to our colleagues in NSCs and RSCs:

- Onboard new occupational health provider
- Register all defibrillators with The Circuit for public use
- CPR training for all colleagues
- Promote wellbeing calendar and activities

#### Innovation in safety

We continue to explore how to design out safety concerns and this year will see some fantastic innovations being delivered:

- Embedding EcoOnline, StaySafe, F360, What3Words onto PDA's
- FLT fleet with enhanced safety features
- Focus on workplace transport safety
- Industry safety committee including MCG's

#### System improvements

Having implemented EcoOnline in December 2020, we continue to develop this platform to further tailor it to our business requirements:

- Develop "Safe" scorecard for operations
- Consolidate COSHH assessments
- Enhanced EcoOnline dashboards/reporting
- Lone worker support app
- Enhanced POWRA

Including everyone continued

# 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. That's why this decade we will continue to harness our 'Speedy Spirit' supporting our communities to help make a meaningful difference.

With c.3,500 colleagues spread across 180 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.

## Getting closer to our communities

Our Communities Committee, set up in 2015, brings together Community Ambassadors from across the business to shape our charity and community agenda moving forward.

Throughout FY2023 our Communities Committee and our wider Speedy teams have supported a number of charities on both a corporate and localised level. Speedy have charity partnerships with WellChild, The Lighthouse Club and the British Heart Foundation (BHF) which we frequently participate in volunteering and fundraising events. In February we supported heart month raising money for the BHF through creating awareness of heart related issues and promoting the awareness and training of CPR through the BHF RevivR app.

In April 2022, Speedy donated £25,000 to the Ukraine Fund to help aid the ongoing situation. We also supplied 1/3rd of generators shipped to Ukraine on behalf of the UK government to help the crisis. We also won the contract, via the Crown Commercial Services Framework, to support the Department for Business, Energy & Industrial Strategy in the sale of £1.5million of generators to support the supply of temporary power in Ukraine. More recently Speedy also donated £5,000 to the Turkey & Syria appeal.

In FY2023, we became a founder patron of the Warrington Youth Group pledging a £25,000 donation. The Warrington Youth Zone officially opened on 2 July 2022, the WYZ believes in 'inspiring young people to achieve'. They exist to support young people's development, offering opportunities to gain, increase and develop skills, knowledge, self-awareness and confidence, and enabling them to make positive and healthy life choices through the charities' wide range of programmes aimed at different age groups. Becoming a Founder Patron is both a financial commitment and a promise to support the charity in any way we can.

A team of colleagues from across the business also came together for a volunteer day at Weaver Vale Primary School. Despite the heatwave, the Speedy team cleared undergrowth, roots and branches to clear a space for their new outdoor learning space in their forest school setting. Speedy provided all the tool hire free of charge.

The 22 kits for 2022 campaign is also another way Speedy pledged to give back to our communities.

We asked colleagues to nominate a sportsperson and/or sports club that they would like Speedy to sponsor, we initially set out with the goal to sponsor 22 kits however with an overwhelmingly positive response from the business we have raised this to sponsor 26 kits and have further supported another nine sportspeople and clubs through a sponsorship donation instead of kit.

Throughout FY2024 we will continue to support charities that mean the most to our Speedy family and will work closer with community groups to support vulnerable people as well as helping to make communities a better place to live, work and play.

## Harnessing our Speedy Spirit

Utilising our Speedy Spirit, we continue to support volunteering leave for charity and community projects that are meaningful to our Speedy family. Through our comprehensive Charity, Community & Volunteering policy our colleagues can apply for donations for fundraising events which they are taking part in and also take part in volunteering days.

At Speedy we love to support the charity and community-giving achievements of our colleagues through our volunteer leave scheme and through sponsorship donations. Last year 48 colleagues volunteered in their local communities. Such events included creating specialist gardens for the homes of children who have life limiting illnesses through our partnership with WellChild and the creation of the forest school area for Weaver Vale Primary School in the North West of England. In July 2022 a group of Speedy colleagues came together to complete the Yorkshire Three Peaks Challenge. The team collectively raised £3,410 to support our charity partner, British Heart Foundation.

Since 1 April 2022, we are proud to say we have donated a huge £75,000 to support a range of charities and communities to over 80 different charities such as ADHD, Alzheimer Scotland, British Red Cross, Children In Need, CRSA, Dali Dog Rescue, Macmillan, Palm Brown Charity, Royal British Legion, Samaritans and St Peter's Hospice.

### Boosting Local Business

Our local businesses form part of our local communities and just under half of our supply chain is comprised of SMEs (Small, Medium Enterprises). From one family to another we will continue to support local businesses and jobs in our local communities.

In FY2023 Speedy have partnered with Payroll Giving experts, GoodPAYE, to help colleagues to support the causes they care about in the most impactful way, through tax-free and hassle-free donations directly from their pay. GoodPAYE is a 100% charity-owned tech-for-good start-up and won Start Up Business of the Year 2023.

### 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. Doing good business is about far more than just making money, it's the impact we have in the communities we work, employ and train. And that means creating social value. We have calculated that our Social Value Impact (SVI) has increased from £6.3million in FY2022, to £9.2million in FY2023.

Our people have chosen charities that we have partnered with, this has provided volunteering activities for our colleagues and opportunities to be involved in fundraising initiatives.

We are building a workforce that is happy, safe, and offered opportunities for personal development and training.

We continually look for ways to improve our employee initiatives and encourage our people to be involved in our focus groups, making recommendations that are important to them.

We have had a positive effect on society by being more inclusive and offering employment opportunities to people who may have previously been overlooked. This may be via our Early Career programme or our partnership with Cleansheet.

## Strategy in action

### Speedy becomes a Founder Patron of the WYZ

During the year we pledged a four-year commitment as a Founder Patron of the Warrington Youth Zone.

The Warrington Youth Zone believes in 'inspiring young people to achieve'. They exist to support young people's development, offering opportunities to gain, increase and develop skills, knowledge, self-awareness and confidence, and enabling them to make positive and healthy life choices through the charities' wide range of programmes aimed at different age groups.

The Youth Zone also believe they have a social responsibility to help each young person discover and achieve their potential and they believe it is not solely down to teachers and parents.

They set out with the aim of 7,000 members at the Youth Zone and they already have over 5,000 members. Those members are children and young people aged 7-19 or up to 25 if they have a disability.

With the new Youth Zone, they have been able to increase what they offer and now have the facilities and support to open 365 days a year, welcoming more young people than ever.

As a Founder Patron, we have committed to donating £25,000 to support the Youth Zone per year for four years to support the incredible work they carry out. However, it's both a financial commitment and a promise to support the charity through our own fundraising activities throughout the partnership.

Including everyone continued

# Standards and accreditations

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

## **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

## **We 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 including 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.

## **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 in an effort to eliminate any discriminatory practices.

These policies emphasise our compliance to 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. Our standard trading terms for suppliers and our Supplier Code of Conduct require our suppliers to comply with the Modern Slavery Act and operate procedures requiring compliance in their own supply chain.

Recognising the increasing risk in modern slavery across the industry and global supply chains, in FY2023 we partnered with Ardea International to help provide additional assurance in relation to our modern slavery gap analysis and to assist in the development of our risk management processes.

The objective of this process is to:

- develop our approach to managing modern slavery risk
- gain additional understanding of modern slavery issues within the organisation and assist in the assessment of risk areas in our operations and supply chain

This partnership will provide a springboard to further develop due diligence processes in line with the Modern Slavery Act 2015 and UN Guiding Principles at both a strategic and operational level.

\* Lloyds British National Contracts

Alongside the gap analysis, in FY2024 our ambition is to:

- Develop our modern slavery and forced labour operational risk map in an effort to better understand the potential risks across our operations and in our supply chains.
- Analyse which risks require additional monitoring and/or management, with a view to developing an ever more robust human rights due diligence framework. Together, these actions will enable us to progress on a long-term roadmap of continuous improvement, compliant with our legal obligations and in line with investor expectations.
- Develop a training programme relating to forced labour and modern slavery across the business, with a focus on ensuring that it is 'fit for purpose' to build capacity for key managers and stakeholders.
- Achieve alignment with ISO 20400: Sustainable Procurement Guidance which includes assessing the risks and opportunities in respect of Modern Slavery legislation and tracking this through our supply chain via a programme of assessment, engagement and assurance.

Our current Directors' Remuneration Policy was approved at our 2020 Annual General Meeting with the intention that it operates for a three year period. An updated Directors' Remuneration Policy will be put to shareholders for approval at the 2023 AGM the intention being that if approved it will be effective from that date and operate for the three-year period to the 2026 AGM. The primary objective of the 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, as detailed on page 112, including ESG-based performance metrics and targets, where appropriate. Our ESG performance is linked to the remuneration of our Executive Team.

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

The Strategic Report was approved by the Board and authorised for issue on 30 June 2023.

# Non-financial information statement

In accordance with sections 414CA and 414CB of the Companies Act 2006, the information below sets out how we comply with each reporting requirement, where further information can be found within the Annual Report and Accounts and which relevant policies and guidance are adopted:

What we do is described on pages 6 & 7 and our vision, mission and values are described on page 3. We demonstrate how we act as a responsible business when fulfilling our, mission and values throughout our ESG Report on pages 26 to 65. Our principal risks and uncertainties, together with the mitigating controls in place, are summarised within our Principal Risks and Uncertainties disclosures on pages 76 to 82. A description of all matters relating to climate-related risks and opportunities, are included within our Task Force on Climate-related Financial Disclosures on pages 43 to 53.

Reporting requirement	Information necessary to understand our development, performance, position and the impact of our activity	Relevant policies and guidance <sup>1</sup>
Environmental matters	<p>Our policies reflecting the needs of our environmental and support our roadmap to Net Zero.</p> <p>ESG Report – Pages 26 to 65, incorporating the following key areas:</p> <ul style="list-style-type: none"> <li>• Climate solutions – Pages 34 to 37</li> <li>• Our roadmap to Net Zero – Pages 38 &amp; 39</li> <li>• Corporate Greenhouse Gas (GHG) Report – Pages 40 to 42</li> <li>• Task Force on Climate-related Financial Disclosures – Pages 43 to 53</li> </ul>	<p>Supplier Trading Agreement</p> <p>Supplier Code of Conduct</p> <p>Speedy Sustainability Requirements for Suppliers</p> <p>Supply Chain Policy</p> <p>Sustainability Policy</p> <p>Sustainable Travel Policy</p>
Colleagues	<p>Our People First approach is driven by living our values of ambition, innovation, inclusivity, safety, working together and trusting each other. Our policies help support this.</p> <p>Including everyone; Our Speedy Family – Pages 54 to 65</p> <p>Safety – Pages 60 to 61</p>	<p>Employee Handbook</p> <p>Recruitment, Selection &amp; Equal Opportunity Policy</p> <p>Diversity, Equity and Inclusion Policy</p> <p>Resolving Issues at Work Policy</p> <p>Health and Safety Policy</p>
Social matters	<p>Our policies, underpinned by our Code of Conduct, support all colleagues to do the right thing within our communities and from a safety and environmental perspective.</p> <p>Part of the community – Pages 62 &amp; 63</p> <p>Safety – Pages 60 &amp; 61</p> <p>ESG Report – Pages 26 to 65</p>	<p>Code of Conduct</p> <p>Charity, Community &amp; Volunteering Policy</p> <p>Time off for Public Duties Policy</p> <p>Health and Safety Policy</p>
Human Rights	<p>Reflecting the needs of our stakeholders we consider human rights within our own operations, suppliers and customers.</p> <p>Our published Modern Slavery Statement is available at <a href="http://www.speedyservices.com/investors">www.speedyservices.com/investors</a></p> <p>Human Rights and Modern Slavery – Pages 64 &amp; 65</p>	<p>Human Rights Policy</p> <p>Anti-Slavery and Human Trafficking Policy</p> <p>Employee Handbook</p> <p>Code of Conduct</p> <p>Speak Up Whistleblowing Policy</p> <p>Data Protection – GDPR – Policies</p>
Anti-corruption and anti-bribery	<p>Our policies support compliance with anti-bribery and anti-corruption requirements. We strive to act in a clear, transparent and fair way without our operations and expect our stakeholders to do the same.</p> <p>Audit &amp; Risk Committee Report – Code of Conduct – Page 105</p> <p>Corporate Governance – Pages 92 to 99</p>	<p>Code of Conduct</p> <p>Anti-Bribery Policy</p> <p>Speak Up Whistleblowing Policy</p> <p>Supplier Trading Agreement</p> <p>Supplier Code of Conduct</p> <p>Supply Chain Policy</p> <p>Internal financial control processes</p>

<sup>1</sup> Some of our policies and guidance are only published internally



# Section 172 statement and engagement with stakeholders

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 pages 68 to 69 and should be read in conjunction with information disclosed in the Governance section, on pages 84 to 139.

To help facilitate this before each scheduled Board meeting all Directors receive appropriate reports addressing key matters concerning customers, suppliers, investors, colleagues, 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 68 to 69 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.

## Colleague engagement

In addition to the Board receiving reports from management concerning its colleagues the Board engages directly with colleagues in a variety of ways. This includes via its Colleague Consultative Committee, formerly the Employee Forum (attended annually by Non-Executive Director, Rhian Bartlett), via its People First Awards, annual Speedy Expo and Chief Executive's and Chief Financial Officer's 'Up to Speed' and 'The Hub' communications and updates. Further information on colleague engagement can be found on pages 54 to 59.

## Board decisions and stakeholders

We set out on page 68 to 69 a number of examples 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 26 to 65 through the Company's ESG programme. Our mission is to be the most efficient and sustainable UK hire business: digital and data driven, optimised through operational excellence, and powered by our people. Our vision to inspire and innovate the future of hire and accelerate sustainable growth.

## 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.

## Section 172 statement and engagement with stakeholders continued

### Key stakeholder

## Customers

### Ways we engage

- Face to face meetings (when required), video-conferencing and calls
- Tendering and RfP processes
- Monitoring of hires, sales and services
- Speedy Direct, a central call centre in the North West, with dedicated desks for our national customers
- Customer Solutions, a centralised service providing a single hire destination service through the provision of all our core products and services, plus an extensive range of equipment in partnership with the industry's leading product suppliers
- Regional Trading Hubs, regional call centres are located throughout the country, with dedicated staff servicing our regional customer base
- Direct to customers through concession stores within B&Q
- To B&Q's customer base via their store and online channels ([www.diy.com](http://www.diy.com) and [www.trade-point.co.uk](http://www.trade-point.co.uk)) through our drop ship vendor arrangement
- Service Centre network, through approximately 150 centres across the UK and Ireland
- Customer Relationship Centre, through our central hub in South Wales, dedicated to servicing our SME customers
- Online, through our website and mobile app
- Social media
- Product videos and peer reviews
- Advertising campaigns
- The Speedy Expo, the industry's largest private hire event bringing together over 1,700 customers, colleagues, suppliers and industry experts
- Trade shows throughout the year

### Areas discussed

- 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
- 'One Speedy' for first class customer experience
- Sustainability solutions
- Product development

### Key stakeholder

## Colleagues

### Ways we engage

- Colleague Consultative Committee meetings (including NED attendance)
- People First Survey and pulse surveys; include wellbeing
- Apprenticeship and graduate programmes (commitment to the 5% Club initiative)
- Career Line of Sight programme
- Benchmarking of key roles within the business
- 'The Hub' communications platform and intranet
- Active Yammer communities to promote social engagement
- 'Up to Speed' e-communications
- Mobile phone and PDA text messaging
- Senior management meetings held at various UK and Ireland locations
- Senior Leadership quarterly 'Connect Calls' and monthly 'Team Talks'
- Executive Team and Chief Executive video updates and colleague briefings
- People Fluent training portal for key messages that fall outside of the regular Executive Team video updates which can be broadcast or targeted to specific groups of colleagues
- Line manager communication and engagement workshops and training modules
- Training Academy schedule of online, classroom and practical training courses
- Personal Development Reviews
- 'Celebrating Excellence' reward scheme
- People First Awards nomination process and finalist gala dinner
- Long service recognition scheme at 10, 20 and 25 years' service
- Speedy Expo
- Inclusion in cross functional project teams to inform project development
- PLUS – People Like Us, colleague group and its underlying affinity groups:
  - Gender
  - Race and ethnicity
  - Wellbeing
  - Communities

### Areas discussed

- Career opportunities
- Wellbeing (including mental and physical health)
- Training and development (including safety)
- Pay and conditions
- Colleague engagement

## Key stakeholder

## Suppliers

**Ways we engage**

- Tendering process
- Visits and meetings (including via video-conferencing)
- Supplier conferences
- Partnership Programme engages customers, suppliers and peer groups on key sustainability issues
- Pioneering use of electric vans reducing CO<sub>2</sub>
- Industry trade shows
- Product innovation days
- Speedy Expo

**Areas discussed**

- Quality management
- Cost efficiency
- Ethical Trading policy
- Long-term relationships
- Sustainability as part of our ESG programme
- Product development

## Key stakeholder

## Investors

**Ways we engage**

- Annual Report and Accounts
- Annual General Meeting
- RNS announcements
- Investor presentations and roadshows
- Capital markets days
- Corporate website
- One-on-one meetings
- Information requests
- Consultation letters
- Speedy Expo

**Areas discussed**

- Financial and operating performance
- Dividends
- Risk information
- Access to Management
- Strategy
- Sustainability
- Remuneration Policy

## Financial review



**Our financial results for FY2023 demonstrate we have continued to deliver sustainable growth, underpinned by a commitment to excellent customer service."**

**Paul Rayner** Interim Chief Financial Officer

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

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

We have continued to invest in the hire fleet with capex spend of £52.1m in FY2023. In response to increasing demand from our major customers and in line with our ESG strategy, our investment is focused on carbon efficient ECO products. A decline in utilisation on itemised assets to 54.4% (FY2022: 57.0%) was mitigated by effective rate increases.

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

### Group financial performance

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

Gross profit<sup>1</sup> was £239.4m (FY2022: £221.1m), an increase of 8.3%. The gross margin decreased to 54.3% (FY2022: 57.2%), reflecting rate increase in hire revenue offset by the mix impact from increased resale fuel and a strong performance in the Customer Solutions business.

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

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

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

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

### Revenue and margin analysis

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

Revenue and margin by type	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m	Change %
<b>Hire</b>			
Revenue	258.0	243.3	6.0%
Cost of sales <sup>1</sup>	(54.8)	(54.5)	
Gross profit	203.2	188.8	7.6%
Gross margin	78.8%	77.6%	
<b>Services</b>			
Revenue	176.3	138.4	27.4%
Cost of sales	(142.9)	(107.8)	
Gross profit	33.4	30.6	9.2%
Gross margin	18.9%	22.1%	

1 Before exceptional items (see note 4).

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

Customer Solutions is our growing and diversified services business which is now led by one managing director.

Services revenues increased by 27.4% in the year. Following the phasing out of red diesel supplies to the construction industry on 1 April 2022, we have seen strong growth in our fuel management business, in terms of volumes and higher average selling price for both diesel and HVO fuels.

Gross margins<sup>1</sup> decreased from 57.2% to 54.3%, resulting from a shift in sales mix. Hire margin<sup>1</sup> increased to 78.8% (FY2022: 77.6%) through rate increases and diligent control of other direct costs. Asset utilisation on itemised assets for the year decreased to 54.4%. Services margin of 18.9% was impacted by sales mix with comparably stronger revenue performance in lower margin fuel (FY2022: 22.1%).

## Financial review continued

### Overheads

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

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Distribution and administrative costs <sup>1</sup>	203.1	185.7
Amortisation	(1.8)	(1.0)
<b>Underlying Overheads</b>	<b>201.3</b>	<b>184.7</b>

1 Before exceptional items (see note 4).

Inflationary pressures on overheads, particularly pay increases, utility costs and fuel were experienced as expected, resulting in a 9.0% increase in underlying overheads<sup>1</sup> to £201.3m (FY2022: £184.7m), mitigated by certain cost measures outlined below. To protect against further inflationary increases utility prices have been fixed for the period to September 2024 and fuel hedges are in place on a nine to 12 month rolling basis. Overhead investment to support growth continued, in particular, in trade and retail with a significant marketing campaign in Spring 2022 including TV adverts to bring awareness to consumers of the benefits of hire versus buy.

In the second half of FY2023, an operational review has included further progress in the evolution of the depot network towards larger, more

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

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

### Exceptional items

During FY2023, exceptional costs were incurred as follows:

Exceptional costs	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Asset impairment	20.4	–
Other – Legal & Professional	1.4	–
Restructuring	6.7	–
<b>Total</b>	<b>28.5</b>	<b>–</b>

During the final quarter of FY2023, the Group undertook a comprehensive count of all hire equipment in preparation for the year end.

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

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

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

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

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

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

#### Interest and bank borrowings

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

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

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

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

Borrowings under the facility are now priced based on SONIA plus a variable margin, while any unutilised commitment is charged at 35% of the applicable margin. During the year, the margin payable on the outstanding debt fluctuated between 1.55% and 2.15% dependent on the weighting of the asset base on which borrowings are based between receivables and plant and machinery. The effective average margin in the period was 1.84% (FY2022: 1.73%).

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

#### Taxation

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

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

## Financial review continued

### Share buyback

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

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

### Earnings per share

Adjusted earnings per share<sup>1</sup> was 5.25 pence (FY2022: 4.24 pence from continuing operations), an increase of 24%. Basic earnings per share was 0.25 pence (FY2022: 4.13 pence) as a result of the exceptional items in the year.

### Capital expenditure and disposals

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

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

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

### Balance sheet

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

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

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

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

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

The business has increased its focus on cash, in particular customer collections. The successful collaboration between sales and credit control functions, leveraging strong customer relationships, resulted in strong cash collections particularly in the second half of the year. Gross trade receivables totalled £102.2m at 31 March 2023 (FY2022: £104.9m). Bad debt provisions were £3.2m as at 31 March 2023 (FY2022: £3.0m), equivalent to 3.1% of gross trade receivables (FY2022: 2.9%). Debtor days as at 31 March 2023 were 61, reduced significantly from 67 days at March 2022.

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

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

### Cash flow and net debt

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

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



**Dividend**

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

**Capital allocation policy**

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

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



Free cash flow increased to £10.6m as cash disciplines across the business are reinforced."

**Paul Rayner**

Interim 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.

Safety, health and environment	
Description and potential impact	Strategy for mitigation
<p><b>Serious injury or death</b></p> <p>Speedy operates, transports and provides for rental a wide range of machinery. Without rigorous safety regimes in place there is a risk of injury or death to employees, customers or members of the public.</p>	<p>The Group is recognised for its industry-leading position in promoting enhanced health and safety compliance, together with a commitment to product innovation. This is achieved by the Group's health, safety, and environmental teams measuring and promoting employee understanding of, and compliance with, procedures that affect safety and protection of the environment. All management grade employees are enrolled on safety related training courses and are expected to champion a safety awareness within the Group's culture.</p>
<p><b>Environmental hazard</b></p> <p>The provision of such machinery includes handling, transport and dispensing of substances, including fuel, that are hazardous to the environment in the event of spillage.</p>	<p>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

### Description and potential impact

#### Provision of equipment

Speedy's commitment is to provide well maintained equipment to its customers on a consistent and dependable basis.

#### Back office services

It is important that Speedy is able to provide timely and accurate management information to its customers, along with accurate invoices and supporting documentation.

In both cases, a failure to provide such service could lead to a failure to attract or retain customers, or to diminish the level of business such customers undertake with Speedy.

### Strategy for mitigation

We operate an industry-leading four-hour service promise which covers a wide range of our assets.

Our use of personal digital assistants (PDAs) are fully embedded into our business and these are used to improve the on-site customer experience.

Speedy liaises with its customer base and takes into account feedback where particular issues are noted, to ensure that work on resolving those issues is prioritised accordingly.

## Sustainability and Climate Change

### Climate change

There is a risk that climate change may impact Speedy's operations or ability to trade. Conversely, there is a risk that Speedy will fail to meet internal or external targets designed to reduce the Group's impact on climate change.

This could arise from insufficient target setting, inadequate progress of initiatives, or a failure to capture relevant data accurately.

### Sustainability

There is a risk that the Group's business model may not be sustainable in the long term, for example if assets reliant on fossil fuels are not replaced or if the distribution network continues to be similarly reliant on fossil fuels.

The result from either of the above may include loss of customer confidence impacting revenue, or investor and bank confidence leading to difficulty in obtaining future funding.

The Board has created the Sustainability Committee to oversee the development of the sustainability and climate change response plan.

The Group has set industry-leading science-based targets to measure its progress against.

Further details of the risks, opportunities and mitigating actions in relation to sustainability and climate change are detailed in the Taskforce for Climate-Related Financial Disclosures (TCFD) section of this report on pages 46 to 49.

## Principal risks and uncertainties continued

### Revenue and trading performance

#### Description and potential impact

##### Competitive pressure

The hire market is fragmented and highly competitive. There is a risk that customers can readily change provider, with minimal disruption to their own business activity.

There is a risk that the Group does not have an effective route to market for consumer rentals and this could lead to a missed opportunity that is capitalised upon by our competition.

There is a risk that cost inflation may reduce margins if customers resist price increases. This risk is higher in a small number of cases where larger customers may be on fixed term agreements with no inflation clause.

##### Reliance on high value customers

There is a risk to future revenues should preferred supplier status with larger customers be lost when such agreements may individually represent a material element of our revenues.

##### Bids and Tenders

There is a risk to future revenue growth if the Group is unsuccessful in its ambition to win new contracts using innovative solutions that appropriately balance the available reward with potential increases in risk.

