1 December 2021

REDDE NORTHGATE PLC

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

Strong performance across the Group; successfully leveraging our scaled platform to drive growth

Redde Northgate (LSE:REDD), the leading integrated mobility solutions platform providing services across the vehicle lifecycle, is pleased to announce its Interim Results for the six months ended 31 October 2021 ('H1 2022' or the 'period').

Financial Highlights

Adjusted results			
Six months ended 31 October	**H1 2022 £m**	H1 2021 £m	*Change %*
Revenue (excluding vehicle sales)	**522.9**	429.0	*21.9%*
Underlying[1] EBIT	**87.3**	48.7	*79.2%*
Underlying[1] Profit before Tax	**78.9**	40.6	*94.4%*
Underlying[1] Earnings per Share	**26.1p**	13.4p	*94.7%*
Statutory results			
Total revenue	**612.9**	556.0	*10.2%*
EBIT	**80.1**	34.0	*135.8%*
Profit before Tax	**71.7**	25.9	*177.4%*
Earnings per Share	**22.5p**	8.6p	*162.2%*
Other measures			
Net debt[2]	**587.2**	530.9	*10.6%*
Group net debt (exc IFRS 16 leases)[3]	**470.4**	461.0	*2.0%*
Steady state cash generation[1]	**93.5**	81.0	*15.5%*
Free cash flow	**(7.6)**	58.6	*(112.9%)*
ROCE[1]	**12.5%**	8.1%	*4.4ppts*
Dividend per Share	**6.0p**	3.4p	*76.5%*

- Trading for the first half was ahead of the Board's expectations, with strong momentum across the Group
- Revenue (excluding vehicle sales) grew 21.9% to £522.9m (H1 2021: £429.0m)
- Total Group revenue, including vehicle sales, grew 10.2% to £612.9m (H1 2021: £556.0m)
- Underlying EBIT grew 79.2%, underlying PBT grew 94.4% and underlying EPS grew 94.7%
- ROCE increased to 12.5% (H1 2021: 8.1%) due to higher profitability in the Group, strong disposals and a leaner cost base following strategic actions as part of the *Focus* initiative

[1] Refer to GAAP reconciliation and Glossary of terms note. Underlying excludes exceptional items and amortisation on acquired intangible assets.
[2] Net debt includes £116.8m (H1 2021: £69.9m) of IFRS 16 liabilities and is higher than H1 2021 due to the leases taken on following the acquisition of certain business and assets of Nationwide in September 2020.
[3] Excluding IFRS 16 (leases) as defined in the Glossary

- Significant rental margin progression in both Northgate UK&I, 7.3 ppt increase and Northgate Spain, 2.7 ppt increase, driven by underlying strength in the rental business and a leaner cost base
- Steady state cash generation improved 15.5% to £93.5m (H1 2021: £81.0m) and free cashflow reduced £66.1m to an outflow of £7.6m (H1 2021: £58.6m) due to investment in the fleet to meet demand
- Group net debt, excluding IFRS 16 leases, stable at £470.4m, 1.5x net debt to EBITDA (H1 2021: 1.6x) well within target leverage range of 1.0x to 2.0x
- Interim dividend of 6.0p (3.4p in prior period) declared, representing 50% of prior year final dividend, reflecting the Board's confidence in Group outlook

Business highlights

- Significant new multi-year contract wins in the period including wins with Tesco, Admiral and another major insurer with lifetime contract revenues in excess of £200m leveraging the Group's increased platform scale and full-service offering
- Accident and incident volumes have continued to recover reaching approximately 90% of pre-COVID-19 levels driving the ongoing performance of Redde
- High rental demand and reduced vehicle supply has lowered volumes of vehicles for disposal, albeit at high sales price. This trend is likely to remain for the rest of the financial year
- Electric and hybrid vehicles in the fleet have increased 187% to approximately 2% of the overall fleet and the Group has signed a memorandum of understanding with an electric vehicle manufacturer for the supply of 5,000 electric LCVs
- Operational cost inflation is being effectively managed across the Group
- The Group continues to assess bolt-on acquisitions to extend products and services and to increase supply for the fleet

Refinancing

In November 2021, the Group completed a comprehensive refinancing of its debt arrangements, to optimise its debt portfolio and to support the next phase of the Group's strategy.