#### Strategy for mitigation

The Group monitors its competitive position closely, to ensure that it is able to offer customers the best solution. The Group provides a wide breadth of offerings, supplemented by its rehire division for specialist equipment. The Group monitors the performance of its major accounts against forecasts, strength of client future order books and individual expectations with a view to ensuring that the opportunities for the Group are maximised. Market share is measured and competitors' activities are reported on and addressed where appropriate. The Group's integrated services offering further mitigates against this risk as it demonstrates value to our customers, setting us apart from purely asset hire companies.

Whilst we develop and maintain strategic relationships with larger customers, no single customer currently accounts for more than 10% of revenue or receivables. We have been successful in growing our SME and retail customer base, which helps to mitigate this risk.

The Group's operational management team includes a Managing Director dedicated to retail-based routes to market.

We have a team dedicated to responding to bids and tenders, with a clear approval process to ensure opportunities are maximised.

### Project and change management

##### Acquisitions

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

##### Transformation

The Velocity strategy represents an ambition to transform the Group. There are risks that this might be unsuccessful in respect of new initiatives or that the transformation activity may distract from or harm our established businesses.

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.

We have strengthened the capability of the Group to manage this transformation with the appointment of a dedicated Transformation Director who reports directly to the Chief Digital Officer. The Transformation Office will operate with clearly defined governance structures, sponsored by the executive team. This process is designed to mitigate risk and increase the success rate of the programme.

## People

### Description and potential impact

#### Colleague excellence

In order to achieve our strategic objectives, it is imperative that we are able to recruit, retain, develop and motivate colleagues who possess the right skills for the Group, whilst also demonstrating our commitment to diversity, equity and inclusivity.

#### Labour availability

There is a risk that with increased numbers of people leaving the labour market, or salary inflation leading to increased staff turnover, there will be shortages of available colleagues for the Group, with greater requirements for training.

### Strategy for mitigation

The Group regularly reviews remuneration packages and aims to offer competitive reward and benefit packages, including appropriate short and long-term incentive schemes. We have reviewed the reward packages for colleagues with skills in disciplines with particularly high turnover such as drivers and engineers. We have a medium term forecast to offer market competitive rewards to all colleagues as we strive to become recognised as an employer of choice. We have set targets to improve our diversity, equity and inclusivity which are designed to attract individuals with the right talent from across the population. Skill and resource requirements for meeting the Group's objectives are actively monitored and action is taken to address identified gaps. Succession planning aims to identify talent within the Group and is formally reviewed on an annual basis by the Nomination Committee, focusing on both short and long-term successors for the key roles within the Group. We actively consider promotion opportunities in preference to external hiring where possible.

Programmes are in place for employee induction, retention and career development, which are tailored to the requirements of the various business units within the Group.

## Partner and supplier service levels

#### Supply chain

Speedy procures assets and services from a wide range of sources, both UK and internationally based. Within the supply chain there are risks of non-fulfilment.

BREXIT, the COVID-19 pandemic and the war in Ukraine all resulted in some supply chain challenges that may now be considered permanent.

#### Partner reputation

Significant revenues are generated from our rehire business, where the delivery or performance is affected through a third party partner.

Speedy's ability to supply assets with the expected customer service is therefore reliant on the performance of others with the risk that if this is not effectively managed, the reputation of Speedy, and hence future revenues, may be adversely impacted.

A dedicated and experienced supply chain function is in place to negotiate all contracts and maximise the Group's commercial position. Supplier accreditations are recorded and tracked centrally through a supplier portal where relevant and set service-related KPIs are included within standard contract terms. Regular reviews take place with all supply chain partners.

Where practical, agreements with alternative suppliers are in place for key ranges, diluting reliance on individual suppliers.

## Principal risks and uncertainties continued

## Operating costs

## Description and potential impact

**Fixed cost base**

Speedy has a fixed cost base including people, transport and property. When revenues fluctuate this can have a disproportionate effect on the Group's financial results.

**Fuel management**

As a result of changes in the worldwide fuel supply chain, the Group faces risks of both low supply volumes and inflated prices for fuel.

This may impact both our own cost base and our ability to supply fuel to our customers.

## Strategy for mitigation

The Group has a purchasing policy in place to negotiate supply contracts that, wherever possible, determine fixed prices for a period of time. In most cases, multiple sources exist for each supply, decreasing the risk of supplier dependency and creating a competitive supply-side environment. All significant purchase decisions are overseen by a dedicated supply chain team with structured supplier selection procedures in place. Property costs are managed by an in-house team who manage the estate, supported where appropriate by external specialists.

We operate a dedicated fleet of commercial vehicles that are maintained to support our brand image. This includes electric and hybrid vehicles. Fuel is purchased through agreements controlled by our supply chain processes.

The growth of our services offering will help to mitigate this risk as these activities have a greater proportion of variable overheads.

## Cyber Security and data integrity

**IT system availability**

Speedy is increasingly reliant on IT systems to support our business activities. Interruption in availability or a failure to innovate will reduce current and future trading opportunities respectively.

**Data accuracy**

The quality of data held has a direct impact on how both strategic and operational decisions are made. If decisions are made based on erroneous or incomplete data there could be a negative effect on the performance of the Group.

**Data security**

Speedy, as with any organisation, holds data that is commercially sensitive and in some cases personal in nature. There is a risk that disclosure or loss of such data is detrimental to the business, either as a reduction in competitive advantage or as a breach of law or regulation.

Annual and medium-term planning provides visibility as to the level and type of IT infrastructure and services required to support the business strategy. Business cases are prepared for any new/upgraded systems, and require formal approval.

Management information is provided in all key areas from dashboards that are based on real time data drawn from central systems. We have a dedicated data management team which is responsible for putting in place procedures to maintain accuracy of the information provided by data owners across the business.

Mitigations for IT data recovery are described below under business continuity as these risks are linked.

We have an established cyber security governance committee which meets regularly to monitor our control framework and reports on a routine basis to the Audit & Risk Committee.

Speedy's IT systems are protected against external unauthorised access. These protections are tested regularly by an independent provider. All mobile devices have access restrictions and, where appropriate, data encryption is applied.

## Funding

### Description and potential impact

#### Sufficient capital

Should the Group not be able to obtain sufficient capital in the future, it might not be able to take advantage of strategic opportunities or it might be required to reduce or delay expenditure, resulting in the ageing of the fleet and/or non-availability.

This could disadvantage the Group relative to its competitors and might adversely impact its ability to command acceptable levels of pricing.

### Strategy for mitigation

The Board has established a treasury policy regarding the nature, amount and maturity of committed funding facilities that should be in place to support the Group's activities.

The £180m asset based finance facility, along with an additional uncommitted accordion of £220m, is available through to July 2026.

We have a defined capital allocation policy. This ensures that the Group's capital requirements, forecast and actual financial performance and potential sources of finance are reviewed at Board level on a regular basis in order that its requirements can be managed with appropriate levels of spare capacity.

## Economic vulnerability

#### Economy

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

As markets change and evolve, there is a risk that the Group strategy will need to be aligned accordingly.

There is a risk of recession in the UK which could affect the Group's revenue.

#### Inflation

There is a risk of inflationary pressure on both material and employee costs impacting margins that the Group is able to generate, if customers resist price rises or are in existing framework agreements for fixed terms.

#### War

There is a risk that an escalation of the war in Ukraine such as an increase in hostilities involving more countries, may have a further impact on the global economy. This may result in a range of impacts for the Group, including cost inflation, labour availability and disruption to the supply chain.

The Group assesses changes in both Government and private sector spending as part of its wider market analysis. The impact on the Group of any such change is assessed as part of the ongoing financial and operational budgeting and forecasting process.

Our strategy is to develop a differentiated proposition in our chosen markets and to ensure that we are well positioned with clients and contractors. The Board oversees the importance of strategic clarity and alignment, which is seen as essential for the setting and execution of priorities, including resource allocation.

Our close relationships with our customers, coupled with the differentiation allows us to adopt a partnership approach to responding to cost inflation.

We consistently monitor our share in each market segment and seek to balance our risk between cyclical areas and those which are more predictable.

## Principal risks and uncertainties continued

### Business continuity

#### Description and potential impact

##### Business interruption

Any significant interruption to Speedy's operational capability, whether IT systems, physical restrictions or personnel, could adversely impact current and future trading as customers could readily migrate to competitors.

This could range from short-term impact in processing of invoices that would affect cash flows to the loss of a major site.

##### Joint venture

The Group's joint venture in Kazakhstan, Speedy Zhodas, 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.

#### Strategy for mitigation

Preventative controls, back-up and recovery procedures are in place for key IT systems. Changes to Group systems are considered as part of wider change management programmes and implemented in phases wherever possible. The Group has critical incident plans in place for all its sites. Insurance cover is reviewed at regular intervals to ensure appropriate coverage in the event of a business continuity issue.

Speedy has a documented plan to establish a crisis management team when events occur that interrupt business. This includes detailed plans for all critical trading sites and head office support. These plans are regularly tested by both management and third-party advisors. They have proven to be effective in both the significant event of a global pandemic and more localised events such as extreme weather closing a number of our trading locations.

We continue to monitor the situation in Kazakhstan through regular contact with the expat management team and will take action as may be necessary to ensure the safety of our colleagues.

### Asset holding and integrity

#### Asset range and availability

Speedy's business model relies on providing assets for hire to customers, when they want to hire them. In order to maximise profitability and returns on deployed capital, demand is balanced with the requirement to hold a range of assets that is optimally utilised.

We regularly monitor the status of our assets and use this information to optimise our asset holdings.

This is based on our knowledge of customer expectations of delivery timescales, which vary by asset class. By structuring our depot network accordingly, we can centralise low volumes of holdings of specialist assets.

We constantly review our range of assets and introduce innovative solutions to our customers as new products come to market.

Following the identification of a deficiency in the value of non-itemised assets of c.£20.4m during FY2023, the Group has undertaken a full review of the control framework for non-itemised assets. This has been improved at all stages of the asset lifecycle, across the three lines of defence of operational management (including delivery/collection processes and perpetual inventory counts), financial control (including routine asset register reconciliations) and internal audit assurance (including standalone asset counts).



# Viability statement

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

The Directors have determined that three years is an appropriate period over which to assess the Viability statement. The strategic plan is based on detailed action plans developed by the Group with specific initiatives and accountabilities. There is inherently less certainty in the projections for years four and five. The Group has a £180m asset-based finance facility, which has been extended for a further two years, through to July 2026. The Strategic Plan assumes the facility will be extended to meet the Group's capital investment and acquisition strategies.

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

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to March 2026.

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

## Chairman's letter to shareholders

***Dear shareholder,***

On behalf of the Board, I am pleased to present the Governance Report for FY2023. This section of the Annual Report highlights the Company's corporate governance processes (alongside the work of the Board and Board Committees).

**David Shearer**  
Chairman

During the year we made further progress in the development and execution of our ESG strategy. This was overseen by the new Board Sustainability Committee, which commenced operation in the year and is chaired by Rob Barclay. Membership includes our Chief Executive providing a strong link with the business and performance in this key developing area.

During the year there have been Board changes among the Executive Directors. In May 2022 Russell Down advised the Board of his intention to retire as Chief Executive once a suitable successor had been found. Recruitment consultants were appointed to support the Nomination Committee and following an extensive search involving internal and external candidates, I was pleased to welcome Dan Evans to the Board as Chief Executive on 1 October 2022. Dan has been with the business since 2008,

and held a variety of roles, culminating in Chief Operating Officer before the appointment. We thank Russell for his contribution to the business over the last seven years in role. He left the business in May 2023 on the expiration of his notice period.

In October 2022 James Bunn resigned as Chief Financial Officer, to pursue an opportunity in an unrelated sector and stepped down from the Board on 1 November 2022. Recruitment consultants were again retained to undertake a comprehensive search for a new Chief Financial Officer with the process being led by the Nomination Committee under my chairmanship. In the intervening period Paul Rayner was appointed for a period of up to 12 months as an Interim Chief Financial Officer with effect from 1 November 2022. The recruitment process has concluded with Paul Rayner being appointed to the Board as Chief Financial Officer on a permanent basis with effect from 1 July 2023.

This year the Board and Board Committees' evaluations were again undertaken internally led by our Senior Independent Director, David Garman. Whilst in a relative period of transition I was pleased that the findings indicated that the Board and Committees were performing well. The process followed and outcomes are reported on page 97 and this will be further considered after a new Chief Financial Officer has been appointed and allowed to settle in.

In accordance with the Corporate Governance Code and the Company's Articles of Association, all Directors serving at the time of the Annual General Meeting will be submitting themselves for election or 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 7 September 2023 at 11:00am and I would like to invite our shareholders to attend.

**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 Chair's statement on pages 12 and 13, the Strategic Report on pages 1 to 83, the Corporate Governance review on pages 92 to 99 and the reports of the Audit & Risk, Nomination, Remuneration and Sustainability Committees on pages 100 to 129, 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.

### Results and dividends

The consolidated profit after taxation for the year was £1.2m (2022: £21.6m). Profit is stated after a taxation charge of £0.6m (2022: £7.7m) representing an effective rate of 28.6% (2022: 26.5%). An interim dividend of 0.80 pence per share was paid during the year. The Directors propose that a final dividend of 1.80 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 2.60 pence per share (2022: 2.20 pence). The final dividend, if approved, will be paid on 22 September 2023 to all shareholders on the register at 11 August 2023.

### Post-balance sheet events

There are no post balance sheet events not already disclosed.

### 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

The Company announced a share buyback programme on 27 January 2022 as updated on 9 September 2022 (the 'Share Buyback Programme'), to purchase an aggregate value of up to £30 million of the Company's Ordinary Shares of 5 pence each in accordance with the terms of the programme. The Share Buyback Programme was concluded on 8 March 2023. The Company purchased 67,713,058 Ordinary Shares of 5 pence each in the Company through its brokers, of which 55,146,281 are currently held in treasury and 12,566,777 have been cancelled. The total number of Ordinary Shares repurchased represented 12.8% of the Company's issued share capital on the day prior to the commencement of the Share Buyback Programme.

The share buyback programme was initially operated under the usual authority from shareholders granted by way of a special resolution at the Annual General Meeting on 9 September 2021 to make purchases of up to 10% of its ordinary shares. The authority was renewed at the Annual General Meeting held on 8 September 2022.

Shareholders will be asked to renew the usual authority to make purchases of up to 10% of its ordinary shares at the forthcoming Annual General Meeting on 7 September 2023.

### 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 it appropriate to adopt the going concern basis for the preparation of the Financial Statements and that the Group has adequate financial resources and has access to sufficient borrowing facilities to continue operating for a period of at least 12 months from the date of signing these accounts as detailed in the 'Going concern basis for the preparation of the Financial Statements' section on page 102.

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.

1 Percentage of total voting rights at the date of notification to the company.

## Directors' report continued

### Substantial shareholders

The Company had received notifications from the following holders of shares with 3% or more of the total voting rights in the issued share capital of the Company (excluding treasury shares) which confirmed the following holdings as at 31 March 2023:

Shareholder name	Percentage of voting rights <sup>1</sup>
Schroders Plc	13.29
Abrdn Plc	7.10
Aberforth Partners LLP	5.95
Polar Capital LLP	5.59
Lombard Odier Asset Management (Europe) Limited	5.04
Jupiter Fund Management Plc	4.12

Between 1 April 2023 and 30 June 2023 the company had been notified of changes in the following interests under the Disclosure Guidance and Transparency Rules:

Shareholder name	Percentage of voting rights <sup>1</sup>
Polar Capital LLP	4.53

1 Percentage of total voting rights at the date of notification to the company.

### Directors

The Directors who served during the year and the interests of Directors in the share capital of the Company are set out on page 127.

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 3,375 people in the UK and Ireland as at 31 March 2023.

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, equity and inclusion matters. Further information on equal opportunities within the Group is set out on page 55 of 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. Rhian Bartlett in her capacity as the designated Non-Executive Director for employee engagement annually attends this meeting. Her 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 54 to 59 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 either in Company incentive schemes or local tactical campaigns 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 110 to 129.

The Group has a people strategy in place aimed at being an employer of choice, as can be seen on pages 54 to 59 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 54 to 59 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 67 to 69. 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 page 67 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

PricewaterhouseCoopers LLP ('PwC') was appointed at the Annual General Meeting of the Company held on 8 September 2022 and its appointment expires at the conclusion of this year's Annual General Meeting. PwC has expressed its willingness to continue as external auditors of the Group. Separate resolutions proposing the re-appointment of PwC and to authorise the Directors to determine the auditors' remuneration will be put to the forthcoming Annual General Meeting on 7 September 2023.

### Capital structure

As at 31 March 2023, the Company's share capital comprised a single class of ordinary shares of 5 pence each. As at 31 March 2023 the issued share capital was 516,983,637 comprising ordinary shares of 5 pence each, of which 55,146,281 were held in treasury. 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 7 September 2023, 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.

### 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 30 June 2023 the Trust held 4,162,452 shares in the Company (0.81% of the issued share capital).

## Directors' report continued

### 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 (2022: nil).

### Research and Development

The Company continued to undertake research and development activities in order to develop its information technology, including its enterprise resource planning ('ERP') system and digital platforms.

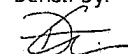
### Carbon and Energy Reporting

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 26 to 65.

### 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 7 September 2023 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 on 30 June 2023 and signed on its behalf by:



**Dan Evans**  
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 financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Parent Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

The Directors 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 and Parent Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Board of Directors confirm that, to the best of their knowledge:

- the Group and Parent Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company, and of the profit of the Group; and
- the Financial review and Principal risks and uncertainties includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

Approved by the Board on 30 June 2023 and signed on its behalf by:

**David Shearer**  
Chair

**Dan Evans**  
Chief Executive

3 7 6 1 2 4 5

- A** Audit & Risk Committee
- N** Nomination Committee
- S** Sustainability Committee
- R** Remuneration Committee
- Chair**

**N**  
**1. David Shearer**  
Non-Executive Chair  
**Appointment to the Board and Committee memberships**  
Appointed to the Board as Non-Executive Chair on 1 October 2018. Prior to this appointment David was a Non-Executive Director of Speedy from 9 September 2016. David is also Chair 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 Chair of Esken Limited and Non-Executive Chair 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-Chair of Martin Currie (Holdings) Limited, Chair 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 Chair 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.

**S**  
**2. Dan Evans**  
Chief Executive  
**Appointment to the Board and Committee memberships**  
Appointed to the Board as Chief Executive on 1 October 2022. Dan is also a member of the Sustainability Committee.

**Skills and experience**  
Dan joined Speedy in December 2008 and has developed through the business undertaking a variety of roles including Regional Director, Contracts Director and Managing Director UK and Ireland, before his appointment as Chief Operating Officer in November 2019. Dan is also a board member of the Supply Chain Sustainability School.



**N R****3. David Garman**

Senior Independent Director

**Appointment to the Board and Committee memberships**

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 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 John Menzies plc, St Modwen Properties Plc and Phoenix IT plc, and a Non-Executive Director at Kewill plc and Victoria plc.

**A R S****4. Rob Barclay**

Independent Non-Executive Director

**Appointment to the Board and Committee memberships**

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

**A N S****5. Rhian Bartlett**

Independent Non-Executive Director

**Appointment to the Board and Committee memberships**

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. Rhian is also the designated Non-Executive Director for employee engagement.

**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.

**A N****6. Shatish Dasani**

Independent Non-Executive Director

**Appointment to the Board and Committee memberships**

Appointed to the Board on 1 February 2021 as Non-Executive Director. Shatish is Chair 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 and Genuit Group 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.

**R****7. Carol Kavanagh**

Independent Non-Executive Director

**Appointment to the Board and Committee memberships**

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

**Skills and experience**

Carol is currently a Non-Executive Director of ScS Group plc and an independent remuneration committee member for British Swimming. 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 Sainsbury's 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.

## 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 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 at page 97.

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. The Sustainability Committee of the Board established at the end of FY2022 was staffed and commenced operation in the year to assist the Board in its oversight of the Company's ESG strategy and support the Board on all sustainability matters. This includes supporting the Board's ongoing evaluation of environmental risks and 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 reports and accounts, it has complied in full with the Combined Code (now the UK Corporate Governance Code 2018 ('the 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 Code. A copy of the Code is available to view on the website of the Financial Reporting Council at [www.frc.org.uk](http://www.frc.org.uk). Throughout the year ended 31 March 2023, the Company has been in full compliance with the provisions set out in the Code with the exception of Provision 38 with regard to Russell Down's employer pension contribution, or payments in lieu, of 15% of base salary not being aligned with those available to the UK workforce prior to him stepping down as Executive Director on 30 September 2022. An agreement was in place to effect the alignment by 31 December 2022 which was in accordance with the current Directors' Remuneration Policy.

All other Executive Directors' employer pension contributions of 3% of salary were aligned with those available to the UK workforce and thus operated in accordance with Provision 38.

### Directors

#### The Board

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

In the year ended 31 March 2023, 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 2023.

Dan Evans succeeded Russell Down as Chief Executive (following his giving notice of his retirement) and was appointed to the Board on 1 October 2022 and a member of the Sustainability Committee. Additionally, during the year James Bunn resigned as Chief Financial Officer and stepped down from the Board on 1 November 2022.

#### Board and Committee attendance at scheduled meetings

	Board (8)	Audit & Risk Committee (4)	Nomination Committee (2)	Remuneration Committee (5)	Sustainability Committee (2)
<b>Executive Directors</b>					
Dan Evans <sup>1</sup>	4/4	0/0	0/0	0/0	1/1
<b>Non-Executive Directors</b>					
David Shearer	8/8	0/0	2/2	0/0	0/0
David Garman	8/8	0/0	2/2	5/5	0/0
Rob Barclay	8/8	4/4	0/0	5/5	2/2
Rhian Bartlett	8/8	4/4	2/2	0/0	2/2
Shatish Dasani	8/8	4/4	2/2	0/0	0/0
Carol Kavanagh	8/8	0/0	0/0	5/5	0/0
<b>Former Directors</b>					
Russell Down <sup>2</sup>	4/4	0/0	0/0	0/0	1/1
James Bunn <sup>3</sup>	4/4	0/0	0/0	0/0	0/0

1 Dan Evans was appointed as Chief Executive and member of the Sustainability Committee with effect from 1 October 2022.

2 Russell Down stepped down as Chief Executive and member of the Board and Sustainability Committee with effect from 30 September 2022.

3 James Bunn stepped down as Chief Financial Officer and member of the Board with effect from 1 November 2022.

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.

#### Chair and Chief Executive

The posts of Chair and Chief Executive are held by David Shearer and Dan Evans, respectively.

A statement as to the division of the responsibilities between the Chair and Chief Executive is available on the Company's website. The Board considered that the Chair, 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 Chair.

#### Board balance and independence

The Board currently comprises the Chair, one Executive Director 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 90 and 91, 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 100 to 105.

The Remuneration Committee is chaired by Carol Kavanagh. The other members are David Garman and Rob Barclay. The Committee Chair's Statement, Directors' Remuneration Policy and Directors' Remuneration Report are on pages 110 to 129.

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 17 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 106 and 107.

The Sustainability Committee is chaired by Rob Barclay. The other members are Rhian Bartlett and Dan Evans. A report of the Committee's activities is contained on pages 108 and 109.

The Chair and other Non-Executive Directors meet at least twice a year without the Executive Directors present. In addition, the Chair 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 at least twice a year without the Chair present, and also undertake an annual appraisal of the Chair's performance as part of the Board 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.

## Corporate governance continued

On resignation, written concerns (if any) provided by an outgoing Non-Executive Director are circulated by the Chair 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 matters relating to diversity, equity and inclusion and encouraging that within senior management levels as recruitment opportunities arise. Any succession planning for the Board recognises this and matters relating to diversity, equity and inclusion 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 106 and 107. 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 Chair, including anticipated time commitment, is included as part of the written statement of division of responsibilities between the Chair and Chief Executive. Details of the Chair's other material commitments are set out on page 90 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 Chair, 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, Nomination or Sustainability 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 Dan Evans was appointed to the Board as Chief Executive. The search and selection of Dan Evans 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 Chair of a FTSE 100 company.

### Diversity, equity, and inclusion

The value of diversity, equity and inclusion ('DEI') in the way we operate is strongly recognised and encouraged in the composition and culture of the Board, Board Committees, senior management as well as the wider workforce.

Underpinning the importance of DEI, we are pleased to report that as at 31 March 2023 our seven-member Board includes two women and a board member from a minority ethnic background, the latter complying with the Listing Rules and Parker Review recommendation; all are standing for re-election at the AGM.

In line with the objective to increase gender diversity across all areas of our business, including the Board, senior management levels, and the appointment of a female Board member into a senior board position<sup>1</sup>, this will be considered as future recruitment opportunities arise as detailed below.

The Board is working hard to seek to overcome any challenges resulting from the under-representation of women, as well as those from a minority ethnic background, within the construction industry and remains committed to reaching the Listing Rules target of not less than 40% female composition on the Board.

1 Chair, CEO, senior independent director (SID) or CFO.

When recruitment opportunities arise on the Board and its Committees, the recruitment process and Recruitment, Selection and Equal Opportunities Policy will be followed, additional details of which can be found in the Including Everyone section of the Strategic Report reported on pages 54 to 65. The Board will always prioritise appointing the best candidate, ensuring that the Board and its Committees have a sufficient range of experience and expertise, to maximise Board effectiveness, whilst at all times considering the targets detailed within the Listing Rules and Disclosure Guidance and Transparency Rules regarding gender/gender identity and minority ethnic background representation. The Board also recognises that diversity can take many forms, including gender, ethnic and social background as well as personal, behavioural, and cognitive strengths; accordingly, the Board understand and appreciate that diversity at Board and Committee level and throughout the Company is a valuable strength.

### Numerical data disclosure obligations as at 31 March 2023:

#### Gender identity/sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
Men	5	71.4%	3	6	85.7%
Women	2	28.6%	0	1	14.3%
Not specified	–	–	–	–	–

#### Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and chair)	Number in executive management <sup>1</sup>	Percentage of executive management <sup>1</sup>
White British or other White (including minority-white groups)	6	85.7%	3	7	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	14.3%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

1 Reference to 'executive management' is to the Company's Executive Team.

The approach to collecting the data used for the purposes of making the disclosures detailed above consisted of each Board and Executive Team member anonymously self-reporting their gender/gender identity and their ethnic diversity as at 31 March 2023. The results are based on a 100% return rate.

On 1 April 2023, Amelia Woodley, ESG Director, and Andy Johnson, HSSEQ Director, joined the Executive Team.

In addition, Paul Rayner is being appointed to the Board as Chief Financial Officer on a permanent basis with effect from 1 July 2023.

#### Speedy's DEI position

A benchmark review of Speedy's DEI position was undertaken against a recent diversity survey completed by the Sustainability Supply Chain School and Sustainability Tool<sup>1</sup> which included input from over 270 companies and 340,000 employees within the construction sector.

	Female gender	Diverse ethnicity	Disability	Diverse religion	Age 18-25	Age 50-65
Speedy <sup>2</sup>	21.3%	6.0%	3.8%	6.8%	10.0%	36.0%
Diversity survey report <sup>3</sup>	23.0%	17.5%	4.5%	13.6%	6.8%	34.0%

1 Sustainability Supply Chain School and Sustainability Tool's survey relating to Equality, Diversity & Inclusion, to which Speedy contributed as a tier 1 supply chain partner.

2 Figures taken from Speedy's internal DEI report.

3 Figures taken from a survey published in February 2023 by the Sustainability Supply Chain School and Sustainability Tool relating to Equality, Diversity & Inclusion, to which Speedy contributed as a tier 1 supply chain partner.

## Corporate governance continued

### Speedy's DEI strategy

The overriding objective of Speedy's DEI Policy is to ensure that the Board, its Committees and Executive Team comprise outstanding individuals who can lead the business effectively in a manner aligned to Speedy's vision, mission and values. Candidates are recruited regardless of age, gender, ethnicity, sexual orientation, disability, or educational, professional and socioeconomic backgrounds, however the Board will at all times consider on such appointments the targets detailed within the Listing Rules and Disclosure Guidance and Transparency Rules regarding gender/gender identity and minority ethnic background representation.

The Board appreciates and is committed to ensuring that it delivers on Speedy's DEI strategy, including increasing female and ethnic representation where appropriate. Details of the Group's approaches and initiatives to help achieve its DEI strategy can be found within the Including everyone; Our Speedy Family section of the ESG Report from page 54.

The Board intends to regularly review progress under Speedy's DEI strategy and the underlying work and achievement to improve its DEI position and provide the basis for further progress.

### 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 Chair. The one-to-one sessions with Directors had been open and constructive. The Board changes in year had introduced new perspectives and insights and scoring in the year-on-year comparative analysis under the questionnaire used. The findings overall were positive, confirming that the Board and Committee meetings were well managed, with an open atmosphere providing good opportunity for discussion, questioning and challenge. Key actions from the evaluation included increasing the frequency and depth of reporting against the implementation of Velocity (detailed from page 18) and increasing the Board's awareness of markets, customers and business development activity. The evaluations in FY2024 will allow for consideration of any relevant matters relating to the deficiency in the value of non-itemised assets.

The Chair 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 Chair, and the Senior Independent Director discussed the results of that assessment with the Chair. No actions were considered necessary as a result of these evaluations, and the Board is satisfied with the Chair's commitment and performance.

### Re-election

Pursuant to the Code and under the Company's Articles of Association all Directors must submit to annual 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 Chair confirm that appointments are for specified terms and that reappointment is not automatic.

### 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 contract for Dan Evans provides for termination by the Company on 12 months' notice. 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 the office of Chairperson 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 Chair 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. The remuneration of Non-Executive Directors was reviewed at the end of FY2023. The conclusion was that the annual base fee be increased to £47,500 and the employee designated Non-Executive Director receive an annual fee of £5,000 both effective from 1 April 2023. Further details of the remuneration of Non-Executive Directors are set out on page 123.

## Corporate governance continued

### Procedure

The Remuneration Committee met on five scheduled occasions during the year, although additional ad hoc meetings took place 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 Carol Kavanagh (Chair), David Garman and Rob Barclay 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 Company Chair, Chief Executive, Chief Financial Officer 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 FY2024.

A more detailed summary of the work of the Remuneration Committee during the year and the Group's Remuneration Policy, to be considered for adoption at the Annual General Meeting in 2023 is contained on pages 110 to 129.

### Accountability and audit

#### Financial reporting

The Directors' Report and independent auditor's report appear on pages 85 to 88 and pages 130 to 139 respectively and comply with Provisions 27 and 30 of the Code.

#### Audit & Risk Committee and auditors

The Audit & Risk Committee met on four scheduled occasions 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 Chair 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 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 5, 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 100 to 105.

### 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 Company's external auditor, highlighting matters identified in the course of its statutory audit work, and is reviewed by the Audit & Risk Committee in the presence of the external auditor and, by invitation, the Chief Executive, the Chief Financial Officer, Group Financial Controller 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 Chair, Chief Executive and Chief Financial Officer give presentations regularly to analysts and investors, which include the Company's half and full-year results. The Chair, 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 Chair 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 Chair, 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

**The Audit & Risk Committee presents its report for the financial year ended 31 March 2023.**

**Shatish Dasani**  
Chair of the Audit & Risk Committee

### 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, following the changes made over the controls around non-itemised hire assets described below, the Group's internal and external processes are robust and appropriately aligned to delivering good financial reporting and governance. The Directors confirm that the Board has completed a robust assessment of the Company's emerging and principal risks, 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](https://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 (Chair), 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 91.

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 91. 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 during the year:

<b>Shatish Dasani (Chair)</b> Non-Executive Director	4/4
<b>Rob Barclay</b> Non-Executive Director	4/4
<b>Rhian Bartlett</b> Non-Executive Director	4/4

### Operation and responsibilities of the Audit & Risk Committee

The Chair, 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 Chair 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 FY2023

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

- the existence and valuation of hire equipment, including the deficiency identified in the year relating to non-itemised assets;
- the going concern basis for the preparation of the Financial Statements;
- the valuation of trade receivables;
- provisions for dilapidations;
- FRC review of the Company's interim report; 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.

## Audit & Risk Committee Report continued

### 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 reported previously, following recommendations made at the end of the audit for the year ended 31 March 2022 and as part of the subsequent work undertaken by management in agreement with the Committee around controls of hire equipment, the Group carried out comprehensive counts of all hire equipment during the year. The counts validated the previously disclosed net book value of itemised assets but identified a deficiency in the value of non-itemised assets of c.£20.4m.

An external investigation was instigated by the Board and following completion of this it was concluded that the issue resulted from problems with the Group's controls and accounting procedures for non-itemised assets over a number of years, and in particular the reconciliation of counts to the Group's fixed asset register. The Board also concluded that the issue was not the result of underlying systemic fraud perpetrated on the Group by its staff or third parties.

Following the counts completed in January 2023, the company carried out a further comprehensive asset count in March 2023 and reconciled this to the book value of fixed assets. This count did not identify the need to increase existing provisions further.

Due to the issues identified in the year and the surrounding control environment, our external auditors have concluded on a limitation in scope in relation to fixed assets as they have been unable to obtain sufficient appropriate audit evidence in relation to these assets.

The Group is strengthening the control environment for managing its non-itemised asset fleet, including additional counts, increased internal audit focus, enhanced control over purchases and disposals, and new procedures for reconciliation to the fixed asset register, which also incorporate recommendations from the investigation.

Based on the further comprehensive asset count was carried out at the year end of March 2023 and this did not identify related control procedures, the need to increase Committee is satisfied that the existing provision amount presented on the balance sheet at 31 March 2023 reflects the correct closing.

### 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 these 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.

The Group's £180m asset-based finance facility was entered into in July 2021 on a three year tenure. On 26 May 2023 options for a further two one-year extensions were exercised and the facility now terminates in July 2026. There are no prior scheduled repayment requirements. The additional uncommitted accordion of £220m remains in place through to July 2026. 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.

### 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.

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

### Provisions for dilapidations

The Group has previously recognised dilapidation provisions upon exit – or notification of exit – of a leased property, together with an ongoing assessment of property conditions. During the year, the Group has reviewed its position, assessing a more comprehensive view of the future liability on all leases in line with accounting standards. This represents a change from the assessment made in prior years and dilapidations are now assessed at the earliest point, being the start of the lease or due to an obligating event. This change has been corrected through a prior year restatement of the balance sheet as at 1 April 2021. There is no impact on the amounts recognised in the income statement.

As a result of the work performed, the Committee is satisfied that the provisions held for dilapidations are sufficient and appropriate, in with accounting standards.

### FRC review of the Company's interim report

During the year, the Financial Reporting Council ('FRC') contacted the Company requesting further information regarding our interim report for the six months ended 30 September 2022, in respect of: Share buyback programme, Impairment review and Disposals of hire equipment.

The FRC review was based on our interim report and did not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The review provides no assurance that our interim report is correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The letters from the FRC are written on the basis that the FRC accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

The Group provided a detailed response into the queries and have adopted the recommended changes in those areas which are relevant to this set of financial statements. The FRC was satisfied by our responses and the review has been concluded.

### 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.

In response to the recommendations made by an external specialist in FY2022, improvements have been made in the control framework for managing cybersecurity risk. These include the appointment of a dedicated security manager, implementation of a significantly enhanced colleague training programme and the introduction of a SIEM (Security Incident Event Management) system that is monitored by a third party. The intrusion defence capability has been strengthened and is routinely subjected to penetration threat tests, also provided by an external specialist.

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 Board is also responsible for defining the risk appetite of the Group. 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 the Interim Chief Financial Officer 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 internal and external auditors. Save for the control framework for non-itemised assets described above, the Committee has concluded that internal controls have operated effectively during FY2023.

## Audit & Risk Committee Report continued

### **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 FY2023.

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 FY2022. The review concluded that 'the internal audit and risk function is effective in providing independent assurance to the organisation and complies with IIA standards. 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 and that the learnings arising from the poor control framework around non-itemised assets should be incorporated into its work processes.

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.

### **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, effectiveness 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 5.5% of the annual audit fees and the three-year average, including former auditor KPMG LLP, was 7.3%. 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.

### Audit & Risk Committee performance evaluation

The Committee carried out a self-evaluation during the year using questionnaires circulated to members of the Committee as well as those who attend regularly including the external auditors, Head of Risk and Assurance and the Executive Directors. The responses received indicated that the Committee was considered to be operating effectively and that it should consider the lessons from the external investigation into non-itemised assets.

The Committee has set the following key objectives for its work as a result:

- Oversee and challenge where necessary the design and implementation of agreed actions relating to controls around non-itemised assets; and
- Support the Head of Risk & Assurance to achieve the full complement of staff of the appropriate calibre.

### Appointment of auditors

Following a comprehensive tender process for the appointment of a new external auditor, PricewaterhouseCoopers started undertaking transitional activity from May 2022, in preparation for the external audit cycle in FY2023.

Having considered the results of the Audit & Risk Committee's work, the Board is recommending the re-appointment of PricewaterhouseCoopers as auditors of the Group for FY2024. The lead audit engagement partner is Jonathan Studholme. PricewaterhouseCoopers has expressed its willingness to continue as external auditors of the Group. Separate resolutions proposing its reappointment and the determination of its remuneration will be proposed at the Annual General Meeting to be held on 7 September 2023.

### 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 Chair 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 30 June 2023.

### Shatish Dasani

Chair of the Audit & Risk Committee

## Nomination Committee Report

### The Nomination Committee presents its report for the financial year ended 31 March 2023.

**David Shearer**  
Chair of the Nomination Committee

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 Chair, 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 90 and 91.

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](https://speedyservices.com/investors) and are also available in hard copy form on application to the Company Secretary.

#### Attendance

The Nomination Committee met on two occasions during the year. Additional ad hoc meetings took place dealing with Board changes occurring during the year. Details of the attendance at scheduled Nomination Committee meetings are set out in the table below. At the invitation of the Chair, 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:

#### Nomination Committee attendance

<b>David Shearer (Chair)</b>	<b>2/2</b>
<b>Non-Executive Chair</b>	
<b>David Garman</b>	<b>2/2</b>
<b>Non-Executive Director</b>	
<b>Rhian Bartlett</b>	<b>2/2</b>
<b>Non-Executive Director</b>	
<b>Shatish Dasani</b>	<b>2/2</b>
<b>Non-Executive Director</b>	

#### 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 election or 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's 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 equity and inclusion and the objective of increasing the diversity of the Board. The Company's values and objectives in this area are disclosed on pages 55, 94 and 107. 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 Directors and senior management, which followed the completion of an annual review led by the Chief People Officer for the latter. The review included the identification of talented individuals for key management roles and development across the Group and took account of the Company's objectives to increase diversity, equity and inclusion across all levels. In support of succession planning and senior management development, Non-Executive Directors participate in the Group's mentoring scheme.

### Board

During the year the Nomination Committee has overseen the changes within the Executive Directors on the Board.

In May 2022 Russell Down, then Chief Executive, advised the Board of his intention to retire and agreed to remain with the business until a successor was in place to ensure a smooth and orderly transition. The Nomination Committee led the process for the appointment of his successor and external search consultants Russell Reynolds Associates were retained. Both external and internal candidates were considered, with the Committee pleased to recommend Dan Evans, an internal candidate and the then incumbent Chief Operating Officer. Dan was appointed Chief Executive and joined the Board with effect from 1 October 2022. Russell Down left the business in May 2023 on the expiration of his twelve month notice period.

In October 2022 James Bunn, then Chief Financial Officer (CFO), resigned to pursue an opportunity in an unrelated sector. It was agreed that James would step down as CFO and from the Board on 1 November 2022. The Nomination Committee led the process for the appointment of a permanent successor and external search consultants Russell Reynolds Associates were retained. In the intervening period, Paul Rayner was appointed interim CFO with effect from 1 November 2022, for a period of up to 12 months, to allow time for the permanent recruitment process. In view of the interim nature of the role, Paul was not appointed to the Board. With an interim in place James Bunn left the business on 31 December 2022 after supporting the smooth hand over of responsibilities. Following a comprehensive search process Paul Rayner will be appointed to the Board as CFO on a permanent basis with effect from 1 July 2023.

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 with both the Executive Directors in place, the overall size, structure and composition of the Board had been well balanced and operated effectively. In view of the above changes in Executive Directors this will be further reviewed after the new appointees have settled into role. The Board Committees were all continuing to work effectively.

The Committee recommended the three-year extension of the term of appointment of Rhian Bartlett to expire on 31 July 2025 and a one year extension to the term of appointment of both David Garman and Rob Barclay to expire July 2024 and March 2024 respectively, providing increased Board stability during the period of change amongst the Executive Directors.

As previously reported, following the FY2022 annual evaluation of the Board and its Committees, and to balance Non-Executive Directors roles and commitments on the Board and its Committees and the staffing of the new Board Sustainability Committee the Committee recommended the following changes 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 took 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 to remain on the Remuneration Committee; and
- Rhian Bartlett to take over as the designated Non-Executive Director for employee engagement from Rob Barclay on 30 September 2022.

The changes had been implemented with relevant Directors settling into their new roles. Dan Evans took over from Russell Down on the Sustainability Committee following his appointment as Chief Executive on 1 October 2022.

### Diversity, Equity and Inclusion

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. During the year the Committee reviewed the Company's Diversity, Equity and Inclusion Policy and objectives generally to increase gender diversity on the Board, its Executive Team and amongst senior management and, in particular, with a view to meeting gender targets for those under the Listing Rules. More generally the Group's approach to diversity, equity and inclusion can be seen on pages 55, 94 and 107 of the Corporate Governance Report, along with details of the gender balance of those personnel in senior management.

The Nomination Committee has recommended the election and re-election of all Directors standing at the forthcoming Annual General Meeting.

This report was approved by the Board on 30 June 2023.

### David Shearer

Chair of the Nomination Committee

Sustainability Committee Report

The Sustainability Committee presents its report for the financial year ended 31 March 2023.

**Rob Barclay**  
Chair of the Sustainability Committee

Chaired by Rob Barclay, the key function of the Sustainability Committee is to assist the Board in its oversight of Speedy's Environmental, Social and Governance (ESG) strategy and to provide input to the Board and other Board Committees on ESG-related matters as required.

**Composition of the Sustainability Committee**

The Sustainability Committee comprises the Chair, Rob Barclay, Rhian Bartlett and Dan Evans. Appointments and attendance at meetings during the year are set out below. Biographies of the members of the Sustainability Committee are set out on page 91.

The terms of reference of the Sustainability 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](https://speedyservices.com/investors) and are also available in hard copy form on application to the Company Secretary.

**Attendance**

This being the first year of the Sustainability Committee, its first meeting was held in September 2022 and in total met on two occasions during the year. Details of the attendance are set out in the table below.

At the invitation of the Chair, Speedy's ESG Director, Amelia Woodley is invited to attend Committee meetings. Amelia was appointed to Speedy's Executive Team as of 1 April 2023, underlining the importance ESG has within Speedy.

Sustainability Committee meetings and member attendance during the year:

<b>Rob Barclay (Chair)</b> Non-Executive Director	2/2
<b>Rhian Bartlett</b> Non-Executive Director	2/2
<b>Dan Evans<sup>1</sup></b> Chief Executive	1/1
<b>Russell Down<sup>2</sup></b> Former Chief Executive	1/1

1 Dan Evans was appointed as Chief Executive and member of the Sustainability Committee with effect from 1 October 2022.  
2 Russell Down stepped down as Chief Executive and member of the Board and Sustainability Committee with effect from 30 September 2022.

**Operation of the Sustainability Committee**

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

The Sustainability Committee's duties include inter alia:

- reviewing Speedy's ESG strategy and execution for the Board;
- engaging with and supporting the other Board Committees (Audit & Risk, Remuneration and Nomination Committees) in respect of ESG matters;
- overseeing Speedy's sustainability disclosures on behalf of the Board, including approval of the ESG Report, Task Force on Climate-Related Financial Disclosures and greenhouse gas emissions; and
- monitoring developments and emerging best practice in approaches to ESG matters.

During the year the Sustainability Committee fulfilled all of the duties set out above. In particular, the Sustainability Committee undertook a detailed review of Speedy's ESG strategy, execution and progress against ESG-related targets, including its aim to achieve Net Zero by 2040, as reported within the Strategic Report from page 38. The Committee was pleased to note progress made and to review and approve the proposed ESG strategy, and execution against its 'Decade to Deliver' targets for FY2024.

This report was approved by the Board on 30 June 2023.

**Rob Barclay**

Chair of the Sustainability Committee

## Remuneration Report

## The Remuneration Committee presents its report for the financial year ended 31 March 2023.

**Carol Kavanagh**  
Chair of the Remuneration Committee

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 March 2023, my first since taking over as Chair of the Remuneration Committee. As in previous years, the report has been divided into the following three sections:

- this Annual Chair's Statement summarising major decisions and any relevant changes to remuneration;
- the Remuneration Policy Report, which sets out the Group's proposed policy on the remuneration of the Executive and Non-Executive Directors for the next three years; and
- the Annual Remuneration Report outlining how the Group's Remuneration Policy was implemented in FY2023 and how it will be implemented in FY2024.

In accordance with sections 439 and 439A of Companies Act 2006, the Company will be asking shareholders at the 2023 Annual General Meeting ('AGM') to vote on two separate resolutions as follows:

- the binding triennial vote on the Directors' Remuneration Policy, which will, subject to shareholder approval, become formally effective as at the date of the AGM; and
- an advisory vote on the Directors' Remuneration Report (excluding the Policy), which provides details of the remuneration earned by Directors for performance in the year ended 31 March 2023 and how we intend to remunerate Directors in the year ending 31 March 2024.

Following a detailed review and extensive consultation exercise with our major shareholders and the main shareholder representative bodies, no changes are being made to the Policy in respect of remuneration quantum. However, the Committee is proposing the following minor updates to the Policy in response to shareholder feedback and to reflect developments in remuneration governance and best practice over the last three years:

- **Pension Policy** – The maximum value of pension provision in the current Policy for current Executive Directors is 15% of salary. However, noting that the Chief Executive has received, and any new Finance Director will receive, a workforce aligned pension provision from appointment, the 15% of salary Policy maximum will be replaced by a requirement to offer

workforce aligned pension provision (which is currently 3% of salary) to Executive Directors in line with the 2018 UK Corporate Governance Code. Shareholders consulted on the new Policy were supportive of this change.

- **Introduction of ESG Performance Metrics** – The current Policy permits the use of non-financial targets in respect of the annual bonus and Performance Share Plan ('PSP') awards although there is no specific reference to ESG-based targets. Going forward and reflecting that a separate part of the annual bonus (15%) is already based on ESG and the Committee may introduce ESG-based targets for future PSP awards from 2024 onwards to the extent appropriate, the proposed Policy will make explicit reference to the operation of ESG-based targets going forward. However, noting that shareholder views were mixed in respect of shareholders consulted expressed support for the inclusion introduction of specific references to ESG-based metrics in the Policy. However, consistent with the Remuneration Committee's current thinking, there was an emphasis on the need for incentive targets to be in the PSP, the Committee will: (i) ensure any targets are both relevant to the Company's strategy and are measurable, to the extent that new metrics are introduced; and (ii) re-engage with major shareholders in the future advance of introducing such targets.
- **Bonus Deferral** – Bonus potential is currently capped at 125% of salary under the Policy, with any bonus above 100% deferred into shares for two years. However, given that bonus potential has been capped at 100% of salary (i.e. below the 125% Policy

maximum) during the current Policy period, no deferral has operated in practice. Going forward, following shareholder feedback and noting the Committee's current intention to maintain bonus potential at 100% of salary, the threshold for deferral will be lowered from 100% to 75% of salary, with 50% of any bonus paid in excess of 75% of salary normally deferred into shares for two years. In the Committee's view, this approach strikes a sensible balance between the Executive Directors (i.e. ensuring bonus potential remains market competitive) and shareholder interests. However, should the bonus quantum be increased to 125% of salary during the next Policy period (after appropriate consultation), it is the Committee's intention that a minimum of 20% of the entire bonus would be deferred into shares for two years. Shareholders consulted on the new Policy were supportive of both the current and the proposed approach, should bonus potential be increased in the future.

- **Service contracts and leaver policy** – Reflecting feedback from the Investment Association, the leaver Policy will be updated to make it clear that, in line with Speedy's current practice, annual bonus awards would only be awarded in 'good leaver' scenarios. In addition, following the recent changes amongst Executive Directors, the service contract section was reviewed and minor changes made to align it to Speedy's current Executive Director model service contract where appropriate. Shareholders consulted on the new Policy were supportive of these changes.

### Performance and reward for FY2023

The Group performed well in the year to 31 March 2023 with an increase in revenue and adjusted profit before tax in line with the Board's expectations. However, despite making progress on the strategic and ESG-based objectives, reflecting that the threshold PBT target was not met, no annual bonus was awarded in respect of the year ended 31 March 2023. In respect of the PSP awards granted on 27 November 2020, given the difficulty in setting robust three-year EPS targets and the Committee's desire to see the share price return to pre-Covid levels, these awards were based on absolute Total Shareholder Return targets. However, based on performance to 31 March 2023, 0% of the awards are currently expected to vest in November 2023.

### Policy Implementation for FY2024

In respect of implementing the Policy for the year ending 31 March 2024:

- **Salary** – Following his appointment as Chief Executive on 1 October 2022, Dan Evans' salary was set below the market level at £450,000. Subject to Company and individual performance and consideration of wider workforce pay, this will increase to no more than £495,000 p.a. (i.e. closer to market levels) from 1 October 2023 (i.e. the first anniversary of appointment). As shareholders may recall, following a positive shareholder consultation exercise carried out circa 12 months ago and as set out in last year's Directors' Remuneration Report, the Committee had intended to move Russell Down's salary from £445,000 to £495,000 from 1 April 2023. However, this increase was not ultimately implemented following notice of Russell's retirement. Workforce aligned, or lower, base salary increases are envisaged for Dan Evans from 2024 onwards. While bonus and PSP award levels were also set below market levels and below current Policy maximums, it is currently envisaged that these will move towards market levels over a longer period of time.
- **Pension** – The Chief Executive will continue to receive a workforce aligned pension contribution, currently set at 3% of salary (with any Executive Director appointments receiving the same).
- **Annual bonus** – For the financial year beginning 1 April 2023, notwithstanding that the maximum annual bonus opportunity in the Remuneration Policy is set at 125% of salary, potential will continue to be limited to 100% of salary in line with past practice. Performance metrics will continue to be based on financial, strategic and ESG targets to reflect Speedy's priorities for the year ahead. Outstanding performance will be required for the maximum bonus to become payable. As explained above, 50% of any bonus award above 75% of salary in respect of the year ending 31 March 2024 will be deferred into shares for two years. Full retrospective disclosure of the performance metrics, targets and outturns will be provided in the Directors' Remuneration Report for the year ending 31 March 2024.
- **PSPs** – 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 FY2024 will be granted to Executive Directors 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. Performance metrics for FY2024 PSP

awards will continue to be based on EPS and relative TSR. The Committee intends to disclose the performance metrics and targets via an RNS published immediately following the grant date.

### 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.

In recent years every employee in Speedy has participated in a discretionary bonus scheme relevant to their role, ensuring all employees are able to share in the success of the organisation. We have reviewed our discretionary bonus schemes and for FY2024 we have reduced the number of schemes across the lower grades in favour of a further salary increase later in the year, to provide a greater level of fixed income to those colleagues. In addition, alongside the Company wide salary review process, investment will continue to be made during the year to ensure that employees are paid at or above the Real Living Wage. Our apprentices are paid well above the relevant apprentice minimum wage during their first year and then at least the relevant national minimum or living wage until they transfer off the apprenticeship scheme, at which point they are paid at least the Real Living Wage.