The Group signed two new sources of debt, providing it with £792m of facilities, an increase of £104m on the previous position:

- €375m of new debt Private Placements, with maturities spread across 6, 8 and 10 years. These were achieved at a highly competitive average interest rate of just 1.32%
- £475m bank Revolving Credit Facility, with a four year maturity to November 2025 and on improved terms compared with the previous facility

The refinancing results in a c. 50bps reduction in the drawn interest rate as at the date of the refinancing to 1.5%; a significant lengthening of our maturities and a greater diversification of our sources of debt. This creates great flexibility and a solid financing platform to allow the Group to invest in the business as well as take advantage of opportunities in the market as they arise for inorganic growth.

Martin Ward, CEO of Redde Northgate, commented:

"We are pleased to have delivered a strong H1 performance driven by high demand for our products and services and underlying margin gains.

"The underlying margin improvements on our rental assets, both in the UK&I and Spain, look sustainable given the cost synergies extracted from the business and our focus on driving value. ROCE continues to grow, up 4.4ppts from H1 2021, and input costs inflation is being successfully managed. Given the well-publicised new vehicle supply constraints our vehicle assets are in demand for rental services and also through our sales network, which is driving further value. In addition to our new van supplies, over the next 12-18 months, we expect to supplement our fleet stock through the selective acquisition of existing rental assets in the market where this adds value.

"Redde volumes have continued to grow having now reached approximately 90% of pre COVID-19 levels which is in line with our expectations. Overall, there is good momentum in the business as we enter H2 and our key strategic areas of *Focus, Drive and Broaden* are delivering meaningful results.

"Strategically, we have made significant progress leveraging the capabilities of our integrated mobility platform to secure multi-year contract wins which will increase our market share. Our combined product and services offering is unique and unrivalled in terms of scale and infrastructure capabilities."

Outlook

The work undertaken since the Merger has built a strong platform for further growth, with increasingly large contract wins demonstrating the appeal of the integrated mobility services offering and driving continued momentum across the business. We expect underlying PBT to be at least in line with consensus[4] for the full year.

The Board continues to look forward with significant optimism for the future prospects of the Group.

Analyst Briefing

A remote presentation for sell-side analysts will be held at 9.30am today, 1 December 2021. If you are interested in attending, please email Buchanan on reddenorthgate@buchanan.uk.com to request the joining details.

This presentation will also be made available via a link on the Company's website www.reddenorthgate.com.

For further information contact:

Buchanan

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[4] Current analyst consensus for FY 2022 of underlying PBT is £119.4m. Further details on analyst consensus can be found on our website at www.reddenorthgate.com.

Notes to Editors:

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

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

Redde Northgate services its customers through a network and diversified fleet of over 120,000 owned and leased vehicles, supporting over 600,000 managed vehicles, with more than 170 workshop, body shop and rental locations across the UK, Ireland and Spain and a specialist team of over 6,000 automotive services professionals.

Further information regarding Redde Northgate plc can be found on the Company's website:

www.reddenorthgate.com

GAAP reconciliation and glossary of terms

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

A reconciliation of GAAP to Non-GAAP underlying measures and a glossary of terms used in this document are outlined below the financial review.

OPERATING REVIEW

Group

The Group's performance in H1 has continued to strengthen as we further execute our strategy of *Focus, Drive and Broaden* and leverage our unique mobility solutions platform.

Focus, Drive and Broaden **strategic progress**

The expansion of the Group's products and services and the development of our unique mobility solutions platform has enabled the Group to secure significant new business wins in the period with lifetime contract revenues in excess of £200m. Winning these contracts is a direct result of the Group's increased platform scale and full-service offering and will generate significant value from FY 2023 onwards.