### Shareholder engagement

In addition to the shareholder consultation on the proposed Directors' Remuneration Policy referred to above, 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. We will continue to take into account the views of our shareholders as appropriate. The Committee was pleased by the strong support received from shareholders for the Directors' Remuneration Report and Annual Report on Remuneration at the 2022 AGM. I am grateful for the consideration and constructive feedback from shareholders during the consultation process this year.

### Conclusion

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 resolutions at our AGM.

This report was prepared by the Remuneration Committee and approved by the Board on 30 June 2023.

**Carol Kavanagh**

Chair of the Remuneration Committee

# Directors' Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the updated Directors' Remuneration Policy ('Policy') for the Group. This updated Policy will be put to shareholders for approval in a binding vote at the 2023 AGM and if approved it will be effective from that date. The Remuneration Committee's current intention is that the revised policy will operate for the three-year period to the 2026 AGM.

## Summary of Policy Changes

Shareholders approved our current Policy at the 2020 AGM with over 96% of votes cast in favour. Against a background of the Policy expiry, progress on strategy and changes to the leadership team and in light of shareholder feedback received, the Committee is proposing a number of minor Policy changes. The changes, none of which involve any increase to quantum, are set out below:

- **Pension** – The Policy has been updated to remove references to the previous approach to pension provision which differentiated between new and incumbent Executive Directors. Going forward, pension provision for all Executive Directors will be aligned with the workforce.
- **ESG** – References to annual bonus and Performance Share Plan performance targets have been updated to make it clear that in addition to a potential range of financial, personal and strategic targets, the Committee may introduce ESG-based performance metrics and targets where appropriate.
- **Annual bonus deferral** – The Policy in respect of deferring annual bonus has been strengthened. Rather than the current approach of deferring any bonus above 100% of salary into shares, going forward, 50% of any annual bonus paid in excess of 75% of salary will be compulsorily deferred into shares for two years. While recent practice has been to set maximum bonus potential at 100% of salary (i.e. below the existing 125% Policy maximum), should bonus quantum be increased to 125% of salary during the three year Policy period, it is the intention of the Committee that at least 20% of the entire annual bonus award would be deferred into shares for two years.
- **Service contracts** – Minor updates were made to the Policy to ensure they align to the current Executive Director model service contract.

- **Leaver provisions** – The Policy in respect of leavers has been updated to make it clear that annual bonus awards will only be paid in 'good leaver' scenarios.

## 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** – 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.

## Directors' Remuneration Policy table

The table below summarises each element of the proposed updated Remuneration Policy for the Directors, explaining how each element operates and the links to the corporate strategy. If approved, the Policy will be effective from the date of the Company's 2023 AGM.

This Policy has been prepared in accordance with the provisions of the Companies Act 2006 ('the Act') and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations') as amended, the UK Corporate Governance Code, the Financial Conduct Authority's Listing Rules and the Disclosure and Transparency Rules. It also takes into account the accompanying Directors' Remuneration Reporting Guidance, the Corporate Governance Code, prevailing shareholder and proxy guidelines and wider best practice.

The overall approach to remuneration remains consistent, with modest adjustments to ensure the policy continues to underpin the performance of the business and deliver a balanced remuneration package to executives that is focused on total remuneration with a significant proportion of the package based on performance-related variable pay. The Remuneration Report will note how the current Remuneration Policy has been implemented over the previous year and how the proposed Policy will be implemented in the following year.

## Salary

Purpose and link to strategy	Operation	Maximum	Performance targets
Recognises the knowledge, skills and experience, as well as the size and scope of the role.	Normally reviewed annually with changes typically effective 1 April.	There is no prescribed maximum annual basic salary or salary increase.	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.
Provides an appropriate level of basic fixed income avoiding excessive risk arising from over reliance on variable income.	Paid in cash on a monthly basis.	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.	
	Pensionable.	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.	
	Comparison against companies with similar characteristics and sector peers are taken into account in review.	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.	
	Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account.		

## Benefits

Purpose and link to strategy	Operation	Maximum	Performance targets
To provide a competitive benefits package.	Benefits may include a car or car allowance, health benefits including permanent incapacity and life insurance.	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.	N/A
To promote recruitment and retention.	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.	The maximum level of participation in respect of any all-employee share plan is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Company).	
	Any reasonable business-related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit).		
	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.		

## Directors' Remuneration Policy Report continued

### Pension

Purpose and link to strategy	Operation	Maximum	Performance targets
To provide market competitive retirement benefits, to reward sustained contribution.	Defined contribution and/or pension allowance.	Workforce aligned.	N/A

### Bonus

Purpose and link to strategy	Operation	Maximum	Performance targets
<p>To 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>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 75% of salary are normally payable in cash (although the Committee reserves the right to deliver some or all of such bonus in shares which may be deferred).</p> <p>50% of any bonus paid in excess of 75% of salary will normally be compulsorily deferred into shares for two years with vesting normally subject to continued employment.</p> <p>Note, should bonus quantum be operated at 125% of salary during the Policy period, it is the intention of the Committee that a minimum of 20% of the entire bonus would be deferred into shares for two years with vesting normally subject to continued employment.</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>The annual bonus policy maximum is 125% of salary in any financial year.</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 and/or ESG-based 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 25% of the maximum opportunity will be payable for threshold performance and no more than 50% of the maximum opportunity will be payable for on-target performance.</p>



## Performance Share Plan

Purpose and link to strategy	Operation	Maximum	Performance targets
To recruit and retain Executive Directors.	Discretionary conditional awards or nil or nominal cost options are normally granted annually.	Maximum annual awards of 150% of salary in any financial year may be granted.	Performance normally measured over three years.
Aligned to main strategic objectives of delivering long term value creation.	The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures.		Performance targets and metrics may be based on financial targets (e.g. Earnings Per Share), share price-based targets (e.g. relative Total Shareholder Return targets) and/or strategic/ ESG-based targets as set by the Committee to reflect the prevailing strategic priorities.
Align Executive Directors' interests with those of shareholders.	Awards vest subject to performance conditions normally measured over three financial years.		Performance underpins may also apply.
	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.		A maximum of 25% vests at threshold increasing to 100% vesting at maximum on a straight line basis.
	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.		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.
	Participants may also be entitled to receive dividend equivalents on shares which vest.		
	Any dividend equivalents accrued will normally be delivered in shares.		
	All awards are subject to the discretions contained in the relevant plan rules.		

## Directors' Remuneration Policy Report continued

### Shareholding requirements

Purpose and link to strategy	Operation	Maximum	Performance targets
To strengthen the alignment between the interests of the Executive.	In accordance with best practice, share ownership requirements apply during and after employment.	Executive Directors are required to build up and maintain an in employment shareholding worth at least 200% of base salary.	N/A
Directors and those of shareholders.	<p><b>In-employment shareholding requirement</b></p> <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> <p><b>Post-employment shareholding requirement</b></p> <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 will apply 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 would not be included.</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>	

## Non-Executive Directors

Purpose and link to strategy	Operation	Maximum	Performance targets
To attract and retain high calibre Non-Executive Directors.	<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>	<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>	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 and/or ESG 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 are selected by the Remuneration Committee on the belief that a combination of conditions drawn from TSR, key financial objectives and, where relevant, strategic/ESG-based targets provides strong alignment with the delivery of long-term returns to shareholders and incentivises strong Group performance – consistent with the Company's objective of delivering superior sustainable 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 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.

## Directors' Remuneration Policy Report continued

### Remuneration scenarios for Executive Directors

The remuneration package comprises core fixed pay (base salary, pension and benefits) and performance based variable pay (annual bonus and the PSP). The chart below illustrates the composition of the Chief Executive's remuneration package under the proposed policy for threshold, on-target and stretch performance.

#### Notes:

- Chief Executive base salary effective 1 April 2023;
- an approximated annual value of benefits;
- a workforce aligned annualised pension contribution;
- minimum performance comprises salary, benefits and pension only, with no bonus awarded and no PSP awards vested;
- on-target performance comprises annual bonus, based on 50% of the maximum and PSP awards assuming 50% of the maximum awards vest;
- maximum performance comprises annual bonus awarded at the maximum level of 125% of salary, and 150% of salary PSP awards assuming that 100% of the performance shares will vest; and
- maximum performance plus 50% share price appreciation illustrates the effect of a 50% growth in the Company's share price on the value of the PSP awards.

### How employees' pay is taken into account

The designated employee Non-Executive Director normally attends an annual Colleague Consultative Committee (formerly the employee forum) meeting (the last meeting was held in March 2023) where Directors' remuneration and how it aligns with the wider pay policy is discussed. In addition, employees were consulted on the development of, and proposed changes to, the Remuneration Policy at this meeting. 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.

### 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 with our major shareholders and the main shareholder representatives on the updated Remuneration Policy in the three months up to 31 March 2023. Following consideration of the feedback received, which was generally very positive and therefore resulted in no changes being made to the updated Policy, a shareholder consultation wrap up exercise was carried out in order to share the feedback received and the Committee's conclusions.

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.

### 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.

The maximum level of variable pays 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
Dan Evans	29 July 2022	12 months

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, benefits 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.

Annual bonus may be payable for a good leaver with respect to the period of the financial year worked although it will be performance linked, 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 individual's 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 retirement, 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 time pro-rating. However, the Remuneration Committee retains discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating in full or in part if it considers it appropriate to do so.

## Directors' Remuneration Policy Report continued

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.

### 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.

### 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.

Non-Executive Director	Appointment date	Month of last election	Expected month of expiry of current term <sup>1</sup>
David Shearer <sup>2</sup>	1 October 2018	September 2022	July 2024
David Garman	1 June 2017	September 2022	July 2024
Rob Barclay	1 April 2016	September 2022	April 2024
Rhian Bartlett	1 June 2019	September 2022	July 2025
Shatish Dasani	1 February 2021	September 2022	July 2024
Carol Kavanagh	1 June 2021	September 2022	July 2024

#### Notes:

- 1 Subject to annual re-election by shareholders at the AGM.
- 2 Details relate to appointment as Non-Executive Chairman, original appointment as Non-Executive Director was 9 September 2016.

# Annual Remuneration Report

The sections of the Annual Remuneration Report that have been audited by PwC are indicated in the corresponding titles of those sections.

## Remuneration Committee role and membership

The Remuneration Committee comprises three members: Carol Kavanagh (Chair), David Garman and Rob Barclay. Carol Kavanagh took over as Chair of the Committee from Rob Barclay with effect from 30 September 2022. 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 page 91. Details of the attendance at Remuneration Committee meetings are set out below.

Remuneration Committee members and scheduled meetings attended:

<b>Carol Kavanagh (Chair)</b> Non-Executive Director	5/5
<b>David Garman</b> Senior Independent Director	5/5
<b>Rob Barclay</b> Non-Executive Director	5/5

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:

- making recommendations to the Board on the Group's framework and policy for the remuneration of the Company Chair, Executive Directors, Company Secretary and senior executives;
  - reviewing and determining, on behalf of the Board, executive remuneration and incentive packages to ensure such packages are fair and reasonable;
  - reviewing Directors' expenses;
  - reviewing Executive and Non-Executive Directors against the shareholding guidelines;
  - determining the basis on which the employment of executives is terminated;
  - designing the Group's share incentive schemes and other performance-related pay schemes, and to operate and administer such schemes;
  - determining 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;
  - ensuring that no Director is involved in any decisions as to his/her own remuneration; and
  - reviewing regularly the ongoing appropriateness and effectiveness of all remuneration policies.
- During FY2023, the Remuneration Committee reviewed the following matters at its meetings:
- determination of FY2022 bonuses for the Executive Directors and senior managers;
  - feedback on Directors' Remuneration Report and final outcome of 2022 AGM voting for the report;
  - consideration of the Group's proposed Remuneration Policy to apply from 2023 AGM to 2026 AGM, including results of significant shareholder consultation;
  - determination of executive remuneration structure and application of the policy for FY2023 and FY2024;
  - proposed FY2024 bonus scheme for Executive Directors and Executive Team members and bonus arrangements for employees generally;
  - 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 PSP;
  - progress of bonus achievement for FY2023 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 and alignment to Company culture;
  - performance of external remuneration advisors;
  - use of equity for employee share plans in relation to dilution headroom limits;
  - review of the Non-Executive Chairman's fee; and
  - determining remuneration arrangements for senior management joiners and leavers.

## Annual Remuneration Report continued

The Remuneration Committee's terms of reference are published on the Company's website at [speedyservices.com/investors](https://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 was appointed by the Committee in 2020 following a competitive tender and has no other connection or relationship with the Group or individual Directors and provided no other services to the Group during FY2023. FIT is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees paid to FIT for FY2023 totalled £49,360 (excluding VAT) in respect of advice provided to the Remuneration Committee and for related matters based on a standing retainer (with any additional time based on time and materials). Following the Committee's annual review of its advisor and the advice received, the Committee concluded that FIT's advice continues to be objective and independent.

The Remuneration Committee also sought advice from the Group's legal advisers, Pinsent Masons LLP ('Pinsents'), in connection with the production of this report, the 2014 Performance Share Plan and the all employee share scheme ('SAYE'), fees paid to Pinsents for FY2023 totalled £5,665 (excluding VAT).

### Implementation of the Remuneration Policy for FY2024

#### Base salary

Following his appointment as Chief Executive on 1 October 2022, Dan Evans' salary was set below the market level at £450,000. Subject to Company and individual performance and consideration of wider workforce pay, this will be increased to no more than £495,000 pa (i.e. closer to market levels) from 1 October 2023 (i.e. the first anniversary of appointment). As shareholders may recall, following a positive shareholder consultation exercise carried out circa 12 months ago and as set out in last year's Directors' Remuneration Report, the Committee had intended to move Russell Down's salary from £445,000 to £495,000 from 1 April 2023. However, this increase was not ultimately implemented following notice of Russell's retirement. Workforce aligned, or lower, base salary increases are envisaged for Dan Evans from 2024 onwards. While bonus and PSP award levels were also set below market levels and below current Policy maximums, it is currently envisaged that these will move towards market levels over a longer period of time.

#### Pension

The pension allowance for Dan Evans will continue to be set at 3% of salary as per the average of the UK workforce.

#### Annual bonus

For the financial year beginning 1 April 2023, notwithstanding that the maximum annual bonus opportunity in the Remuneration Policy is set at 125% of salary, potential will continue to be limited to 100% of salary in line with past practice. Performance metrics will continue to be based on financial, strategic and ESG 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 Executive Directors for FY2024 will be granted 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 2023 to 31 March 2026. The Committee has yet to finalise the performance targets but intends to disclose them via an RNS published immediately following the grant date.

### Non-Executive Directors

Current annual fee levels for Non-Executive Directors are as follows:

Non-Executive Director	Role	Committee chair role	1 April 2023 <sup>1</sup>	1 April 2022
David Shearer	Non-Executive Chairman	Nomination	£150,000	£140,000
David Garman	Senior Independent Director	–	£54,500	£52,000
Rob Barclay	Non-Executive Director	Sustainability	£54,500	£52,000
Rhian Bartlett	Non-Executive Director	–	£52,500	£45,000
Shatish Dasani	Non-Executive Director	Audit & Risk	£54,500	£52,000
Carol Kavanagh	Non-Executive Director	Remuneration	£54,500	£45,000

1 The policy reflects a base Board fee of £47,500 (FY2023: £45,000); additional fees for the Chairman of the Audit & Risk, Remuneration and Sustainability Committees of £7,000 (FY2023: £7,000), an additional fee for the Senior Independent Director (David Garman) of £7,000 (FY2023: £7,000) and for the designated employee Non-Executive Director £5,000 (FY2023: NIL).



**Directors' remuneration for FY2023 (Audited)**

The emoluments of the Directors of the Company for the year under review were as follows:

	Financial year	Fees/basic salary £'000	Benefits £'000 <sup>4</sup>	Pension £'000 <sup>5</sup>	Total fixed remuneration £'000	Annual bonus £'000 <sup>6</sup>	Value of long-term incentives £'000 <sup>7</sup>	Total variable remuneration £'000	Total remuneration £'000
<b>Executive Directors</b>									
Dan Evans <sup>1</sup>	2023	225	4	7	236	0	0	0	236
	2022	–	–	–	–	–	–	–	–
<b>Non-Executive Directors</b>									
David Shearer	2023	140	–	–	140	–	–	–	140
	2022	133	–	–	133	–	–	–	133
David Garman	2023	52	–	–	52	–	–	–	52
	2022	48	–	–	48	–	–	–	48
Rob Barclay	2023	52	–	–	52	–	–	–	52
	2022	50	–	–	50	–	–	–	50
Rhian Bartlett	2023	45	–	–	45	–	–	–	45
	2022	43	–	–	43	–	–	–	43
Shatish Dasani	2023	52	–	–	52	–	–	–	52
	2022	50	–	–	50	–	–	–	50
Carol Kavanagh	2023	49	–	–	49	–	–	–	49
	2022	35	–	–	35	–	–	–	35
<b>Former Directors</b>									
Russell Down <sup>2</sup>	2023	223	7	27	257	0	0	0	257
	2022	395	16	59	470	265	0	265	735
James Bunn <sup>3</sup>	2023	198	0	6	204	0	0	0	204
	2022	329	16	10	355	220	–	220	575
<b>Totals</b>	2023	<b>1,036</b>	<b>11</b>	<b>40</b>	<b>1,087</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,087</b>
	2022	<b>1,083</b>	<b>32</b>	<b>69</b>	<b>1,184</b>	<b>485</b>	<b>0</b>	<b>485</b>	<b>1,669</b>

1 Dan Evans was appointed to the Board on 1 October 2022.

2 Russell Down retired from the Board on 30 September 2022.

3 James Bunn resigned from the Board on 1 November 2022.

4 Taxable benefits comprise a car or cash alternative, health insurance and life insurance.

5 Russell Down, James Bunn and Dan Evans received £27k, £8k and £10k respectively in lieu of pension contributions which are included in the Pension column below together with any actual pension contributions made.

6 For FY2023 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.

7 For FY2023, this reflects that the 2020 PSP awards were made in November 2020 and subject to an absolute TSR performance target which will be assessed in November 2023, the current assessment is detailed below.

**Annual bonus assessment in respect of FY2023 performance (Audited)**

Dan Evans (from 1 October 2022) and Russell Down (to 30 September 2022) were eligible to receive pro-rated annual bonuses in respect of financial and operational performance in FY2023. Following his resignation, James Bunn was not eligible to receive an annual bonus for FY2023.

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)
Adjusted PBT <sup>1</sup>	70%	£34.2m	£37.62m	£32.1m	0%
Strategic (Pricing, Return on Capital, Recruitment)	15%	15%	–	–	0% <sup>2</sup>
ESG (CO <sub>2</sub> per employee, Diversity, Safety)	15%	15%	–	–	0% <sup>2</sup>
<b>Total</b>	<b>100%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0%</b>

1 Group adjusted profit before tax ('adjusted PBT').

2 Despite progress made against strategy delivery and ESG targets, on the basis that the threshold PBT target was not met, no assessment was made against the Strategic targets (focussed on pricing in the context of cost inflation, maximising return on capital against budget and accelerating the recruitment of apprentices and graduate trainees) or ESG targets (delivering a year on year reduction in CO<sub>2</sub> per employee, making progress on diversity and proactively managing and minimising safety incidents).

## Annual Remuneration Report continued

### PSP awards due to vest in 2023 (Audited)

LTIP awards were granted to Executive Directors and senior executives on 27 November 2020. Given the difficulty in setting robust three-year EPS targets and the Committee's desire to see the share price return to pre-Covid levels, the 2020 PSP awards were based on the following absolute Total Shareholder Return targets:

The Company's compound annual growth rate of TSR <sup>1</sup> over the three years from the grant date	Percentage of an Award that may Vest <sup>2</sup>
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

1 Based on one month base and end share price averages.

2 The number of Shares which may vest may be reduced (including to zero) where the Committee determines that exceptional circumstances exist which mean that the Vesting of the Award 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 Participant).

The TSR performance period runs for three years from the date of grant (27 November 2020) and therefore has not yet concluded. Based on the Company's performance to 31 March 2023, 0% of the 2020 PSP awards are currently expected to vest. Actual vesting will be assessed at the end of the three-year performance period and any change in the vesting outcome and value of the LTIP 2020 for the purposes of the single figure of remuneration will be shown in next year's report.

Based on the above, the estimated 2020 PSP award vesting as at 31 March 2023 is as follows:

	Awards granted	Shares vesting based on estimated performance	Dividend equivalent shares	Total shares expected to vest	Estimated value at vesting
Russell Down	565,490	0	—	0	£0
Dan Evans <sup>1</sup>	342,765	0	—	0	£0

1 Granted on the same date and terms as award granted to Executive Directors in respect of his below Board Chief Operating Officer role.

The 2020 PSP award granted to James Bunn over 474,037 shares lapsed on cessation of employment.

### Long-term incentive plan awards granted to Executive Directors in the year (Audited)

James Bunn was granted the following awards under the 2014 Performance Share Plan on 14 June 2021, which were structured as nil cost options, as set out below:

Executive Director	Date of grant	Basis of award	Maximum shares under award	Face value of awards <sup>1</sup>	Performance period <sup>2</sup>	Vesting period	% vesting at threshold
James Bunn	20/06/2022	100% of salary	747,417	£328,500	Three years ending 31 March 2025	Three years from grant	25% of an award

In addition to the above, Dan Evans was granted a PSP award over 604,528 shares on the same date and terms of the award detailed above in respect of his below Board Chief Operating Officer role.

1 Determined using the average mid-market closing share price of the Company for the five days preceding the date of grant (43.95p).

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 6.17 pence with full vesting of this part of the award for EPS of 7.72 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 2025. 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<sup>1</sup> are as follows:

Executive Director	Interest at 1 April 2022	Options/ awards granted during the year	Options/ awards exercised during the year	Options/ awards lapsed during the year	Interest at 31 March 2023	Exercise price (pence)	Normal date from which exercisable/vested to expiry date (if appropriate)
<b>Dan Evans<sup>2</sup></b>							
PSP 2017 <sup>3</sup>	23,883	–	–	–	23,883	nil	Jun 2020 – Jun 2027
PSP 2018 <sup>3</sup>	60,148	–	–	–	60,148	nil	May 2021 – May 2028
PSP 2019 <sup>4</sup>	294,867	–	–	294,867	–	nil	May 2022 – May 2029
PSP 2020 <sup>5</sup>	342,765	–	–	–	342,765	nil	Nov 2023 – Nov 2030
PSP 2021 <sup>6</sup>	338,120	–	–	–	338,120	nil	Jun 2024 – Jun 2031
PSP 2022 <sup>7</sup>	–	604,528	–	–	604,528	nil	Jun 2025 – Jun 2032
<b>Total</b>	<b>1,059,783</b>	<b>604,528</b>	<b>–</b>	<b>(294,867)</b>	<b>1,369,444</b>		
<b>Russell Down<sup>8</sup></b>							
PSP 2015 <sup>3</sup>	226,130	–	–	–	226,130	nil	Aug 2018 – Aug 2025
PSP 2016 <sup>3</sup>	943,115	–	–	–	943,115	nil	Jun 2019 – Jun 2026
PSP 2017 <sup>3</sup>	314,241	–	–	–	314,241	nil	Jun 2020 – Jun 2027
PSP 2018 <sup>3</sup>	309,788	–	–	–	309,788	nil	May 2021 – May 2028
PSP 2019 <sup>4</sup>	617,947	–	–	617,947	–	nil	May 2022 – May 2029
PSP 2020 <sup>5</sup>	565,490	–	–	–	565,490	nil	Nov 2023 – Nov 2030
PSP 2021 <sup>6</sup>	551,385	–	–	–	551,385	nil	Jun 2024 – Jun 2031
SAYE 2018 <sup>9</sup>	6,406	–	6,406	–	–	46.080	Feb 2022 – Jul 2022
SAYE 2019 <sup>9</sup>	6,000	–	–	–	6,000	48.000	Feb 2023 – Jul 2023
SAYE 2020 <sup>8</sup>	3,786	–	–	–	3,786	55.144	Feb 2024 – Jul 2024
<b>Total</b>	<b>3,544,288</b>	<b>–</b>	<b>6,406</b>	<b>(617,947)</b>	<b>2,919,935</b>		
<b>James Bunn<sup>10</sup></b>							
PSP 2020 <sup>5</sup>	474,037	–	–	474,037	–	nil	Nov 2023 – Nov 2030
PSP 2021 <sup>6</sup>	458,031	–	–	458,031	–	nil	Jun 2024 – Jun 2031
PSP 2022 <sup>7</sup>	–	747,417	–	747,417	–	nil	Jun 2025 – Jun 2032
SAYE 2021 <sup>9</sup>	14,200	–	–	14,200	–	55.52	Feb 2025 – Jul 2025
<b>Total</b>	<b>946,268</b>	<b>747,417</b>	<b>–</b>	<b>(1,693,685)</b>	<b>–</b>		

1 All PSP awards above were granted as nil-cost options. No consideration was paid for the grant of these options.

2 All PSP awards granted to Dan Evans were prior to his appointment to the Board on 1 October 2022.

3 Vested awards.

4 50% of the 2019 PSP award was subject to an EPS condition. 25% of this part of the award would have vested for EPS (before amortisation and exceptional costs on a pre-IFRS 16 basis) of 6.82 pence increasing pro-rata to full vesting of this part for EPS of 8.34 pence. 50% of the 2019 PSP award was subject to a relative TSR condition measured against FTSE 250 companies (excluding investment trusts) over three financial years ending 31 March 2022. 25% of this part of the award would have vested if the Company's TSR was median increasing pro-rata to full vesting of this part for upper quartile performance or better. This award lapsed in 2022 in full as a result of failing to hit the threshold EPS and TSR targets.

5 The performance conditions for the 2020 PSP awards are set out at 'PSP awards due to vest in 2023' on page 124.

6 50% of the 2021 PSP 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 increasing pro-rata to full vesting of this part for EPS of 5.89 pence. 50% of the 2021 PSP award is subject to a relative TSR condition measured against FTSE 250 companies (excluding investment trusts) over three financial years ending 31 March 2024. 25% of this part of the award vests if the Company's TSR is median increasing pro-rata to full vesting of this part for upper quartile performance or better.

7 The performance conditions for the 2022 PSP awards are set out at 'Long-term incentive plan awards granted to Executive Directors in the year' on page 124.

8 Russell Down retired from the Board on 30 September 2022. As detailed in the Board changes section below, Russell Down was treated as a good leaver in respect of his outstanding PSP awards which will continue to vest at the normal vesting dates, subject to performance testing and time pro-rating.

9 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. The share price at Russell Down's exercise of his SAYE 2018 was 48.50 pence.

10 James Bunn resigned from the Board on 1 November 2022. As detailed in the Board changes section below, James Bunn was not treated as a good leaver in respect of his outstanding PSP awards which lapsed in full at cessation of employment.

The mid-market closing price of Speedy Hire Plc ordinary shares at 31 March 2023 was 33.65 pence and the range during the year was 32.09 pence to 54.19 pence per share.

## Annual 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 20 June 2023, the latest practicable date before the publication of this Annual Report and Accounts, 1.56% of the 5% limit and 4.46% of the 10% limit have been used.

### Payments for Loss of Office and Payments to Past Directors (Audited)

**Russell Down** – On 1 August 2022, the Company announced that Russell Down was stepping down from the Board as Chief Executive on 30 September 2022. In respect of the remuneration arrangements for Russell's departure, he:

- continued to receive base salary, pension and benefits totalling £319,171 up to the end of his twelve-month notice period commencing from the 11 May 2022 announcement date;
- was entitled to receive a pro-rated annual bonus for the portion of FY2023 served as Chief Executive, (although no bonus for FY2023 was ultimately payable);
- continues to be entitled to unvested nil cost option award granted under the under the Company's 2014 Performance Share Plan (PSP) with awards continuing to vest on the normal vesting dates, subject to the achievement of the relevant performance conditions and the application of time pro-rating;
- is eligible to exercise vested but unexercised PSP awards for a period of 12 months from cessation (the two-year post vesting holding period continues to apply to PSP awards);
- is required to comply with post-employment shareholding guidelines for the two-year period following cessation. These guidelines apply to any shares (net of tax) obtained from PSP awards granted following the 2020 AGM which vest within two years of cessation;
- received a contribution of £4,000 towards legal fees incurred in connection with his retirement; and
- was not eligible for any other payments for loss of office.

**James Bunn** – As per the announcement on 27 October 2022, James Bunn stepped down from the Board as Chief Financial Officer on 1 November 2022 and ceased employment on 31 December 2022, this being a mutually agreed early release of James' usual nine-month contractual notice period. In respect of the remuneration arrangements for James' departure, he:

- continued to receive base salary, pension and benefits between stepping down from the Board and cessation on 31 December 2022 totalling £58,391 in line with his contractual entitlement. No further payments were paid or are payable after this date;
- was not eligible to receive an annual bonus in respect of FY2023;
- was not treated as a good leaver in respect of outstanding PSP awards. As such, all outstanding awards lapsed at cessation of employment;
- received a contribution of £750 towards legal fees incurred in connection with his departure; and
- was not eligible for any other payments for loss of office.

There were no payments for past Directors in the year ended 31 March 2023.

### Shareholder voting at AGM

The most recent resolutions in respect of the Directors' Remuneration Policy (2020 AGM) and Directors' Remuneration Report (2022 AGM) received the following votes from shareholders:

	2020 AGM – Remuneration Policy		2022 AGM – Remuneration Report	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	413,837,471	96.18	364,700,578	98.07
Against	16,425,923	3.82	7,173,863	1.93
Total votes cast (for and against)	430,263,394	100	371,874,441	100
Votes withheld <sup>1</sup>	671,778	n/a	732,785	n/a
Total votes cast (including withheld votes)	430,935,172		372,607,226	

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.

### Directors' interests in the share capital of the Company (Audited)

The interests of the Directors, including their connected persons, (all of which were beneficial) who held office during FY2023, are set out in the table below:

	Legally owned		PSP Awards		Sharesave	Total	Shareholding requirement	% of salary/fee of requirement met
Director	31 March 2022	31 March 2023	Unvested	Vested	Unvested	31 March 2023	%	%
Dan Evans <sup>1</sup>	–	–	1,285,413	84,031	–	84,031	200	4
David Shearer	500,000	750,000	–	–	–	750,000	100	>100
David Garman	75,000	500,000	–	–	–	500,000	100	>100
Rob Barclay	48,000	48,000	–	–	–	48,000	100	33
Rhian Bartlett	74,744	74,744	–	–	–	74,744	100	54
Shatish Dasani	61,500	151,500	–	–	–	151,500	100	>100
Carol Kavanagh	14,999	65,075	–	–	–	65,075	100	45
Former Directors								
Russell Down <sup>2</sup>	319,186	325,592	1,116,875	1,793,274	9,786	2,118,866	n/a	n/a
James Bunn <sup>3</sup>	35,981	35,981	–	–	–	–	n/a	n/a

1 Dan Evans was appointed to the Board on 1 October 2022, his 4% of salary achievement is calculated on the basis of an annualised salary.

2 Russell Down retired from the Board on 30 September 2022. As detailed in the Board changes section above, Russell Down was treated as a good leaver in respect of his outstanding PSP awards which will continue to vest at the normal vesting dates, subject to performance testing and time pro-rating.

3 James Bunn resigned from the Board on 1 November 2022. The number of shares legally owned is at the date of termination of employment. As detailed in the Board changes section above, James Bunn was not treated as a good leaver in respect of his outstanding PSP awards which lapsed in full at cessation of employment.

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 2023 (being 37.91p) and tested against the Directors' base salary/fee at 31 March 2023).

There have been no other changes in the interests of any current Director in the share capital of Speedy Hire Plc between 1 April 2023 and the date of this report save for time pro-rating of Russell Down's unvested PSP awards as referenced in note 2 above and David Shearer purchased 250,000 additional shares in the Company on 22 June 2023.

### 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

This graph shows the value, by 31 March 2023, of £100 investment in Speedy Hire on 31 March 2013, 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. The FTSE 250 and SmallCap indexes have been chosen as appropriate comparators given that the former is used for the PSP TSR comparator group and Speedy is a constituent of the latter.

## Annual 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 (FY2014 to FY2023) 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								Dan Evans
	FY 2014	FY2014	FY2015	FY2016	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
Single Total Figure of remuneration (£'000s)	707	115	593	107	409	757	667 <sup>1</sup>	1,278 <sup>1</sup>	683	790	735	257	236
Annual bonus (% of max)	–	–	60.0%	–	–	97.4%	54.8%	54.9%	–	70.54% <sup>3</sup>	66.9%	0%	0%
PSP vesting (% of max)	82.0%	–	–	–	–	–	33.0%	96.4% <sup>2</sup>	50.0%	48.51%	0%	0%	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.

Russell Down stepped down and Dan Evans was appointed as Chief Executive during FY2023.

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 each Director's total 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 FY2020 and FY2021, FY2021 and FY2022, and FY2022 and FY2023 compared to that of the average for all UK and Ireland based employees of the Group.

	% change from FY2020 to FY2021			% change from FY2021 to FY2022			% change from FY2022 to FY2023		
	Salary/Fee	Benefits	Bonus	Salary/Fee	Benefits	Bonus	Salary/Fee	Benefits	Bonus
Dan Evans <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
David Shearer	(6%)	n/a	n/a	6%	n/a	n/a	5%	n/a	n/a
David Garman	4%	n/a	n/a	8%	n/a	n/a	8%	n/a	n/a
Rob Barclay	(5%)	n/a	n/a	5%	n/a	n/a	4%	n/a	n/a
Rhian Bartlett <sup>2</sup>	4%	n/a	n/a	4%	n/a	n/a	5%	n/a	n/a
Shatish Dasani <sup>3</sup>	n/a	n/a	n/a	3%	n/a	n/a	4%	n/a	n/a
Carol Kavanagh <sup>4</sup>	n/a	n/a	n/a	n/a	n/a	n/a	39%	n/a	n/a
<b>Former Directors</b>									
Russell Down <sup>5</sup>	(5)%	2%	100%	7%	0%	93%	n/a	n/a	n/a
James Bunn <sup>6</sup>	n/a	n/a	n/a	1%	10%	91%	n/a	n/a	n/a
<b>Average employees</b>	(0%)	(0%)	n/a	12%	0%	11%	6%	0%	75%

1 Dan Evans was appointed to the Board on 1 October 2022. As such, there is no prior year remuneration.

2 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.

3 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 prorated up, to enable a full year on year comparison.

4 Carol Kavanagh was appointed to the Board on 1 June 2021. As such, there was no prior year remuneration for 2021. Her 2022 numbers have been prorated up, to enable a full year on year comparison.

5 Russell Down retired from the Board on 30 September 2022 hence no numbers are shown for 2023.

6 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 prorated up, to enable a full year on year comparison. He resigned from the Board on 1 November 2022 hence no numbers are shown for 2023.

### Pay ratio of the Chief Executive to average employee

The table below compares the ratio of Chief Executive's pay at the 25th, median and 75th percentile as at 31 March 2023 (and for the prior year), and the pay details for the individuals at each percentile. Given the change in Chief Executive during the FY2023, the Chief Executive's pay for FY2023 is based on £491,766, being the total remuneration for both Russell Down and Dan Evans in respect of their qualifying services as Chief Executive from the single figure table above.

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)
2023	Option A	20:1	17:1	13:1
2022	Option A	31:1	26:1	21:1
2021	Option A	37:1	32:1	25:1
2020	Option B	30:1	29:1	22:1

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.

The ratio has reduced between 2022 and 2023 primarily as a result of a 67% of maximum bonus awarded to the Chief Executive in 2022 compared to no bonus awarded in 2023. 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 2022/23 remuneration is at the median, 25th percentile and 75th percentile amongst UK based employees (and for the prior year) are as follows:

		Chief Executive	UK Employees		
			25th percentile	Median	75th percentile
2023	Salary (Total pay and benefits)	£447,727 (£491,766)	£23,517 (£25,026)	£27,170 (£29,268)	£29,995 (£37,961)

### 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.

	2022	2023	% change
Staff costs (£'m)	123.3	129.5	11.0%
Dividends (£'m)	11.3	10.9	-3.5%
Share Buyback (£'m)	6.1	24.0	293.4%

£0.7m 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 30 June 2023.

**Carol Kavanagh**  
Chair of the Remuneration Committee

# Independent auditors' report to the members of Speedy Hire plc

## Report on the audit of the financial statements

### Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Speedy Hire plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Balance Sheets as at 31 March 2023; the Consolidated Income Statement; the Consolidated Statement of Comprehensive Income; the Consolidated and Company Statements of Changes in Equity; and the Consolidated and Company Cash Flow Statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for qualified opinion

The Group has Property, plant and equipment of £237.7m recorded on the balance sheet as at 31 March 2023 and recorded an exceptional asset write-down of £20.4m in the year relating to hire assets that could not be located. As a result of weaknesses in the Group's historical record-keeping, we were unable satisfactorily to complete our testing of assets between physical asset counts and the Group's asset registers. Consequently, we have been unable to obtain sufficient appropriate audit evidence in respect of these assets, and we are therefore unable to determine whether any further adjustments are necessary to Property, plant and equipment as at 31 March 2023, and the related asset write-down, depreciation charges and any associated tax impact recorded in the year.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.



Other than those disclosed in Note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

Speedy Hire is a listed provider of tools, plant and specialist hire equipment, predominantly operating in the UK. The Group's consolidated financial statements are primarily an aggregation of legal entities within the UK and Ireland with a joint venture operating in Kazakhstan. 2023 is our first year as external auditors of the Group and Company, and as part of our audit transition, we performed specific procedures over opening balances by reviewing the predecessor auditors' working papers and risk assessment and re-evaluating the predecessor auditors' conclusions in respect of key sources of estimation uncertainty and critical judgements in the opening balance sheet at 1 April 2022. We also performed process walkthroughs to understand and evaluate the key financial processes and controls across the Group. As we undertook each phase of this first year audit, we regularly reconsidered our risk assessment to reflect audit findings, including our assessment of the Group's control environment and the impact on our planned audit approach. Given the nature of the Group's operations we considered the existence and valuation of the hire fleet to be the most significant area of risk and therefore have included this as a key audit matter.

### Overview

#### Audit scope

- Our work incorporated full scope audits of the following legal entities: Speedy Asset Services Limited, Speedy Support Services Limited and Speedy Transport Limited.
- We also engaged a component team in Kazakhstan to perform a full scope audit of Speedy Zholdas, the joint venture located within that country..

#### Key audit matters

- Basis for qualified opinion in relation to Property, plant and equipment.
- Valuation of investments in subsidiaries and recoverability of amounts owed by subsidiaries (parent).
- Completeness and valuation of dilapidation provision (group).

#### Materiality

- Overall group materiality: £4.4m based on 1% of Revenue.
- Overall company materiality: £2.8m based on 1% of Total Assets.
- Performance materiality: £2.2m (group) and £1.4m (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other than the matter described in the Basis for qualified opinion paragraph above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investments in subsidiaries and recoverability of amounts owed by subsidiaries (parent)</i></p> <p>Refer to notes 34 and 35 the Company financial statements</p> <p>Investments in subsidiaries of £93.5m (2022: £93.5m) is material to the company financial statements. Due to the significant write off of assets in the group, impairment indicators exist in respect of the investments in subsidiaries in the current year and management have assessed these balances for impairment.</p> <p>The amounts owed by subsidiary undertakings of £183.3m (2022: £380.3) are stated after an expected credit loss impairment of £16.7m recognised as a prior year restatement in the earliest presented balance sheet. These balances are material to the company financial statements. Management has re-measured the expected credit losses in relation to the amounts also owed by subsidiary undertakings.</p>	<p>We evaluated and assessed the Company's investments in subsidiaries with reference to the Group's future cash flow forecasts. We checked the allocation of this by legal entity, the process by which they were drawn up and tested the underlying value in use calculations as follows:</p> <p>We compared the Group's forecasts to the latest Board approved budget and found them to be consistent. We discussed the cash flow forecasts with management and compared these to external market research in order to identify any inconsistencies.</p> <p>We also assessed: • Management's key assumptions for long-term growth rates by comparing with external forecasts of long-term growth rates; and • the discount rates by using valuations experts to assess the cost of capital calculations for the Group and comparing against comparable organisations.</p> <p>We compared the current period's actual results with previous forecasts to assess historical accuracy of the forecasts and incorporated the variances identified into the sensitivity analysis performed.</p> <p>We have considered management's analysis of the potential impact of reasonably possible changes in key assumptions. This work included consideration of all key assumptions and changes that could be considered to be reasonably possible based on the related risks. We have also reviewed the disclosures made regarding the assumptions and are satisfied that these are appropriate.</p> <p>As a result of these procedures, we were satisfied with the Directors' conclusion that no impairment was required against the carrying value of the investments in subsidiaries.</p> <p>We have obtained management's intercompany recoverability model and assessed whether the expected credit loss 'general approach' methods applied were consistent with IFRS 9.</p> <p>We checked the calculations within the model and agreed the figures included to the relevant financial information included in the Group consolidation schedules. We have obtained evidence that supports the extent to which the counterparty could repay amounts in full, if demanded.</p> <p>We also assessed the adequacy of the disclosure provided in the company financial statements in relation to the relevant accounting standards.</p> <p>As a result of these procedures, we were satisfied with the Directors' conclusion that it is appropriate to recognise a prior year restatement in relation to an expected credit loss impairment and no further impairment was required for the current period.</p>

**Completeness and valuation of dilapidation provision (group)**

Refer to note 23 to the Company financial statements

Dilapidation provisions are recognised by the Group, representing management's best estimate of the contractual cost to restore leased premises to their original condition upon the Group's exit of a lease. The total liability of £15.6m is shown in note 23.

Management has calculated the dilapidation provision based upon the total area of the leased property portfolio multiplied by an expected cost per square foot. The expected cost per square foot has been determined using historic settlements and any new information specific to the individual leases which could indicate a different cost per square foot would be more appropriate.

The opening dilapidation provision at 1 April 2021 has been restated to provide for costs expected to be incurred across all leases. Historically the provision was calculated only for leases which had been exited or the landlord had been made aware of a planned exit, which understated the contractual obligation.

We obtained management's original calculation of the dilapidations provision, which was on a basis consistent with prior years.

We challenged management as to whether calculating the provision including only those leases which had been exited or a planned exit had been communicated to a landlord was in compliance with IAS 37, as it understated the contractual obligation

As a result of the procedures set out above, management recalculated the provision to include all applicable leases. We tested the mathematical accuracy of this calculation, confirmed the completeness of leases and the related square footage by agreeing a sample of the leases in the calculation to the lease agreements, we tested a sample of historic settlements to invoices, we utilised our real estate team to assess the cost per square foot for dilapidations and where there were specific reasons to reduce the cost per square foot down we have understood the reasons and obtained evidence for the reduction. We did not identify any material adjustment to this revised provision.

As the increased provision should have been recorded in prior periods, we agree with management's conclusion that the prior year should be restated and we have checked the restatement made to the 1 April 2021 opening balance sheet and reviewed the corresponding disclosures.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is a provider of tools, plant and specialist hire equipment, predominantly operating in the UK. The group is structured in two operating segments: Hire and Services. The group financial statements are a consolidation of the subsidiaries in UK and Ireland, in addition to there being a joint venture accounted for using the equity method based in Kazakhstan. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at each subsidiary and joint venture, as the group engagement team, or component auditors operating under our instruction. Where work was performed by component auditors, we determined the level of involvement we needed to have in this work to be able to conclude that sufficient appropriate audit evidence had been obtained. Our work incorporated full scope audits of the following legal entities Speedy Asset Services Limited, Speedy Support Services Limited, Speedy Transport Limited. We also engaged a component team in Kazakhstan to perform a full scope audit of Speedy Zholdas, the joint venture disclosed within the financial statements. This scope detailed above accounted for approximately 98% of the group's revenue.

### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the financial statements.

We challenged the completeness of management's climate risk assessment by: reading external reporting made by management; challenging the consistency of management's climate impact assessment with internal climate plans and board minutes; and, reading the entity's website / communications for details of climate related impacts.

Management has made commitments to become net zero by 2040. This commitment does not directly impact financial reporting, as management has not yet developed a detailed pathway on how exactly they will deliver this commitment and will only be able to model the impact further into the journey to net zero.

Management considers the impact of climate risk as at the balance sheet date does not give rise to a potential material financial statement impact.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	£4.4m.	£2.8m.
<i>How we determined it</i>	1% of Revenue	1% of Total Assets
<i>Rationale for benchmark applied</i>	We considered materiality in a number of different ways, and used our professional judgement having applied 'rule of thumb' percentages to a number of potential benchmarks. On the basis of this, we concluded that 1% of revenue is an appropriate level of materiality considering the overall scale of the business	We believe that calculating statutory materiality based on 1% of total assets is a typical primary measure for users of the financial statements of holding companies, and is a generally accepted auditing benchmark. This has been capped to not exceed the materiality for the consolidated financial statements

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.7m and £3.9m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 50% of overall materiality, amounting to £2.2m for the group financial statements and £1.4m for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the lower end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.2m (group audit) and £0.1m (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern and evaluated the mathematical accuracy of the cash flow model used for this assessment;

- We obtained management's severe but plausible downside scenario and discussed the assumptions that were applied in order to understand the rationale and the appropriateness of those assumptions;
- We corroborated the key assumptions to third party evidence and/or our knowledge of the business;
- We checked the banking agreement for the terms of the financing facilities including the post-year end extension agreement;
- We assessed the availability of liquid resources under different scenarios modelled by management, and the impact to any associated covenant test required; and
- We obtained the most recent management accounts and assessed the liquidity position post-year end.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, we have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, except for the possible effects of the matter described in the Basis for qualified opinion paragraph above, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they 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 of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Annual Report and Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, environmental laws and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, UK tax legislation and the listing rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial performance, and management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- discussions with the audit committee, management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- reviewing minutes of meetings of those charged with governance;
- auditing the tax computations to ensure compliance with tax legislation;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- challenging assumptions and judgements made by management in their significant accounting estimates (because of the risk of management bias), in particular around the useful economic lives and residual values of hire assets; carrying value of goodwill, other intangible assets, and property plant and equipment and dilapidation provisions;
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations; and
- reviewed independent external counsel investigation report in relation to hire assets

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one

resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

In respect solely of the limitation on our work relating to property, plant and equipment, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- in our opinion adequate accounting records have not been kept by the company.

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Appointment**

Following the recommendation of the Audit Committee, we were appointed by the members on 8 September 2022 to audit the financial statements for the year ended 31 March 2023 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

## **Other matter**

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.



Jonathan Studholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
30 June 2023

## Consolidated Income Statement for the year ended 31 March 2023

	Note	Year ended 31 March 2023			Year ended 31 March 2022		
		Before exceptional items £m	Exceptional items <sup>1</sup> £m	Total £m	Before exceptional items £m	Exceptional items <sup>1</sup> £m	Total £m
<b>Revenue</b>	2	440.6	–	440.6	386.8	–	386.8
Cost of sales		(201.2)	(20.4)	(221.6)	(165.7)	–	(165.7)
<b>Gross profit</b>		239.4	(20.4)	219.0	221.1	–	221.1
Distribution and administrative costs		(203.1)	(8.1)	(211.2)	(185.7)	–	(185.7)
Impairment losses on trade receivables	18	(4.0)	–	(4.0)	(3.8)	–	(3.8)
<b>Operating profit</b>	5	32.3	(28.5)	3.8	31.6	–	31.6
Share of results of joint venture	14	6.6	–	6.6	3.2	–	3.2
<b>Profit from operations</b>		38.9	(28.5)	10.4	34.8	–	34.8
Financial expense	8	(8.6)	–	(8.6)	(5.7)	–	(5.7)
<b>Profit before taxation</b>		30.3	(28.5)	1.8	29.1	–	29.1
Taxation	9	(6.5)	5.9	(0.6)	(7.7)	–	(7.7)
<b>Profit for the financial year from continuing operations</b>		23.8	(22.6)	1.2	21.4	–	21.4
Profit from discontinued operations, net of tax		–	–	–	0.2	–	0.2
<b>Profit for the financial year</b>		23.8	(22.6)	1.2	21.6	–	21.6
<b>Earnings per share</b>							
– Basic (pence)	10			0.25			4.13
– Diluted (pence)	10			0.24			4.07
<b>Non-GAAP performance measures</b>							
EBITDA before exceptional items	12			103.7			99.3
Adjusted profit before tax	12			32.1			30.1
Adjusted earnings per share* (pence)	10			5.25			4.24
Adjusted diluted earnings per share* (pence)	10			5.21			4.18

\* earnings per share from continuing operations.

1 Detail on exceptional items is provided in note 4.

The accompanying notes form part of the financial statements.

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Profit for the financial year		1.2	21.6
Other comprehensive income/(expense) that may be reclassified subsequently to the Income Statement:			
– Effective portion of change in fair value of cash flow hedges		0.2	0.8
– Exchange difference on translation of foreign operations		0.5	(0.8)
– Tax on items	9	–	(0.2)
Other comprehensive income/(expense)		0.7	(0.2)
<b>Total comprehensive income for the financial year</b>		<b>1.9</b>	<b>21.4</b>

The accompanying notes form part of the financial statements.

# Consolidated Balance Sheet as at 31 March 2023

	Note	31 March 2023 £m	31 March 2022 Restated* £m	1 April 2021 Restated* £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	13	25.0	25.9	24.7
Investment in joint venture	14	9.2	7.8	6.2
Property, plant and equipment				
Land and buildings	15	13.9	15.6	14.0
Hire equipment	15	207.9	226.9	207.2
Other	15	15.9	15.2	11.9
Right of use assets	16	83.2	74.2	60.0
Deferred tax asset	24	–	1.7	2.1
		<b>355.1</b>	<b>367.3</b>	<b>326.1</b>
<b>Current assets</b>				
Inventories	17	12.7	8.1	8.2
Trade and other receivables	18	106.0	108.7	93.3
Cash	21	1.1	2.5	11.7
Current tax asset		0.3	–	1.1
Derivative financial assets	20	1.2	–	–
		<b>121.3</b>	<b>119.3</b>	<b>114.3</b>
<b>Total assets</b>		<b>476.4</b>	<b>486.6</b>	<b>440.4</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	21	(1.3)	(1.7)	(0.5)
Lease liabilities	22	(22.1)	(20.6)	(16.7)
Current tax creditor		–	(1.0)	–
Trade and other payables	19	(88.6)	(96.6)	(95.4)
Derivative financial liabilities	20	(0.6)	–	(0.4)
Provisions	23	(3.6)	(2.8)	(3.1)
		<b>(116.2)</b>	<b>(122.7)</b>	<b>(116.1)</b>
<b>Net current assets/(liabilities)</b>		<b>5.1</b>	<b>(3.4)</b>	<b>(1.8)</b>
<b>Non-current liabilities</b>				
Borrowings	21	(92.2)	(68.3)	(44.4)
Lease liabilities	22	(64.0)	(56.1)	(46.5)
Provisions	23	(12.0)	(12.1)	(13.8)
Deferred tax liability	24	(7.4)	(11.0)	(8.8)
		<b>(175.6)</b>	<b>(147.5)</b>	<b>(113.5)</b>
<b>Total liabilities</b>		<b>(291.8)</b>	<b>(270.2)</b>	<b>(229.6)</b>
<b>Net assets</b>		<b>184.6</b>	<b>216.4</b>	<b>(210.8)</b>
<b>EQUITY</b>				
Share capital	25	25.8	25.9	26.4
Share premium	27	1.9	1.8	1.3
Capital redemption reserve	27	0.7	0.6	–
Merger reserve	27	1.0	1.0	1.0
Hedging reserve	27	0.3	0.1	(0.7)
Translation reserve	27	(1.3)	(1.8)	(1.0)
Retained earnings	27	156.2	188.8	183.8
<b>Total equity</b>		<b>184.6</b>	<b>216.4</b>	<b>210.8</b>

\* See note 32.