Our Electric Vehicle ('EV') proposition has continued to strengthen with over 400 workshop technicians now fully trained on EVs. As part of our commitment to electrify our fleet and our aim to be at the forefront of the transition to EV, we have signed a memorandum of understanding with an electric vehicle manufacturer for the supply of 5,000 electric LCVs over a four year period through to 2025 which supports our plans to drive positive changes within our customer base. This will be one of many developments as we broaden our relationships with existing and new vehicle manufacturers across our rental fleet of over 120,000 vehicles and is supported by our acquisition of Charged EV in July 2021 which installs a wide range of commercial and domestic electric charging points.

The Group has also continued to develop contract hire as a source of fleet funding across the UK business. Total credit lines of £115m have been utilised as at 31 October 2021 (30 April 2021: £104m) funding 8,100 vehicles (30 April 2021: 5,500).

Trading

Revenue (excluding vehicle sales) was 21.9% higher than the prior year. Northgate UK&I and Northgate Spain revenue (excluding vehicle sales) was £170.8m (H1 2021: £147.0m) and £107.7m (H1 2021: £102.4m) respectively. Redde revenue was £251.9m (H1 2021: £181.3m) reflecting the increasing volumes of accidents and incidents which have now reached approximately 90% of pre COVID-19 levels.

Total Group revenue, including vehicle sales, was 10.2% higher. Vehicle sales revenues were 29.2% lower reflecting the post lockdown sale of a large number of FY 2020 year end stock of vehicles in H1 last year and the reduced volumes available this year due to restrictions in new vehicle supply.

UK&I has continued its trajectory of improvement reflecting the permanent benefits of cost saving programmes, strong utilisation at 92% and tight controls over customer pricing whilst a constrained supply chain for new LCVs continues to operate. UK&I rental margins improved to 17.6% in H1 (FY 2021: 12.7%).

Rental margins in Spain have improved to 17.1% (FY 2021: 15.0%) as a result of new customer growth, high utilisation, low repair costs due to fewer vehicle returns and low bad debts.

Total disposal profits of £27.0m in H1 were 47.6% higher than the prior year with the restriction in vehicle supply continuing to support high residual values. These high residual values are more than offsetting the lower volumes of vehicles being disposed, which at 10,100 is 33.5% lower than the prior year (H1 2021: 15,100).

The supply of new vehicles continues to be restricted, however our strong relationships with vehicle suppliers along with bolt-on acquisitions ensures we have adequate supply to meet our expectations for growth.

Strategically, we have made significant progress leveraging the unique capabilities of our integrated mobility platform, supporting new and long-term relationships and have secured multi-year business wins with Tesco Underwriting and a significant expansion of new services with Admiral and another major insurer. These developments underpin future growth rates for the business and our ability to drive value from the Redde Northgate Merger strengthened by the addition of approximately 70 Nationwide bodyshops acquired in September 2020.

Underlying PBT of £78.9m (H1 2021: £40.6m) was ahead of Board expectations driven by continued strengthening margins, high utilisation, high disposal profits and a recovery of volumes in Redde.

Underlying EPS was 26.1p (H1 2021: 13.4p), 94.7% higher than prior year. Statutory EPS was 22.5p (H1 2021: 8.6p).

Statutory EBIT of £80.1m and statutory PBT of £71.7m were 135.8% and 177.4% higher than prior year respectively.

Free cash outflow of £7.6m was lower than the prior year (H1 2021: £58.6m inflow) as capex was significantly reduced in the first half of 2021 whereas in the current period there has been significant growth in the fleet of 7.1% to meet rental demand.

Net debt closed at £587.2m including IFRS 16, or £470.4m excluding IFRS 16, resulting in headroom to bank facilities of £272.9m at the end of October prior to the refinancing. Leverage was 1.5x, in line with FY 2021 year-end leverage of 1.5x.

In light of the strong trading performance in the period and the Board's confidence in the Group's outlook, the Board has declared an interim dividend of 6.0p (3.4p in prior period), to be paid on 14 January 2022 to shareholders on the register on 10 December 2021. This reflects 50% of the FY 2021 final dividend, which is in line with the Group's stated policy and demonstrates the Board's continued confidence in the Group's future prospects.