The Consolidated Financial Statements on pages 140 to 175 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



**Dan Evans**

Director

Company registered number: 00927680

## Consolidated Statement of Changes in Equity for the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained Earnings £m	Total equity £m
At 1 April 2021 reported		26.4	1.3	–	1.0	(0.7)	(1.0)	193.8	220.8
Restatement*		–	–	–	–	–	–	(10.0)	(10.0)
At 1 April 2021 restated*		26.4	1.3	–	1.0	(0.7)	(1.0)	183.8	210.8
Profit for the year		–	–	–	–	–	–	21.6	21.6
Other comprehensive income		–	–	–	–	0.8	(0.8)	(0.2)	(0.2)
Total comprehensive income		–	–	–	–	0.8	(0.8)	21.4	21.4
Dividends		–	–	–	–	–	–	(11.3)	(11.3)
Equity-settled share-based payments	26	–	–	–	–	–	–	1.2	1.2
Purchase of own shares for cancellation or placement in treasury	25	(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	26	0.1	0.5	–	–	–	–	–	0.6
At 31 March 2022 restated*		25.9	1.8	0.6	1.0	0.1	(1.8)	188.8	216.4
Profit for the year		–	–	–	–	–	–	1.2	1.2
Other comprehensive income		–	–	–	–	0.2	0.5	–	0.7
Total comprehensive income		–	–	–	–	0.2	0.5	1.2	1.9
Dividends		–	–	–	–	–	–	(10.9)	(10.9)
Equity-settled share-based payments	26	–	–	–	–	–	–	1.1	1.1
Purchase of own shares for cancellation or placement in treasury	25	(0.1)	–	0.1	–	–	–	(24.0)	(24.0)
Issue of shares under the Sharesave Scheme	26	–	0.1	–	–	–	–	–	0.1
At 31 March 2023		25.8	1.9	0.7	1.0	0.3	(1.3)	156.2	184.6

\* See note 32.

The accompanying notes form part of the financial statements.

## Consolidated Cash Flow Statement for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Cash generated from operating activities</b>			
Profit before tax including discontinued operations		1.8	29.3
Net financial expense	8	8.6	5.7
Amortisation	13	1.8	1.0
Depreciation		69.6	66.7
Share of profit from joint venture	14	(6.6)	(3.2)
Termination of lease contracts		(0.4)	(0.2)
Profit on disposal of hire equipment	5	(1.7)	(0.5)
Exceptional write-off	4	20.4	–
Loss on disposal of non-hire equipment	5	–	0.1
(Increase)/decrease in inventories		(4.6)	0.1
Decrease/(increase) in trade and other receivables		1.5	(15.5)
(Decrease)/increase in trade and other payables		(3.5)	3.8
Increase/(decrease) in provisions	23	0.7	(2.0)
Equity-settled share-based payments		1.1	1.2
<b>Cash generated from operations before changes in hire fleet</b>		<b>88.7</b>	<b>86.5</b>
Purchase of hire equipment		(54.2)	(71.5)
Proceeds from planned sale of hire equipment		6.3	4.8
Proceeds from customer loss/damage of hire equipment		11.1	8.8
<b>Cash generated from operations</b>		<b>51.9</b>	<b>28.6</b>
Interest paid		(8.4)	(6.0)
Tax paid		(3.1)	(3.0)
<b>Net cash flow from operating activities</b>		<b>40.4</b>	<b>19.6</b>
<b>Cash flow used in investing activities</b>			
Purchase of non-hire property, plant and equipment*		(8.7)	(13.8)
Capital expenditure on IT development*		(0.9)	(2.2)
Proceeds from sale of non-hire property, plant and equipment		0.6	–
Dividends and loan repayments from joint venture	14	5.6	1.9
<b>Net cash flow used in investing activities</b>		<b>(3.4)</b>	<b>(14.1)</b>
<b>Net cash flow before financing activities</b>		<b>37.0</b>	<b>5.5</b>
<b>Cash flow from financing activities</b>			
Payments for the principal element of leases		(26.5)	(24.6)
Drawdown of loans		595.6	482.6
Repayment of loans		(572.3)	(457.2)
Proceeds from the issue of Sharesave Scheme shares		0.1	0.6
Purchase of own shares for cancellation or placement in treasury		(24.0)	(6.0)
Dividends paid	11	(10.9)	(11.3)
<b>Net cash flow used in financing activities</b>		<b>(38.0)</b>	<b>(15.9)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(1.0)</b>	<b>(10.4)</b>
Net cash at the start of the financial year	21	0.8	11.2
<b>Net cash at the end of the financial year</b>	<b>21</b>	<b>(0.2)</b>	<b>0.8</b>
<b>Analysis of cash and cash equivalents</b>			
Cash	21	1.1	2.5
Bank overdraft	21	(1.3)	(1.7)
		<b>(0.2)</b>	<b>0.8</b>

\* Prior year restated to split out capital expenditure on IT development from other purchases of non-hire property, plant and equipment.

# Notes to the Financial Statements

## 1 Accounting policies

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

The Group and Parent Company Financial Statements were approved by the Board of Directors on 30 June 2023.

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 with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

### Basis of preparation

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

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

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

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

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

Whilst the Directors consider that there is a degree of subjectivity involved in their assumptions, on the basis of the above the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these Financial Statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

### Basis of consolidation

#### (a) Subsidiaries

Subsidiaries are entities controlled by the Company and are detailed in note 34. 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.

Interests 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.

## Notes to the Financial Statements continued

### 1 Accounting policies continued

#### New accounting standards and accounting standards not yet effective

The following new standards, amendments to standards and interpretations issued were by the International Accounting Standards Board ('IASB') and became effective during the year:

International Accounting Standards (IAS)/IFRS		Effective date (periods beginning on or after)
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Other	Annual Improvements to IFRS Standards 2018-2020	1 January 2022

There is no impact from these standards.

The following UK-adopted IFRSs have been issued at 31 March 2023 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.

The Group has not yet performed an assessment of their impact of 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	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
Amendments to IAS 12*	Pillar Two Tax Model Rules	1 January 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1*	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1*	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 7 and IFRS 7*	Supplier Finance Arrangements	1 January 2024

\* Not yet endorsed by the UKESB.

#### 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.

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. Lease remeasurements comprise extensions and rent reviews not known at lease inception.



## Revenue

Revenue is accounted for under IFRS 15 and is measured based on the consideration specified in a contract with a customer or a price list, net of returns, trade discounts and volume rebates. Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No other variable consideration is present.

### 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 to equipment damaged whilst on hire is recognised from the point the damage is identified.

### ii. Services revenue

The Group recognises revenue for rehire services as principal on a straight-line basis over the period of hire, adjusted for rebates. The Group controls the service to be provided to the customer and has responsibility for fulfilling the associated performance obligations.

The Group recognises revenue for training services at a point in time upon completion of the relevant training as this is when the performance obligation is fulfilled. Revenue for testing is recognised at a point-in-time once certification is provided, evidencing fulfilment of the Group's performance obligation. The Group recognises revenue on the sale of consumables at a point-in-time, upon delivery or collection of the goods 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. The Group acts as principal when fuel is provided to customers directly from Speedy depots and as agent when fuel provided to customers is not directly controlled by the Group before being provided to the customer.

### iii. Disposals revenue

The Group generates income/proceeds from the disposal of hire equipment either through the planned sale of these assets at the end of their useful economic life or where a customer has lost or damaged the asset beyond repair during the hire contract. These transactions are accounted for differently.

Income earned when a customer has lost or damaged assets beyond repair is presented on a net basis within cost of sales at the point in time the loss or damage is identified. No revenue is recognised on these transactions as they do not meet the requirements of IAS 16 (para 68).

Income from planned disposals meets the definition in IAS 16 and therefore revenue is recognised gross at a point-in-time when control of the asset being disposed is transferred to the customer. The key difference between the two types of income is that for planned disposals, the assets are held for sale and are in saleable condition.

In the year ended 31 March 2023, the cash flows from these two types of transaction have been presented separately. This has been updated in the Consolidated Cash Flow Statement, with proceeds from the planned sale of hire equipment and proceeds from customer loss/damage of hire equipment now being shown separately.

Customer invoicing is performed multiple times a month. Consideration is payable following invoicing, in line with agreed payment terms.

## Customer rebates

Revenue is recognised net of customer rebates, which are held as a separate liability within trade and other payables (see note 19). The Group reviews its estimate of likely settlements at each reporting date and any revisions to the liability are updated accordingly.

## 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.

## Notes to the Financial Statements continued

### 1 Accounting policies continued

#### Property, plant and equipment continued

The principal rates and methods of depreciation used are as follows:

<b>Hire equipment</b>	
Tools and general equipment	• between one and eleven years straight-line
Access equipment	• between two and fifteen years straight-line
Surveying equipment	• between one and nine years straight-line
Power equipment	• between three and ten years straight-line
Lifting equipment	• between one and ten years straight-line
Powered Access	• between five and eleven years straight-line
<b>Non-hire assets</b>	
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 when they cease to be available for hire and become held for sale, with the sale included in revenue. Profit or loss on other disposals is taken to operating profit as shown in note 5, presented net within cost of sales.

#### Financing 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 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.

#### 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 not acquired in a business combination 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.

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 approved and 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.

## Notes to the Financial Statements continued

### 1 Accounting policies continued

#### Impairments

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). If any indication of impairment exists, then the asset's recoverable amount is estimated, being the higher of fair value less costs to sell and value in use, and if there is an impairment loss then this loss is recognised such that the carrying amount is reduced accordingly.

The Group have considered increased interest rates, inflation, and implications of climate change in assessing the carrying value of both ECO and 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.

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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### Expected credit losses

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses (IFRS 9 simplified approach).

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.

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).

#### 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.

Regular way purchases and sales of financial assets are recognised at the trade date, being the date on which the Group commits to purchase or sell the asset.

### 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. Overdraft facilities are presented as current liabilities on the statement of financial position.

When settling a liability, the Group derecognises the cash and associated liability on the day the payments are made by the Group, as opposed to when the bank itself processes the funds.

### 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.

### Research and development expenditure

Development costs in relation to the Group's ERP system are capitalised as intangible assets. No significant research and development expenditure is recognised in the income statement.

### 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 a reduction in retained earnings.

In respect of the share buyback programme undertaken in the year, the Group had the right to terminate the agreement at any time with immediate effect, limiting the liability of the Group from any forward purchase of shares. At the period, the Group had a liability only for those shares which had been purchased by the brokers (as intermediaries) but not yet repurchased by the Group. The share buyback programme was completed on 8 March 2023, with all shares having been repurchased from the brokers by 31 March 2023, meaning no liability existed at year end in respect of these shares.

### 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.

Dilapidations provisions are recognised by the Group, representing the cost to restore leased premises to their original condition upon the Group's exit of a lease. Dilapidations may not be settled for some months following the Group's exit of the lease and are calculated based on estimated expenditure required to settle the landlord's claim at current market rates. The total liability is discounted to current values. Amounts relating to restoration are capitalised as part of the cost of the right of use asset and are amortised over the shorter of the lease term and the useful life of the asset.

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.

## Notes to the Financial Statements continued

### 1 Accounting policies continued

#### Employee benefits continued

- 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.

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.

#### 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.

The consolidated – and parent only – financial statements are presented in pound sterling, which is the presentational currency of the Group.

#### Exceptional items

Exceptional items are recognised for non-recurring events of a significant nature, where it is determined that separate disclosure aids understanding of the underlying performance of the business. Further detail on such costs is provided in note 4.

#### Consideration of climate change

Following on from the TCFD disclosures on pages 43 to 53, the impact of climate change on the wider financial statements has been considered. No material impact on financial reporting judgements and estimates has been identified. In particular, the impact of climate change has been considered in respect of cash flow forecasts used in the impairment assessments undertaken and the carrying value and useful economic lives of property, plant and equipment. The Directors are aware of the ever-changing risks resulting from climate change and will regularly assess these risks against judgements and estimates made in the preparation of the Group's financial statements.

#### 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 a 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 of the internal asset team and external market information, taking into consideration the nature of the assets involved.

At 31 March 2023, the carrying value of hire equipment was £207.9m (2022: £226.9m), representing 87.5% (2022: 88.0%) of the total property, plant and equipment. The hire equipment depreciation charge for the year ended 31 March 2023 was £33.9m (2022: £35.2m), which represents 8.5% (2022: 8.7%) 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 increased interest rates, inflation and implications of climate change in assessing the carrying value of both ECO and 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. No indicators of impairment have been noted in relation to hire equipment.

### **Valuation of trade receivables**

The expected credit loss provision is calculated using the simplified approach under IFRS 9, 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.

At 31 March 2023, the expected credit loss provision was £3.2m (2022: £3.0m) against a total debtor book of £102.2m (2022: £104.9m). Further detail is provided in note 18, including an ageing analysis of debt. The Group's estimated expected credit losses are 3.1% (2022: 2.9%) of gross trade receivables. A change of 1% in this assumption would result in an increase to the provision of £1.0m (2022: £1.1m).

Whilst this area does not meet the definition under IAS 1 of a critical accounting estimate or significant accounting judgement, the recognition and measurement is based on assumptions and/or subject to longer term uncertainties. No consideration is made regarding expected credit losses across time bands as this would not provide a materially different result given the simplified method is used, whereby assessment of lifetime expected credit losses is made.

### **Impairment of goodwill**

In assessing any impairment of goodwill, the future cash flows expected to result from the use of the asset, and its eventual disposal, are estimated. Actual outcomes could vary from such estimates of discounted future cash flows. The calculations involved require assumptions to be made in relation to discount rate, long-term growth rate, the rate of inflation and also short-term performance and cash flows, for which reference is made to external information and historical performance. Note 13 provides details of the impairment reviews undertaken, assumptions and sensitivities in relation to goodwill.

Whilst this area does not meet the definition under IAS 1 of a critical accounting estimate or significant accounting judgement, the recognition and measurement is based on assumptions and/or subject to longer term uncertainties.

### **Dilapidations provision**

Dilapidations are assessed at the earliest point, being the start of the lease or due to an obligating event. Uncertainty is present in respect of the timing and amounts of future cash flows related to lease dilapidations. The exercise of judgement to existing facts and circumstances, which may be subject to change, is required in estimating the provision.

The provision recognised is the estimated expenditure required to settle the landlord's claim at current market rates, discounted to net present value. Given the cash outflow in respect of dilapidations can take place many years in the future, the carrying amount of the provision is reviewed regularly and adjusted as needed to take account of changing facts and circumstances. Such factors include the age and condition of the property, specific lease obligations, experience of actual spend on similar properties, third party surveyor reports and agreements reached with landlords in respect of a given property.

Due to the large portfolio of properties, dilapidations settlement per square foot (psf) varies based on the factors noted previously. Sensitivity has therefore been provided on an aggregate basis, as it is not deemed practical or useful to provide such information on a site-by-site basis. A £1 per square foot increase in the average dilapidations provision would result in an increase of £1.3m in the provision as at 31 March 2023. There are no other sensitivities on a range of reasonably possible outcomes which would result in material adjustment to the dilapidations provision at the reporting date.

### **Exceptional items**

As detailed in note 4, an exceptional asset write-off has been recognised in FY2023. Whilst the issue identified is not isolated to FY2023, it is not possible to quantify the financial impact on prior periods as data was not collected in prior periods in a way that allows for retrospective restatement. As such, the prior year comparatives have not been restated and an exceptional charge has been recognised in FY2023 only.

## Notes to the Financial Statements continued

**2 Segmental analysis**

The segmental disclosure presented in the Financial Statements reflects the format of reports reviewed by the 'chief operating decision-maker'. UK and Ireland business delivers asset management, with tailored services and a continued commitment to relationship management. Corporate items comprise certain central activities and costs that are not directly related to the activity of the operating segment. The financing of the Group's activities is undertaken at head office level and consequently net financing costs cannot be analysed by segment. The unallocated net assets comprise principally working capital balances held by the support services function that are not directly attributable to the activity of the operating segment, together with net corporate borrowings and taxation. The Middle East assets were presented as discontinued operations in FY2022 as the assets were disposed of on 1 March 2021.

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

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

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

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



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

	Hire excluding disposals £m	Services £m	UK and Ireland <sup>1</sup> £m	Corporate items £m	Total £m
<b>Revenue</b>	243.3	138.4	386.8	–	386.8
Cost of sales	(54.5)	(107.8)	(165.7)	–	(165.7)
<b>Gross Profit</b>	188.8	30.6	221.1	–	221.1
<b>Segment result:</b>					
EBITDA			103.3	(4.0)	99.3
Depreciation <sup>2</sup>			(66.4)	(0.3)	(66.7)
<b>Operating profit/(costs) before amortisation</b>			36.9	(4.3)	32.6
Amortisation <sup>2</sup>			(1.0)	–	(1.0)
Exceptional items			–	–	–
<b>Operating profit/(costs)</b>			35.9	(4.3)	31.6
Share of results of joint venture			–	3.2	3.2
<b>Profit/(loss) from operations</b>			35.9	(1.1)	34.8
Financial expense					(5.7)
<b>Profit before tax</b>					29.1
Taxation					(7.7)
<b>Profit for the financial year from continuing operations</b>					21.4
Profit from discontinued operations, net of tax					0.2
<b>Profit for the financial year</b>					21.6
<b>Intangible assets<sup>2</sup></b>			19.5	6.4	25.9
Investment in joint venture			–	7.8	7.8
Land and buildings			15.6	–	15.6
Hire equipment			226.9	–	226.9
Non-hire equipment			15.2	–	15.2
Right of use assets			74.2	–	74.2
Taxation assets			–	1.7	1.7
Other current assets			112.7	4.1	116.8
Cash			–	2.5	2.5
<b>Total assets</b>			464.1	22.5	486.6
Lease liabilities			(76.7)	–	(76.7)
Other liabilities <sup>3</sup>			(103.0)	(8.5)	(111.5)
Borrowings			–	(70.0)	(70.0)
Taxation liabilities			–	(12.0)	(12.0)
<b>Total liabilities</b>			(179.7)	(90.5)	(270.2)

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

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

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

3 See note 32.

### Geographical information

In presenting geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

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

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

## Notes to the Financial Statements continued

### 2 Segmental analysis continued

#### Revenue by type

Revenue is attributed to the following activities:

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

#### Major customers

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

### 3 Discontinued operations

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

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

### 4 Exceptional items

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

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Asset write-off	20.4	–
Other professional and support costs	1.4	–
Restructuring costs	6.7	–
	<b>28.5</b>	<b>–</b>

#### Asset write-off

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

#### Other professional and support costs

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

#### Restructuring

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

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

## 5 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Amortisation of intangible assets	1.8	1.0
Depreciation of owned property, plant and equipment	43.0	43.2
Depreciation of right of use assets	26.6	23.5
(Profit) on disposal of hire equipment	(1.7)	(0.5)
Exceptional write-off	20.4	–
Loss on disposal of non-hire equipment	–	0.1
Auditor's remuneration		
– audit of these Financial Statements	1.1	0.3
– audit of financial statements of subsidiaries	0.1	0.2
Total audit fees	1.2	0.5
Non-audit fees: audit-related services – interim review fee of £40,000 (2022: £60,000)	–	0.1
Total fees	1.2	0.6

Amortisation of intangible assets is included within distribution and administrative costs.

## 6 Employees

The monthly average number of people employed by the Group (including Directors) during the year was as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
UK and Ireland	3,241	3,113
International*	–	104
Central	283	284
	3,524	3,501

\* No international employees present in 2023 following the sale of the international business in 2021, and the subsequent completion of the transitional services agreement in 2022.

The aggregate payroll costs of these employees (including bonuses) were as follows:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Wages and salaries	113.9	109.2
Social security costs	11.3	9.9
Other pension costs	3.3	3.0
Share-based payments	1.0	1.2
	129.5	123.3

## 7 Directors' remuneration

	Year ended 31 March 2023 £'000s	Year ended 31 March 2022 £'000s
<b>Directors' emoluments</b>		
Basic remuneration, including benefits	1,047	1,113
Value of long-term incentives	–	–
Performance related bonuses	–	484
Gain on exercise of share options	–	–
Company contributions to money purchase pension schemes	40	70
	1,087	1,667
<b>Emolument of the highest paid Director</b>		
Basic remuneration, including benefits	230	412
Performance related bonuses	–	265
Termination payments	–	–
Gain on exercise of share options	–	–
Company pension contributions	27	59
	257	736

## Notes to the Financial Statements continued

### 7 Directors' remuneration continued

The number of Directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes, and who exercised share options during the year, is disclosed on pages 124 and 125 of the Directors' Remuneration Report respectively.

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

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

### 9 Taxation

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Tax charged in the Income Statement from continuing operations</b>		
<b>Current tax</b>		
UK corporation tax on profit at 19% (2022: 19%)	3.8	4.9
Adjustment in respect of prior years	(1.0)	0.5
<b>Deferred tax</b>		
UK deferred tax at 25% (2022: 25%)	(3.8)	0.9
Adjustment in respect of prior years	1.6	(0.6)
Effect of change in rates	–	2.0
Total deferred tax	(2.2)	2.3
Total tax charge from continuing operations	0.6	7.7
<b>Tax charged in other comprehensive income</b>		
Deferred tax on effective portion of changes in fair value of cash flow hedges	–	0.2
<b>Tax charged in equity</b>		
Deferred tax	–	0.1

The adjusted effective tax rate of 20.2% (2022: 26.2%) is higher than the standard rate of UK corporation tax of 19%. The tax charge in the Income Statement for the year of 33.3% (2022: 26.5%) is higher than the standard rate of corporation tax in the UK and is explained as follows:

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

## 10 Earnings per share

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

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Weighted average number of shares in issue (m)</b>		
Number of shares at the beginning of the year	514.0	523.8
Exercise of share options	0.2	0.4
Movement in shares owned by the Employee Benefit Trust	–	0.1
Vested shares not yet exercised	2.7	–
Shares repurchased and subsequently cancelled or placed in treasury	(28.9)	(1.0)
<b>Weighted average for the year – basic number of shares</b>	<b>488.0</b>	<b>523.3</b>
Share options	3.5	5.7
Employee share scheme	0.2	0.8
<b>Weighted average for the year – diluted number of shares</b>	<b>491.7</b>	<b>529.8</b>
	Year ended 31 March 2023	Year ended 31 March 2022
<b>Profit (£m)</b>		
Profit for the year after tax – basic earnings	1.2	21.6
Intangible amortisation charge (after tax)	1.8	0.8
Exceptional items (after tax)	22.6	–
Profit from discontinued operations (after tax)	–	(0.2)
<b>Adjusted earnings (from continuing operations after tax)</b>	<b>25.6</b>	<b>22.2</b>
<b>Earnings per share (pence)</b>		
Basic earnings per share*	0.25	4.13
Dilutive shares and options	(0.01)	(0.06)
<b>Diluted earnings per share*</b>	<b>0.24</b>	<b>4.07</b>
<b>Adjusted earnings per share (from continuing operations)</b>	<b>5.25</b>	<b>4.24</b>
<b>Dilutive shares and options</b>	<b>(0.04)</b>	<b>(0.06)</b>
<b>Adjusted diluted earnings per share (from continuing operations)</b>	<b>5.21</b>	<b>4.18</b>

\* 2022 Basic and Diluted EPS include amounts relating to discontinued operations of 0.04p and 0.04p respectively.

More detail on adjusted earnings is provided in note 12.

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

## 11 Dividends

The aggregate amount of dividend paid in the year comprises:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
2021 final dividend (1.40 pence on 522.9m ordinary shares)	–	7.3
2022 interim dividend (0.75 pence on 524.2m ordinary shares)	–	4.0
2022 final dividend (1.45 pence on 489.5m ordinary shares)	7.1	–
2023 interim dividend (0.80 pence on 474.7m ordinary shares)	3.8	–
	<b>10.9</b>	<b>11.3</b>

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

The Employee Benefit Trust, established to hold shares for the Performance Share Plan and other employee benefits, waived its right to the interim dividend. At 31 March 2023, the Trust held 4,162,452 ordinary shares (2022: 4,236,422).

## Notes to the Financial Statements continued

**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.

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

1 See note 20 – Financial Instruments: Capital Management. Average gross capital employed (where capital employed equals shareholders' funds and net debt) based on a two-point average between opening and closing for the financial year.

**13 Intangible fixed assets**

	Goodwill £m	Customer lists £m	Brands £m	IT development £m	Total £m
<b>Cost</b>					
At 1 April 2021 reported*	126.3	45.1	7.0	4.7	183.1
Restatement*	(96.4)	(36.8)	(4.4)	–	(137.6)
At 1 April 2021 restated*	29.9	8.3	2.6	4.7	45.5
Additions	–	–	–	2.2	2.2
At 31 March 2022 restated*	29.9	8.3	2.6	6.9	47.7
Additions	–	–	–	0.9	0.9
Disposals	(12.4)	(5.4)	(1.3)	–	(19.1)
At 31 March 2023	17.5	2.9	1.3	7.8	29.5
<b>Accumulated Amortisation</b>					
At 1 April 2021 reported*	108.8	43.3	6.3	–	158.4
Restatement*	(96.4)	(36.8)	(4.4)	–	(137.6)
At 1 April 2021 restated*	12.4	6.5	1.9	–	20.8
Charged in year	–	0.3	0.2	0.5	1.0
At 31 March 2022 restated*	12.4	6.8	2.1	0.5	21.8
Charged in year	–	0.3	0.1	1.4	1.8
Disposals	(12.4)	(5.4)	(1.3)	–	(19.1)
At 31 March 2023	–	1.7	0.9	1.9	4.5
<b>Net book value</b>					
At 31 March 2023	17.5	1.2	0.4	5.9	25.0
At 31 March 2022	17.5	1.5	0.5	6.4	25.9
At 31 March 2021	17.5	1.8	0.7	4.7	24.7

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

The remaining amortisation period of each category of intangible fixed asset is the following: Customer lists one to four years (2022: one to five years), Brands four years (2022: five years) and IT development five years (2022: six years).

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

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

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

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

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

The recoverable amounts of the assets allocated to the CGUs are determined by a value-in-use calculation. The value-in-use calculation uses cash flow projections based on five-year financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth and discount rate, which management estimates based on past experience adjusted for current market trends and expectations of future changes in the market. To prepare the value-in-use calculation, the Group uses cash flow projections from the Board approved FY2024 budget, and a subsequent four-year period using the Group's strategic plan, together with a terminal value into perpetuity using long-term growth rates. The resulting forecast cash flows are discounted back to present value, using an estimate of the Group's pre-tax weighted average cost of capital, adjusted for risk factors associated with the CGUs and market-specific risks.

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

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

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

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

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

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

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

## Notes to the Financial Statements continued

### 14 Investment in joint venture

Speedy Hire plc has a 50% interest in the share capital of Turner and Hickman Limited, a joint venture company that controls the operations of Speedy Zholdas LLP via a 90% shareholding, with the other 50% interest being held by J. & J. Denholm Group. The proportion of ownership interest is the same as the proportion of voting rights held. 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 November 2013.

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 the full outstanding balance of £0.5m (\$0.7m) (2022: repayment of £nil (\$nil)) was received during the year.

At 31 March 2023, the joint venture is considered material to the Group. The country of incorporation or registration is also their principal place of business, with the presentation currency and functional currency being Tenge.

The joint venture has a non-coterminous year end with Speedy, reporting to 31 December each year. As such estimate reporting is used, taking the nine month reported actuals and the further three months of the joint venture's results for the following year, to report twelve months to 31 March.

Speedy's share of the joint venture is as follows:

	Equity investment £m	Loan advances £m
At 1 April 2021	5.7	0.5
Share of results for the year after tax	3.2	–
Share of other comprehensive income	0.3	–
Dividends received	(1.9)	–
At 31 March 2022	7.3	0.5
Share of results for the year after tax	6.6	–
Share of other comprehensive income	0.3	0.1
Dividends received	(5.0)	–
Loan repayment	–	(0.6)
At 31 March 2023	9.2	–

Summarised financial information of Speedy Zholdas LLP is presented below. Whilst the figures are presented in Tenge in the accounts of the joint venture, they have been translated into pound sterling below using the rate prevailing at the 31 December 2022 of 0.001786 for presentation purposes. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not Speedy Hire Plc's share of those amounts.

	Year ended 31 December 2022 £m	Year ended 31 December 2021 £m
Revenue	28.3	16.0
Cost of sales	(8.1)	(5.6)
Gross profit	20.2	10.4
General and administrative expenses	(2.5)	(2.1)
Operating profit	17.7	8.3
Finance costs	(0.1)	(0.1)
Other income	–	0.1
Foreign exchange loss, net	(0.1)	–
Profit before tax	17.5	8.3
Income tax expense	(3.6)	(1.6)
<b>Profit for the year</b>	<b>13.9</b>	<b>6.7</b>



	31 December 2022 £m	31 December 2021 £m
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>3.3</b>	<b>4.1</b>
<b>Current assets</b>		
Inventories	0.6	0.6
Trade accounts receivable	12.1	4.8
Cash and cash equivalents	0.6	0.7
Other current assets	0.8	1.5
<b>Total current assets</b>	<b>14.1</b>	<b>7.6</b>
<b>Total assets</b>	<b>17.4</b>	<b>11.7</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade accounts payable	(1.4)	(0.9)
Other current liabilities	(1.5)	(0.8)
<b>Total current liabilities</b>	<b>(2.9)</b>	<b>(1.7)</b>
<b>Non-current liabilities</b>	<b>–</b>	<b>(0.9)</b>
<b>Total liabilities</b>	<b>(2.9)</b>	<b>(2.6)</b>
<b>Net assets</b>	<b>14.5</b>	<b>9.1</b>

## 15 Property, plant and equipment

	Land and buildings £m	Hire equipment £m	Other £	Total £m
<b>Cost</b>				
At 1 April 2021	50.6	386.6	88.5	525.7
Foreign exchange	–	(1.0)	(0.3)	(1.3)
Additions	6.1	68.4	7.6	82.1
Disposals	(3.5)	(15.8)	(4.1)	(23.4)
Transfers to inventory	–	(15.5)	–	(15.5)
At 31 March 2022	53.2	422.7	91.7	567.6
Foreign exchange	–	(0.1)	–	(0.1)
Additions	3.3	52.1	5.5	60.9
Disposals	(2.0)	(45.2)	(0.6)	(47.8)
Exceptional write-off*	–	(33.0)	–	(33.0)
Transfers to inventory	–	(23.6)	–	(23.6)
At 31 March 2023	54.5	372.9	96.6	524.0
<b>Accumulated Depreciation</b>				
At 1 April 2021	36.6	179.4	76.6	292.6
Foreign exchange	–	(0.1)	(0.2)	(0.3)
Charged in year	3.9	35.2	4.1	43.2
Disposals	(2.9)	(7.2)	(4.0)	(14.1)
Transfers to inventory	–	(11.5)	–	(11.5)
At 31 March 2022	37.6	195.8	76.5	309.9
Foreign exchange	–	0.2	–	0.2
Charged in year	4.4	33.9	4.7	43.0
Disposals	(1.4)	(34.9)	(0.5)	(36.8)
Exceptional write-off*	–	(12.6)	–	(12.6)
Transfers to inventory	–	(17.4)	–	(17.4)
At 31 March 2023	40.6	165.0	80.7	286.3
<b>Net book value</b>				
At 31 March 2023	13.9	207.9	15.9	237.7
At 31 March 2022	15.6	226.9	15.2	257.7
At 31 March 2021	14.0	207.2	11.9	233.1

\* See note 4.

## Notes to the Financial Statements continued

### 15 Property, plant and equipment continued

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

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

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

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

### 16 Right of use assets

	Land and buildings £m	Other £m	Total £m
<b>Cost</b>			
At 1 April 2021 restated*	132.2	48.2	180.4
Additions	6.6	15.9	22.5
Remeasurements	12.8	5.7	18.5
Disposals	(7.2)	(14.2)	(21.4)
At 31 March 2022 restated*	144.4	55.6	200.0
Additions	2.1	28.1	30.2
Remeasurements	4.1	3.5	7.6
Disposals	(5.3)	(22.4)	(27.7)
At 31 March 2023	145.3	64.8	210.1
<b>Accumulated Depreciation</b>			
At 1 April 2021	86.6	33.8	120.4
Charged in year	12.2	11.3	23.5
Disposals	(6.5)	(11.6)	(18.1)
At 31 March 2022	92.3	33.5	125.8
Charged in year	13.1	13.5	26.6
Disposals	(5.1)	(20.4)	(25.5)
At 31 March 2023	100.3	26.6	126.9
<b>Net book value</b>			
At 31 March 2023	45.0	38.2	83.2
At 31 March 2022	52.1	22.1	74.2
At 31 March 2021	45.6	14.4	60.0

\* See note 32.

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

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

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

### 17 Inventories

	31 March 2023 £m	31 March 2022 £m
Work in progress	1.0	1.3
Finished goods and goods for resale	11.7	6.8
	12.7	8.1

The amount of inventory expensed in the year amounted to £76.5m (2022: £51.3m) and is included within cost of sales. The prior year amount of inventory expensed has been restated to include fuel expensed in the year. A provision of £0.9m (2022: £1.2m) is recorded in respect of inventory held at the year-end.

**18 Trade and other receivables**

	31 March 2023 £m	31 March 2022 £m
Trade receivables	97.9	100.1
Other receivables	1.9	2.2
Prepayments*	4.7	5.1
Accrued income*	1.5	1.3
	<b>106.0</b>	<b>108.7</b>

\* Prior year restated to split out prepayments and accrued income.

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. The ageing of trade receivables (net of impairment provision) at the year end was as follows:

	31 March 2023 £m	31 March 2022 £m
Not past due	66.8	65.8
Past due 0-30 days	17.9	18.7
Past due 31-120 days	7.8	9.8
More than 120 days past due	5.4	5.8
	<b>97.9</b>	<b>100.1</b>

The valuation of trade receivables and calculation of expected credit losses ('ECLs') is explained in the Significant judgements and estimates section within note 1 Accounting Policies. The related loss allowance can be analysed as follows:

	31 March 2023 £m	31 March 2022 £m
At 1 April	3.0	3.5
Impairment provision charged to the Income Statement	4.0	3.8
Utilised in the year	(3.8)	(4.3)
At 31 March	<b>3.2</b>	<b>3.0</b>

**19 Trade and other payables**

	31 March 2023 £m	31 March 2022 £m
Trade payables <sup>2</sup>	39.1	42.8
Other payables	11.0	10.7
Accruals <sup>1,2</sup>	27.5	32.3
Customer rebates <sup>1</sup>	11.0	10.8
	<b>88.6</b>	<b>96.6</b>

1 Prior year restated to present customer rebates balances separately from accruals.

2 Trade payables and accruals restated to amend classification.

## Notes to the Financial Statements continued

### 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.

#### 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 – not within the scope of IFRS 13; accounted for in accordance with IFRS 16.

#### 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.

#### Fair value of financial assets and liabilities

The fair values of financial assets and liabilities (other than lease liabilities) held at amortised cost are considered to be approximately equal to the carrying values shown in the balance sheet, set out below:

	31 March 2023			31 March 2022		
	Amortised cost £m	Fair value through other comprehensive income £m	Total £m	Amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Assets per the Balance Sheet</b>						
Trade and other receivables <sup>1</sup>	99.8	–	99.8	101.9	0.4	102.3
Cash at bank and in hand	1.1	–	1.1	2.5	–	2.5
Derivative financial assets <sup>2</sup>	–	1.2	1.2	–	–	–
	<b>100.9</b>	<b>1.2</b>	<b>102.1</b>	<b>104.4</b>	<b>0.4</b>	<b>104.8</b>

1 Trade and other receivables excluding prepayments and accrued income.

2 2022 derivative financial assets included in trade and other receivables.

	31 March 2023			31 March 2022		
	Amortised cost £m	Fair value through other comprehensive income £m	Total £m	Amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Liabilities per the Balance Sheet</b>						
Bank overdraft	1.3	–	1.3	1.7	–	1.7
Borrowings	92.2	–	92.2	68.3	–	68.3
Lease liabilities – Current	22.1	–	22.1	20.6	–	20.6
Lease liabilities – Non-current	64.0	–	64.0	56.1	–	56.1
Trade and other payables <sup>1</sup>	39.1	–	39.1	42.8	–	42.8
Accruals	27.5	–	27.5	32.3	–	32.3
Customer rebates	11.0	–	11.0	10.8	–	10.8
Derivative financial liabilities	–	0.6	0.6	–	–	–
	<b>257.2</b>	<b>0.6</b>	<b>257.8</b>	<b>232.6</b>	<b>–</b>	<b>232.6</b>

1 Trade and other payables excluding non-financial liabilities.

### Offsetting arrangements

Under the terms of the Group's banking facilities, net indebtedness is permitted up to the net limit of £5m. The relevant accounts have therefore been presented net in the balance sheet, the effect of which is detailed below.

	31 March 2023			31 March 2022		
	Gross amounts £m	Gross amounts offset in the balance sheet £m	Net amounts presented in the balance sheet £m	Gross amounts £m	Gross amounts offset in the balance sheet £m	Net amounts presented in the balance sheet £m
<b>Financial assets</b>						
Cash at bank and in hand	5.8	(4.7)	1.1	31.7	(29.2)	2.5
<b>Financial liabilities</b>						
Bank overdraft	4.6	(3.3)	1.3	16.0	(14.3)	1.7
Borrowings	93.6	(1.4)	92.2	83.2	(14.9)	68.3

### 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.

### 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.

## Notes to the Financial Statements continued

### 20 Financial instruments continued

#### Liquidity risk continued

At 31 March 2023, the Group had a banking facility amounting to £180.0m (2022: £180.0m), as detailed in note 21. The cash and undrawn availability on this facility as at 31 March 2023 was £83.5m (2022: £110.8m) based on the Group's eligible hire equipment and trade receivables. The 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.

Derivative financial instruments are also used in the form of interest rate swaps and fuel hedges to help manage cash flows.

The following analysis is based on the undiscounted contractual maturities on the Group's financial liabilities, including estimated interest that will accrue, over the following financial years ended 31 March.

Undiscounted cash flows – 31 March 2023					
	2024 £m	2025 £m	2026 £m	2027 and later £m	Total £m
Asset based finance facility	–	92.9	–	–	92.9
Overdraft	1.3	–	–	–	1.3
Lease liability (principal and interest)	27.9	19.6	15.4	36.0	98.9
Bank interest payments	8.0	2.3	–	–	10.3
Trade payables	39.1	–	–	–	39.1
Accruals	27.5	–	–	–	27.5
Customer rebates	11.0	–	–	–	11.0
Derivative financial liabilities	0.4	0.1	0.1	–	0.6
	115.2	114.9	15.5	36.0	281.6

Undiscounted cash flows – 31 March 2022					
	2023 £m	2024 £m	2025 £m	2026 and later £m	Total £m
Asset based finance facility	–	–	69.5	–	69.5
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 payables	42.8	–	–	–	42.8
Accruals*	32.3	–	–	–	32.3
Customer rebates*	10.8	–	–	–	10.8
Derivative financial liabilities*	–	–	–	–	–
	116.1	21.4	83.5	30.6	251.6

\* 2022 maturity analysis restated to include accruals, customer rebates and derivative financial liabilities.

#### 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 1.3% (2022: 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 2023, if sterling had weakened or strengthened by 10% against the Euro and USD with all other variables held constant, post-tax profit for the year would have been £0.8m (2022: £0.5m) 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 2023		31 March 2022	
	Fair value £m	Notional amount £m	Fair value £m	Notional amount £m
<b>Designated as cash flow hedges</b>				
Fixed interest rate swaps	1.0	120.0	0.4	85.0

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 3.2% (2022: 1.06%) and the instruments are for a weighted average period of 13 months (2022: 9 months). The maximum contractual period is 24 months (2022: 36 months).

### 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 2023 it is estimated that an increase of 1% in interest rates would decrease the Group's profit before tax by approximately £0.7m (2022: £0.1m). 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), as disclosed in note 21, plus shareholders' funds as disclosed in the Consolidated Statement of Changes in Equity, 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.

	31 March 2023 £m	31 March 2022 £m	31 March 2021 £m
Net debt	92.4	67.5	33.2
Total equity*	184.6	216.4	210.8
<b>At 31 March</b>	<b>277.0</b>	<b>283.9</b>	<b>244.0</b>

\* See note 32.

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 seeks to ensure that the most attractive mix of capital growth and income return for 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.

## Notes to the Financial Statements continued

## 21 Borrowings

	31 March 2023 £m	31 March 2022 £m
<b>Current borrowings</b>		
Bank overdraft	1.3	1.7
Lease liabilities	22.1	20.6
	<b>23.4</b>	<b>22.3</b>
<b>Non-current borrowings</b>		
Maturing between two and five years		
– Asset based finance facility	92.2	68.3
– Lease liabilities	64.0	56.1
Total non-current borrowings	<b>156.2</b>	<b>124.4</b>
Total borrowings	<b>179.6</b>	<b>146.7</b>
Less: cash	(1.1)	(2.5)
Exclude lease liabilities	<b>(86.1)</b>	<b>(76.7)</b>
<b>Net debt<sup>1</sup></b>	<b>92.4</b>	<b>67.5</b>

1 Key performance indicator – excluding lease liabilities.

## Reconciliation of financing liabilities and net debt

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

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

- (a) A secured overdraft facility, which secures by cross guarantees and debentures the bank deposits and overdrafts of the Company and certain subsidiary companies up to a maximum of £5m.
- (b) An asset based finance facility of up to £175m, based on the Group's itemised hire equipment and trade receivables balance. The cash and undrawn availability of this facility as at 31 March 2023 was £83.5m (2022: £110.8m), based on the Group's eligible hire equipment and trade receivables.

The facility is for £180m, reduced to the extent that any ancillary facilities are provided, and as at the balance sheet date was repayable in July 2024, with no prior scheduled repayment requirements. Subsequent to this the facility has been extended to be repayable in July 2026 however, as this is a non-adjusting post balance sheet event, no amendments have been made to the undiscounted cash flows table in note 20. An additional uncommitted accordion of £220m is in place.

Interest on the facility is calculated by reference to SONIA (previously LIBOR) applicable to the period drawn, plus a margin of 155 to 255 basis points, depending on leverage and on the components of the borrowing base. During the year, the effective margin was 1.82% (2022: 1.73%).

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

The facility has the following covenants:

Minimum Excess Availability: At any time, 10 per cent of the Total Commitments. Where availability falls below the Minimum Excess Availability, the financial covenants (below) are required to be tested. Covenants are not required to be tested where availability is above Minimum Excess.

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

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



## 22 Lease liabilities

	Land and buildings £m	Other £m	Total £m
At 1 April 2021	48.8	14.4	63.2
Additions	6.6	15.9	22.5
Remeasurements	12.8	5.7	18.5
Repayments	(15.0)	(12.1)	(27.1)
Unwinding of discount rate	1.9	0.6	2.5
Terminations	(1.9)	(1.0)	(2.9)
At 31 March 2022	53.2	23.5	76.7
Additions	2.1	28.1	30.2
Remeasurements	4.1	3.5	7.6
Repayments	(15.5)	(14.5)	(30.0)
Unwinding of discount rate	1.8	1.7	3.5
Terminations	(0.5)	(1.4)	(1.9)
At 31 March 2023	45.2	40.9	86.1

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

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

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

## 23 Provisions

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

\* See note 32.

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

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

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

## Notes to the Financial Statements continued

## 24 Deferred tax

	Property, plant and equipment £m	Intangible assets £m	Share-based payments £m	Other items £m	Total £m
At 1 April 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
Recognised in the year	(3.1)	0.8	0.1	0.3	(1.9)
At 31 March 2023	7.9	0.7	–	(1.2)	7.4

Approximately £1.7m (2022: £1.7m) of the deferred tax liability relating to property, plant and equipment and £0.3m (2022: £0.0m) of the deferred tax liability relating to intangible fixed asset timing differences is expected to reverse within 12 months as the depreciation and amortisation charged on the underlying assets exceeds tax allowances claimed in the period.

Approximately £0.3m (2022: £0.4m) of the deferred tax asset relating to other items is expected to reverse within 12 months as the tax spreading adjustment in relation to the IFRS 16 transitional adjustment unwinds.

The Group has gross trading losses carried forward at 31 March 2023 amounting to approximately £5.3m (2022: £6.1m). No deferred tax asset has been recognised in respect of these losses. The Group also has gross capital losses carried forward at 31 March 2023 amounting to approximately £1.4m (2022: £1.4m). No deferred tax asset has been recognised in respect of these losses.

## 25 Share capital

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

In January 2022 the Company commenced a share buyback programme. By resolutions passed at the 9 September 2021 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 52,831,110 of its ordinary shares. A further resolution was then passed in June 2022, authorising the Company to make further market purchases up to a maximum of 50,613,543 of its ordinary shares.

In the year ended 31 March 2022, a total of 11,114,363 ordinary shares were purchased and cancelled. A further 401,186 shares were acquired immediately prior to the year ended 31 March 2022 and cancelled in April 2022. In the year ended 31 March 2023, a total of 1,051,228 ordinary shares were purchased and subsequently cancelled, with a further 55,146,281 shares repurchased and placed in treasury.

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

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

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

## 26 Share incentives

The Group operates a number of share-based payment schemes, details of which are provided in the Directors' Remuneration Report.

At 31 March 2023, options and awards over 23,738,625 shares (2022: 19,203,929) were outstanding under employee share schemes. The Group operates two share incentive schemes. During the year a weighted average 184,004 ordinary shares of 5 pence were issued on exercise of options under the Speedy Hire Sharesave Schemes (2022: 325,283).

As at 31 March 2023, options to acquire 11,963,956 (2022: 8,035,173) Speedy Hire Plc shares were outstanding under the Speedy Hire Sharesave Schemes. These options are exercisable by employees of the Group at prices between 32 and 56 pence (2022: 48 and 56 pence) at dates between April 2023 and July 2026 (2022: April 2022 and July 2025). At 31 March 2023, options to acquire 11,774,670 shares (2022: 11,168,757) under the Performance Share Plans were outstanding. These options are exercisable at nil cost between April 2023 and June 2032 (2022: April 2022 and June 2031). The weighted average fair value of the awards granted in the year was 30 pence (2022: 55 pence).

The number and weighted average exercise price ('WAEP') of share options and awards under all the share incentive schemes are as follows:

	31 March 2023		31 March 2022*	
	WAEP pence	Number	WAEP pence	Number
Outstanding at 1 April	22	16,077,113	22	15,533,503
Granted	22	7,627,615	28	5,216,389
Exercised	46	(255,247)	29	(1,283,036)
Lapsed	17	(2,868,438)	46	(3,389,743)
Outstanding at 31 March	22	20,581,043	22	16,077,113
Exercisable at 31 March	16	4,737,225	8	3,677,030

\* Prior year numbers of shares restated to reflect historically lapsed schemes.

Options and awards outstanding at 31 March 2023 have weighted average remaining contractual lives as follows:

	2023 Years	2022 Years
Exercisable at nil pence	1.4	1.4
Exercisable at 32 pence	2.8	–
Exercisable at 48 pence	–	0.8
Exercisable at 55 pence	0.8	1.8
Exercisable at 56 pence	1.8	2.8

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 used for the schemes are Black Scholes for awards not subject to market-based performance conditions (Sharesave and Performance Share Plan: EPS condition) and Stochastic for awards subject to market-based conditions in order to incorporate a discount factor into the fair value for the probability of achieving the relevant targets (Performance Share Plan: TSR condition).

For awards subject to a market condition, volatility is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. Where an award is not subject to market conditions, volatility is usually calculated over the period of time commensurate with the expected award term immediately prior to the date of grant.

The inputs used for the outstanding options (on a weighted average basis where appropriate) are as follows:

### Speedy Hire Sharesave Schemes

	December 2022	December 2021	December 2020	December 2019
Exercise price	32p	56p	55p	48p
Share price volatility	33.5%	31.7%	31.2%	28.8%
Option life	3.25 years	3.25 years	3.25 years	3.25 years
Expected dividend yield	5.6%	3.6%	1.1%	2.9%
Risk-free interest rate	3.3%	0.5%	(0.1%)	0.5%

## Notes to the Financial Statements continued

**26 Share incentives continued**  
**Performance Share Plan**

	June 2022	June 2021	November 2020	May 2019
Exercise price	Nil	Nil	Nil	Nil
Share price volatility	32.4%	32.6%	31.8%	27.1%
Option life	3 years	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	2.5%	0.1%	(0.0%)	0.7%

**27 Reserves**  
**Share premium**

Relates to any premiums received on the issue of share capital.

**Merger reserve**

Used to record the amount arising on the difference between the nominal value of shares issued on acquisition of a subsidiary company and the Company value of the interest in the subsidiary. The merger reserve arises where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, and therefore the Company adopts merger relief under the Companies Act 2006.

**Hedging reserve**

Used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, including interest rate swaps and fuel price hedges.

**Capital redemption reserve**

Represents the nominal value of shares repurchased and subsequently cancelled, transferred from share capital to the capital redemption reserve.

**Translation reserve**

Comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into pounds sterling.

**Retained earnings**

Includes all current and prior period retained profits.

**28 Contingent liabilities**

There are no contingent liabilities as at the 31 March 2023.

**29 Commitments**

The Group had contracted capital commitments amounting to £5.3m (2022: £20.2m) at the end of the financial year for which no provision has been made. These related to hire fleet equipment on order (2022: hire fleet equipment on order).

**30 Post-balance sheet events**

The Group has a £180m asset-based finance facility. This facility was renewed in July 2021 for a three year term, with options to extend by a further two years. On 26 May 2023 these options were exercised and the facility now expires in July 2026, with no prior scheduled repayment requirements. An additional uncommitted accordion of £220m remains in place.

This extension has resulted in updates to forecasted cash flows presented in these financial statements.

### 31 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, the remuneration of whom is disclosed in note 7. Additionally, the Interim Chief Financial Officer is a member of key management personnel but is not a statutory director of Speedy Hire Plc and so is excluded from the Directors' Remuneration Report. This individual's salary and benefits paid in 2023 total £142,000 (2022: £nil) and share based payments £nil (2022: £nil).

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. There were post-employment benefits totalling £4,750 provided to two former Directors in the year.