ESG

During the course of 2021, we have continued to engage with our customers and other stakeholders with regard to the environmental, social and governance (ESG) areas that impact our business. As part of our ongoing commitment to sustainable operations, we are conducting a materiality assessment to provide further insight into stakeholder perceptions regarding these ESG-related risks and opportunities.

We have continued to strengthen our EV proposition bringing further EVs onto the fleet, installing EV charging capabilities and investing in solar panels in Spain. We are also working towards developing a net zero strategy in line with the both the Government and international community's requirement for companies to achieve global climate change targets.

We very much look forward to updating stakeholders on our sustainability initiatives throughout 2022; detailing how we plan to mitigate our key risks as well as deliver on the identified opportunities. To support this programme, we will also be publishing our maiden Sustainability Report alongside our 2022 Full Year Results.

Divisional Commentary

Northgate UK&I

Six months ended 31 October	**H1 2022**	H1 2021	*Change*
KPI	**('000)**	('000)	*%*
Average VOH	**50.2**	45.2	*10.9%*
Closing VOH	**50.9**	47.4	*7.5%*
Average utilisation %	**92%**	90%	*2ppt*
Six months ended 31 October	**H1 2022**	H1 2021	*Change*
PROFIT & LOSS (Underlying)	**£m**	£m	*%*
Revenue – Vehicle hire	**170.8**	147.0	*16.2%*
Revenue – Vehicle sales	**61.9**	94.1	*(34.3%)*
Total Revenue	**232.7**	241.1	*(3.5%)*
Rental profit	**30.0**	15.1	*98.5%*
Rental Margin %	***17.6%***	*10.3%*	*7.3ppt*
Disposal profit	**22.9**	17.0	*35.0%*
EBIT	**52.9**	32.1	*64.9%*
EBIT Margin %[5]	**22.7%**	13.3%	*9.4ppt*
ROCE %	**17.4%**	8.8%	*8.6ppt*

Rental business

Hire revenue in the Northgate UK&I business increased 16.2% compared to the prior period to £170.8m (H1 2021: £147.0m), driven by average VOH which increased 10.9%, and the impact of customer support packages in the prior year which were £2.4m. Rate increases were applied in FY 2022 across our full range of rental products and continued to be well planned, communicated and executed.

Closing VOH increased 7.5% to 50,900 and was 3% above year-end FY 2021.

At the half year, Northgate UK&I's minimum term proposition accounted for around 36% (H1 2021: 33%) of average VOH. The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings, as well as lower transactional costs.

The rental margin progression has continued, reaching 17.6% in the period compared to 10.3% in H1 2021. The restricted vehicle supply has resulted in a tight control over rental pricing in the period. We remain confident that the underlying margin will remain at around 15%.

The net impact of the growth in hire revenue and higher rental margin was a 98.5% increase in rental profits to £30.0m (H1 2021: £15.1m).

Management of fleet and vehicle sales

The total Northgate UK&I period end rental fleet amounted to 55,900 vehicles, increased from 54,000 at year-end FY 2021. During the period 6,600 vehicles were acquired (H1 2021: 5,700 vehicles) and 4,700 vehicles were de-fleeted. The average age of the fleet at the end of the period was two months

[5] Calculated as underlying EBIT divided by total revenue

higher than at the end of FY 2021. This was partly due to the impact of the fleet optimisation policy and partly due to managing the fleet to mitigate impacts of the restricted market supply reducing purchases.

A total of 5,700 vehicles were sold in Northgate UK&I during the period, 39.9% lower than the prior period. As expected, this reflects the fact that the prior year H1 period benefited from additional used vehicle stock due to the impact of the COVID-19 lockdown at the end of FY 2020 and the restricted market supply of new vehicles in the current period.

Disposal profits of £22.9m (H1 2021: £17.0m) increased 35% versus the prior period. The reduction in the number of vehicles sold was offset by the significant increases in sales values resulting in a 126% improvement in the average profit per unit (PPU) on disposals to £4,052 (H1 2021: £1,794) despite the continuing impact of the unwind of depreciation rate changes. Depreciation rates will remain under review as the longer term impact on residual values becomes clearer.