Non-Executive Directors receive a fee for their services to Speedy Hire Plc.

Full details of Executive and Non-Executive Director compensation and interests in the share capital of the Company as at 31 March 2023 are given in the Directors' Remuneration Report.

### 32 Prior year adjustment

The Group has previously recognised dilapidation provisions upon exit – or notification of exit – of a leased property, together with an ongoing assessment of property conditions. This has been reviewed to assess a more comprehensive view of the future liability on all leases in line with accounting standards, and is a change from prior years. Dilapidations are now assessed at the earliest point, being the start of the lease or due to an obligating event. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2021, in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There is no impact on the amounts recognised in the income statement.

A summary of the affected accounts and the restatements made as at 1 April 2021 and 31 March 2022 are as follows:

	Reported £m	Adjustment £m	Restated £m
<b>Assets:</b>			
Right of use asset as at 1 April 2021	59.1	0.9	60.0
Right of use asset as at 31 March 2022	73.3	0.9	74.2
<b>Liabilities:</b>			
Provisions as at 1 April 2021	(6.0)	(10.9)	(16.9)
Provisions as at 31 March 2022	(4.0)	(10.9)	(14.9)
<b>Net assets:</b>			
Net assets as at 1 April 2021	220.8	(10.0)	210.8
Net assets as at 31 March 2022	226.4	(10.0)	216.4
<b>Equity:</b>			
Retained earnings as at 1 April 2021	193.8	(10.0)	183.8
Retained earnings as at 31 March 2022	198.8	(10.0)	188.8

# Company Balance Sheet as at 31 March 2023

	Note	31 March 2023 £m	31 March 2022 Restated* £m	1 April 2021 Restated* £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments	34	93.5	93.5	93.5
Trade and other receivables	35	105.9	103.9	95.9
Deferred tax asset		–	–	0.1
		<b>199.4</b>	<b>197.4</b>	<b>189.5</b>
<b>Current assets</b>				
Trade and other receivables	35	79.6	278.8	196.0
Current tax receivable		2.0	4.1	16.1
Cash	38	1.0	11.8	1.0
Derivative financial assets	37	1.2	–	–
		<b>83.8</b>	<b>294.7</b>	<b>213.1</b>
<b>Total assets</b>		<b>283.2</b>	<b>492.1</b>	<b>402.6</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	36	(14.8)	(201.4)	(126.5)
Derivative financial liabilities	37	(0.2)	–	(0.4)
		<b>(15.0)</b>	<b>(201.4)</b>	<b>(126.9)</b>
<b>Non-current liabilities</b>				
Borrowings	38	(93.6)	(83.1)	(56.4)
Deferred tax liability	39	(0.2)	(0.1)	–
		<b>(93.8)</b>	<b>(83.2)</b>	<b>(56.4)</b>
<b>Total liabilities</b>		<b>(108.8)</b>	<b>(284.6)</b>	<b>(183.3)</b>
<b>Net assets</b>		<b>174.4</b>	<b>207.5</b>	<b>219.3</b>
<b>EQUITY</b>				
Share capital	40	25.8	25.9	26.4
Share premium		1.9	1.8	1.3
Capital redemption reserve		0.7	0.6	–
Merger reserve		2.3	2.3	2.3
Hedging reserve		0.6	0.1	(0.7)
Retained earnings		143.1	176.8	190.0
<b>Total equity</b>		<b>174.4</b>	<b>207.5</b>	<b>219.3</b>

\* See note 44.

The company profit for the year was £0.1m (2022: £3.2m).

The accompanying notes form part of the financial statements.

The Company Financial Statements on pages 176 to 184 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



**Dan Evans**  
Director

Company registered number: 00927680

## Company Statement of Changes in Equity for the year ended 31 March 2023

	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 2021 reported*	26.4	1.3	–	2.3	(0.7)	206.7	236.0
Restatement*	–	–	–	–	–	(16.7)	(16.7)
At 1 April 2021 restated*	26.4	1.3	–	2.3	(0.7)	190.0	219.3
Profit for the financial year	–	–	–	–	–	3.2	3.2
Other comprehensive income	–	–	–	–	0.8	(0.1)	0.7
Total comprehensive income	–	–	–	–	0.8	3.1	3.9
Dividends	–	–	–	–	–	(11.3)	(11.3)
Equity-settled share-based payments	–	–	–	–	–	1.2	1.2
Purchase of own shares for cancellation or placement in treasury	(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 restated*	25.9	1.8	0.6	2.3	0.1	176.8	207.5
Loss for the financial year	–	–	–	–	–	0.1	0.1
Other comprehensive income	–	–	–	–	0.5	–	0.5
Total comprehensive income	–	–	–	–	0.5	0.1	0.6
Dividends	–	–	–	–	–	(10.9)	(10.9)
Equity-settled share-based payments	–	–	–	–	–	1.1	1.1
Tax on items taken directly to equity	–	–	–	–	–	–	–
Purchase of own shares for cancellation or placement in treasury	(0.1)	–	0.1	–	–	(24.0)	(24.0)
Issue of shares under the Sharesave Scheme	–	0.1	–	–	–	–	0.1
<b>At 31 March 2023</b>	<b>25.8</b>	<b>1.9</b>	<b>0.7</b>	<b>2.3</b>	<b>0.6</b>	<b>143.1</b>	<b>174.4</b>

\* See note 44.

The accompanying notes form part of the financial statements.

## Company Cash Flow Statement for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Cash generated from operating activities</b>			
(Loss)/Profit before tax		(1.0)	3.2
Net financial income		(3.0)	(4.8)
Decrease/(increase) in trade and other receivables		199.8	(75.0)
(Decrease)/increase in trade and other payables		(185.7)	75.2
Equity-settled share-based payments		1.1	1.2
<b>Cash generated from/(used in) operations</b>		<b>13.2</b>	<b>(0.2)</b>
Interest paid*		(5.0)	(2.9)
Interest received*		8.3	7.6
Tax paid		(2.6)	(3.0)
<b>Net cash flow from operating activities</b>		<b>13.9</b>	<b>1.5</b>
<b>Cash flow from financing activities</b>			
Drawdown of loans		595.6	482.6
Repayment of loans		(585.5)	(456.5)
Proceeds from the issue of Sharesave Scheme shares		0.1	0.5
Purchase of own shares for cancellation or placement in treasury	25	(24.0)	(6.0)
Dividends paid	11	(10.9)	(11.3)
<b>Net cash flow (used in)/generated from financing activities</b>		<b>(24.7)</b>	<b>9.3</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(10.8)</b>	<b>10.8</b>
Cash at the start of the financial year		11.8	1.0
<b>Cash at the end of the financial year</b>		<b>1.0</b>	<b>11.8</b>

\* Restated to show interest paid and received separately.

The accompanying notes form part of the financial statements.



# Notes to the Company Financial Statements

## 33 Accounting policies

The Company complies with the accounting policies defined in note 1 of the Group Consolidated Financial Statements, except as noted below.

### Statement of compliance

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 Balance sheet and the Company Statement of Changes in Equity.

The Company complies with the accounting policies defined in note 1 of the Group's Consolidated Financial Statements, except as noted below.

### Dividends

Dividends received and receivable are credited to the Company's income statement to the extent that they represent a realised profit for the Company.

### Finance income

Finance income comprises interest receivable from subsidiary undertakings and is recognised in the Company's income statement as it accrues.

### Employees

The Company does not have any employees. Directors are paid by other Group companies, the details of which are disclosed in the Directors' Remuneration Report.

### Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less any provisions for permanent diminution in value.

### Intercompany receivables

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.

### Significant judgements and estimates

The following are significant sources of estimation uncertainty that management has made in the process of applying the accounting policies and that have a significant risk of resulting in a material adjustment within the next financial year.

#### Valuation of intercompany receivables

Intercompany expected credit losses are assessed under IFRS 9, based on the applicable repayment profile and the ability of the borrower to repay the loan. Where the borrower has insufficient liquid assets to repay the loan, and no contractual obligation exists to provide support for the loan, an impairment loss is recognised.

At 31 March 2023, the expected credit loss provision was £43.9m (2022: £43.9m) against a receivable balance of £183.3m (2022: £380.3m). Further detail is provided in note 35. The Company's estimated expected credit losses are 23.9% (2022: 11.5%) of intercompany receivables. A change of 1% in this assumption would result in an increase to the provision of £1.8m (2022: £3.8m).

## 34 Investments

	Investments in related undertakings £m
<b>Cost</b>	
At 1 April 2021, 31 March 2022 and 31 March 2023	113.3
<b>Provisions</b>	
At 1 April 2021, 31 March 2022 and 31 March 2023	(19.8)
<b>Net book value</b>	
At 1 April 2021, 31 March 2022 and 31 March 2023	93.5

An impairment test has been performed on the Company's carrying value of investments in related undertakings and no impairment has been made (2022: Nil).

## Notes to the Company Financial Statements continued

The Company's related undertakings are as follows:

	Incorporation and operation	Principal activity	Ordinary share capital held
Allen Contracts Limited <sup>1</sup>	UK	Dormant	100%
Allen Investments Limited <sup>1</sup>	UK	Dormant	100%
Bucks Access Rentals Limited <sup>1,2</sup>	UK	Dormant	100%
Chestview (North East) Limited <sup>1</sup>	UK	Dormant	100%
Crewe Plant Hire Limited <sup>1,2</sup>	UK	Dormant	100%
Drain Technology (1985) Limited <sup>2</sup>	UK	Dormant	100%
Drain Technology Limited <sup>3</sup>	UK	Dormant	100%
Geason Holdings Limited <sup>2,3</sup>	UK	In liquidation	100%
Geason Apprenticeships Limited <sup>2,3</sup>	UK	In liquidation	100%
Hire-A-Tool Limited <sup>1</sup>	UK	Dormant	100%
Ian Kilpatrick Limited <sup>2,3</sup>	UK	In liquidation	100%
Prospects Training International Limited	UK	In liquidation	100%
Lifterz Holdings Limited <sup>1,2</sup>	UK	Holding company	100%
Lifterz Limited <sup>1,2</sup>	UK	Dormant	100%
Lifterz (Scot) Limited <sup>1,2</sup>	UK	Dormant	100%
OHP Limited <sup>1,2</sup>	UK	Holding company	100%
Platform Sales & Hire Limited <sup>1,2</sup>	UK	Dormant	100%
Prolift Access Limited <sup>1,2</sup>	UK	Dormant	100%
Rail Hire (UK) Limited <sup>1,2</sup>	UK	Dormant	100%
SHH 501 Limited <sup>1,2</sup>	UK	Dormant	100%
Speedy Asset Leasing Limited <sup>1</sup>	UK	Dormant	100%
Speedy Asset Services Limited <sup>1</sup>	UK	Hire services	100%
Speedy Engineering Services Limited <sup>1</sup>	UK	Dormant	100%
Speedy Hire (Ireland) Limited <sup>4</sup>	UK	Hire services	100%
Speedy Hire (Ireland) Limited <sup>2,5</sup>	Ireland	Hire services	100%
Speedy Hire (UK) Limited <sup>1</sup>	UK	Dormant	100%
Speedy Hire Centres (Midlands) Limited <sup>1</sup>	UK	Dormant	100%
Speedy Hire Centres Limited <sup>1</sup>	UK	Dormant	100%
Speedy Hire Direct Limited <sup>1,2</sup>	UK	Dormant	100%
Speedy Industrial Services Limited <sup>1</sup>	UK	Dormant	100%
Speedy International Asset Services (Holdings) Limited <sup>1</sup>	UK	Holding company	100%
Speedy International Asset Services Equipment Rental LLC <sup>2,6,7</sup>	UAE	Hire services	49%
Speedy International Asset Services LLC (Egypt) <sup>2,8</sup>	Egypt	Dormant	100%
Speedy International Leasing Limited <sup>1,2</sup>	UK	Dormant	100%
Speedy LCH Generators Limited <sup>3</sup>	UK	Dormant	100%
Speedy LGH Limited <sup>1</sup>	UK	Dormant	100%
Speedy Lifting Limited <sup>1</sup>	UK	Dormant	100%
Speedy Plant Hire Limited <sup>1</sup>	UK	Dormant	100%
Speedy Power Limited <sup>1</sup>	UK	Dormant	100%
Speedy Pumps Limited <sup>1</sup>	UK	Dormant	100%
Speedy Rail Services Limited <sup>1</sup>	UK	Dormant	100%
Speedy Safemaker Limited <sup>1,2</sup>	UK	Dormant	100%
Speedy Services Limited <sup>1</sup>	UK	Dormant	100%
Speedy Space Limited <sup>1</sup>	UK	Dormant	100%
Speedy Support Services Limited <sup>1</sup>	UK	Provision of group services	100%
Speedy Survey Limited <sup>1</sup>	UK	Dormant	100%
Speedy Transport Limited <sup>1</sup>	UK	Provision of group services	100%
Speedy Zholdas LLP <sup>9</sup>	Kazakhstan	Hire services	45%
Speedyloo Limited <sup>1</sup>	UK	Dormant	100%
Stockton Investments (North East) Limited <sup>1</sup>	UK	Dormant	100%
Tidy Group Limited <sup>1</sup>	UK	Dormant	100%
Turner & Hickman Limited <sup>9,10</sup>	UK	Holding company	50%
Waterford Hire Services Limited <sup>1,11</sup>	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.

### 34 Investments continued

All dormant related undertakings noted above take the s480 exemption under the Companies Act 2006 from the requirement to have their accounts for the financial year ended 31 March 2023 audited.

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.

### 35 Trade and other receivables

	31 March 2023 £m	31 March 2022 £m
<b>Current</b>		
Amounts owed by Group undertakings*	77.4	276.4
Other receivables	2.2	2.4
	<b>79.6</b>	<b>278.8</b>

\* See note 44.

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. Inter-company loans bear interest on the same basis as external bank borrowings.

The valuation of intercompany receivables and calculation of expected credit losses ('ECLs') is explained in the Significant judgements and estimates section within note 33 Accounting Policies. The related loss allowance can be analysed as follows:

	31 March 2023 £m	31 March 2022 £m
At 1 April	43.9	44.9
Impairment provision charged to the Income Statement	–	1.2
Utilised in the year	–	(2.2)
At 31 March	<b>43.9</b>	<b>43.9</b>

As part of an exercise undertaken in the year, the Company has reassessed the expected timeframe for repayment of intercompany balances. Following this, non-current amounts owed by Group undertakings have been identified as follows:

	31 March 2023 £m	31 March 2022 £m
<b>Non-Current</b>		
Amounts owed by Group undertakings	105.9	103.9
	<b>105.9</b>	<b>103.9</b>

### 36 Trade and other payables

	31 March 2023 £m	31 March 2022 £m
Amounts owed to Group undertakings*	12.7	200.6
Accruals	2.1	0.8
	<b>14.8</b>	<b>201.4</b>

\* See note 44.

Amounts due to other Group undertakings are repayable on demand. Interest is not payable on balances outstanding as a result of routine intercompany trading. Intercompany loans bear interest on the same basis as external bank borrowings.

## Notes to the Company Financial Statements continued

### 37 Financial instruments

The basis for determination of fair values of financial instruments and the fair value hierarchy used by the Company is the same as that stated for the Group in note 20.

#### Fair value of financial assets and liabilities

The fair values of financial assets and liabilities held at amortised cost are considered to be approximately equal to the carrying values shown in the balance sheet, set out below:

	31 March 2023			31 March 2022		
	Amortised cost £m	Fair value through other comprehensive income £m	Total £m	Amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Assets per the Balance Sheet</b>						
Trade and other receivables <sup>1</sup>	185.5	–	185.5	382.3	0.4	382.7
Cash at bank and in hand	1.0	–	1.0	11.8	–	11.8
Derivative financial assets <sup>2</sup>	–	1.2	1.2	–	–	–
	<b>186.5</b>	<b>1.2</b>	<b>187.7</b>	<b>394.1</b>	<b>0.4</b>	<b>394.5</b>

1 Trade and other receivables excluding prepayments and accrued income.

2 2022 derivative financial assets presented within trade and other receivables.

Interest income of £8.3m was received in relation to amounts owed by subsidiary undertakings, accruing at an effective interest rate of 4.5% per annum.

	31 March 2023			31 March 2022		
	Amortised cost £m	Fair value through other comprehensive income £m	Total £m	Amortised cost £m	Fair value through other comprehensive income £m	Total £m
<b>Liabilities per the Balance Sheet</b>						
Borrowings	93.6	–	93.6	83.1	–	83.1
Trade and other payables <sup>1</sup>	12.7	–	12.7	200.6	–	200.6
Accruals	2.1	–	2.1	0.8	–	0.8
Derivative financial liabilities	–	0.2	0.2	–	–	–
	<b>108.4</b>	<b>0.2</b>	<b>108.6</b>	<b>284.5</b>	<b>–</b>	<b>284.5</b>

1 Trade and other payables excluding non-financial liabilities.

Risks in relation to financial instruments are as discussed for the Group in note 20, except for the following:

#### Credit risk

Credit risk is the risk of financial loss to the Company if a Group undertaking or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from Group undertakings.

Transactions involving derivative financial instruments are undertaken with counterparties within the syndicate of banks that provide the Company's asset based finance facility. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Company establishes an allowance for impairment that is based on the ability of Group undertakings to repay amounts owed, following consideration of the liquidity of assets that could be used to settle outstanding amounts.

**37 Financial instruments continued****Liquidity risk**

The banking facilities of the Group detailed in note 20 are held by the Company.

The following analysis is based on the undiscounted contractual maturities on the Company's financial liabilities, including estimated interest that will accrue, over the following financial years ended 31 March.

Undiscounted cash flows – 31 March 2023					
	2024 £m	2025 £m	2026 £m	2027 and later £m	Total £m
Asset based finance facility	–	92.9	–	–	92.9
Bank interest payments	8.0	2.3	–	–	10.3
Trade and other payables	12.7	–	–	–	12.7
Accruals	2.1	–	–	–	2.1
Derivative financial liabilities	–	0.1	0.1	–	0.2
	22.8	95.3	0.1	–	118.2

Undiscounted cash flows – 31 March 2022					
	2023 £m	2024 £m	2025 £m	2026 and later £m	Total £m
Asset based finance facility	–	–	69.5	–	69.5
Bank interest payments	3.5	3.3	1.2	–	8.0
Trade and other payables	200.6	–	–	–	200.6
Accruals*	0.8	–	–	–	0.8
Derivative financial liabilities*	–	–	–	–	–
	204.9	3.3	70.7	–	278.9

\* 2022 maturity analysis restated to include accruals and derivative financial liabilities.

**Capital management**

The Company requires capital for growth, by completing acquisitions and refinancing existing debts in the longer term. The Company defines gross capital as net debt (cash less borrowings), as disclosed in note 38, plus shareholders' funds as disclosed in the Company Statement of Changes in Equity, 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.

	31 March 2023 £m	31 March 2022 £m
Net debt	92.6	71.3
Total equity	174.4	207.5
<b>At 31 March</b>	<b>267.0</b>	<b>278.8</b>

**38 Borrowings**

	31 March 2023 £m	31 March 2022 £m
<b>Non-current borrowings</b>		
Maturing between two and five years		
– Asset based finance facility	93.6	83.1
<b>Total borrowings</b>	<b>93.6</b>	<b>83.1</b>
Less: cash	(1.0)	(11.8)
<b>Net debt<sup>1</sup></b>	<b>92.6</b>	<b>71.3</b>

1 Key performance indicator – excluding lease liabilities.

Both the overdraft and asset based finance facility are secured by a fixed and floating charge over all the itemised hire fleet assets and trade receivables of the Group and are rated pari passu.

## Notes to the Company Financial Statements continued

**Reconciliation of financing liabilities and net debt**

	1 April 2022 £m	Non-cash movement £m	Cash flow £m	31 March 2023 £m
Bank borrowings	(83.1)	0.5	(11.0)	(93.6)
Liabilities arising from financing activities	(83.1)	0.5	(11.0)	(93.6)
Cash at bank and in hand	11.8	–	(10.8)	1.0
Net debt	(71.3)	0.5	(21.8)	(92.6)

**39 Deferred tax**

	Total £m
Opening at 1 April 2021	0.1
Recognised in income	(0.2)
At 31 March 2022	(0.1)
Recognised in income	(0.1)
At 31 March 2023	(0.2)

**40 Share capital and share incentives**

The Company share capital is stated in accordance with note 25.

**41 Contingent liabilities and commitments**

There are no contingent liabilities nor capital commitments for the Company at the year end date.

**42 Post-balance sheet events**

There are no post balance sheet events not already disclosed in note 30.

**43 Related party disclosures****Intercompany funding and cross guarantees**

The amount outstanding from subsidiary undertakings at 31 March 2023 totalled £183.3m (2022: £380.3m). Amounts owed to subsidiary undertakings as at 31 March 2023 totalled £12.7m (2022: £200.6m).

The Company and certain subsidiary undertakings have entered into cross guarantees of bank loans and overdrafts to the Company, as disclosed in note 21.

**Provision of Group services**

The Company paid £0.8m in respect of Group services provided by its wholly owned subsidiary, Speedy Support Services Ltd (2022: £0.5m).

**44 Prior year adjustment**

An assessment of the recoverability and classification of amounts owed by Group undertakings was performed in the year. This identified that certain balances were either not considered recoverable by the Company, or not expected to be settled within twelve months of the reporting date, and that this was also the position at prior reporting dates. This has been corrected by restating each of the affected financial statement line items in the balance sheet as at 1 April 2021, in line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There is no impact on the amounts recognised in the income statement.

A summary of the affected accounts and the restatements made as at 1 April 2021 and 31 March 2022 are as follows:

	Reported £m	Adjustment £m	Restated £m
<b>Non-current assets:</b>			
Amounts owed by Group undertakings as at 1 April 2021	–	95.9	95.9
Amounts owed by Group undertakings as at 31 March 2022	–	103.9	103.9
<b>Current assets:</b>			
Amounts owed by Group undertakings as at 1 April 2021	306.6	(112.6)	194.0
Amounts owed by Group undertakings as at 31 March 2022	397.0	(120.6)	276.4
<b>Net assets:</b>			
Net assets as at 1 April 2021	236.0	(16.7)	219.3
Net assets as at 31 March 2022	224.2	(16.7)	207.5
<b>Equity:</b>			
Retained earnings as at 1 April 2021	206.7	(16.7)	190.0
Retained earnings as at 31 March 2022	193.5	(16.7)	176.8

## Five-year Summary

	2023 £m	2022 <sup>2</sup> Restated* £m	2021 <sup>2</sup> Restated* £m	2020 £m	2019 <sup>1</sup> £m
<b>Income Statement</b>					
Revenue	440.6	386.8	332.3	406.7	394.7
Gross profit	219.0	221.1	184.9	224.2	214.4
<b>Operating profit</b>	<b>3.8</b>	<b>31.6</b>	<b>12.5</b>	<b>14.0</b>	<b>34.8</b>
Share of results of joint ventures	6.6	3.2	1.2	2.8	1.9
Net financial expense	(8.6)	(5.7)	(5.4)	(7.0)	(7.2)
Financial income/(expense) – exceptional	–	–	–	10.9	(0.8)
Total net financial (expense)/income	(8.6)	(5.7)	(5.4)	3.9	(8.0)
<b>Profit before taxation</b>	<b>1.8</b>	<b>29.1</b>	<b>8.3</b>	<b>20.7</b>	<b>28.7</b>
<b>Non-GAAP performance measures</b>					
EBITDA before exceptional items	103.7	99.3	85.3	107.4	104.8
Adjusted profit before tax, exceptional items and amortisation	32.1	30.1	17.5	34.9	31.4
<b>Balance sheet</b>					
Hire equipment – original cost	372.9	422.7	386.6	408.1	385.8
Hire equipment – net book value	207.9	226.9	207.2	227.1	216.9
Total equity	184.6	216.4	210.8	211.5	202.0
<b>Cash flow</b>					
Cash generated from operations	51.9	28.6	72.9	64.5	61.2
Net cash flow before financing activities	37.0	5.5	69.7	45.2	13.6
Purchase of hire equipment	(54.2)	(71.5)	(36.4)	(53.6)	(54.3)
Profit/(loss) on disposal of hire equipment	1.7	0.5	(1.0)	0.8	1.2
<b>In pence</b>					
Dividend per share (interim and final dividend)	2.60	2.20	1.40	0.70	2.00
Adjusted earnings per share <sup>2</sup>	5.25	4.24	2.68	5.54	4.96
Net assets per share	35.7	41.8	39.9	40.1	38.5
<b>In percentages</b>					
Gearing	50.1	31.2	15.7	37.8	44.1
Return on capital employed <sup>1</sup>	14.5	13.6	8.6	14.4	11.7
EBITDA margin <sup>2</sup>	23.5	25.7	25.7	26.4	26.6
<b>In ratios</b>					
Net debt/EBITDA <sup>2</sup> (excluding impact of IFRS 16)	1.3	0.9	0.5	1.0	1.1
Net debt/net tangible fixed assets	0.29	0.20	0.11	0.31	0.35
<b>In numbers</b>					
Average employee numbers	3,524	3,501	3,875	4,071	3,873
Depot numbers	183	207	180	216	222

\* See note 32.

1 2019 ROCE is calculated as adjusted profit before tax. 2020, 2021, 2022 and 2023 are calculated on adjusted EBITDA.

2 2022 and 2021 Income Statement amounts are presented for continuing operations only.

## 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 7 September 2023 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](https://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](https://speedyservices.com/investors).

By selecting share price information, 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](https://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 +44 (0) 371 384 2769. If calling from outside of the UK, please ensure the country code is used. 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](https://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](https://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://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.

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## Registered office and advisers

### Registered office

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### Company Secretary

Neil Hunt

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### Peel Hunt LLP

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