EBIT and ROCE

Underlying EBIT of £52.9m grew 64.9% over the prior period (H1 2021: £32.1m) driven by both higher rental and disposal profits as explained above.

The ROCE in Northgate UK&I was 17.4% (H1 2021: 8.8%) reflecting the increase in EBIT.

Capex and cash flow

Six months ended 31 October	**H1 2022**	H1 2021	*Change*
	£m	£m	*£m*
Underlying EBITDA	**93.7**	75.4	*18.3*
Net Replacement Capex[7]	**(33.6)**	(25.9)	*(7.7)*
Lease principal payments[6]	**(3.6)**	(2.1)	*(1.5)*
Steady state cash generation	**56.5**	47.5	*9.1*
Growth Capex (incl. inorganic)[7]	**(13.2)**	28.4	*(41.6)*

Underlying EBITDA increased 24.2% to £93.7m (H1 2021: £75.4m).

Net replacement capex[7] in the period was £33.6m, £7.7m higher than the prior period as a result of a reduction in vehicle sales as explained above.

Steady state cash generation increased by £9.1m to £56.5m (H1 2021: £47.5m) reflecting the higher underlying EBITDA and the higher net replacement capex. Growth capex[7] was £13.2m reflecting the growth in the owned fleet of 1,000 vehicles to meet rental demand.

[6] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method.

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

Northgate Spain

Six months ended 31 October **KPI**	**H1 2022** **('000)**	H1 2021 ('000)	*Change* *%*
Average VOH	**49.4**	45.5	*8.6%*
Closing VOH	**51.1**	47.1	*8.6%*
Average utilisation %	**93%**	91%	*2ppt*
Six months ended 31 October **PROFIT & LOSS** (Underlying)	**H1 2022** **£m**	H1 2021 £m	*Change* *%*
Revenue – Vehicle hire	**107.7**	102.4	*5.1%*
Revenue – Vehicle sales	**28.1**	32.9	*(14.6%)*
Total Revenue	**135.8**	135.3	*0.3%*
Rental profit	**18.5**	14.7	*25.6%*
Rental Margin %	***17.1%***	*14.4%*	*2.7ppt*
Disposal profit	**4.1**	1.3	*214.3%*
EBIT	**22.6**	16.0	*41.0%*
EBIT Margin %[8]	**16.6%**	11.8%	*4.8ppt*
ROCE %	**8.7%**	7.7%	*1.0ppt*

Rental business

Hire revenue in the Northgate Spain business increased 5.1% (11.5% in local currency) compared to the prior period to £107.7m (H1 2021: £102.4m), driven by average VOH which increased 8.6%.

Closing VOH increased 8.6% to 51,100 and was 9.2% above year-end FY 2021.

At the half year, Northgate Spain's minimum term proposition accounted for around 35% (H1 2021: 35%) of average VOH. The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings.

The rental margin was 2.7ppt higher at 17.1% with no COVID-19 customer support costs in the period, higher utilisation, fewer repairs and fewer bad debts. We expect the rental margin in the second half to be closer to 15% as we expect higher repairs due to seasonal returns.

The impact of the higher hire revenue and rental margin was a 25.6% increase in rental profits to £18.5m (H1 2021: £14.7m).

Management of fleet and vehicle sales

The total Northgate Spain period end rental fleet amounted to 55,900 vehicles increased from 51,800 at year-end FY 2021. During the period 7,200 vehicles were purchased (H1 2021: 6,000) and 3,100 vehicles were de-fleeted. The average age of the fleet at the end of the period was two months higher than at the same time last year. This was partly due to the impact of the fleet optimisation policy and partly due to managing the fleet to mitigate impacts of the restricted market supply reducing purchases.

[8] Calculated as underlying EBIT divided by total revenue.

A total of 4,400 vehicles were sold in Northgate Spain during the period, 22.8% lower than prior period. As expected, this reflects the fact that the prior year H1 period benefited from additional used vehicle stock due to the impact of COVID-19 lockdown at the end of FY 2020 and the restricted market supply of new vehicles in the current period.

Disposal profits of £4.1m (H1 2021: £1.3m) increased 214%. The reduction in the number of vehicles sold was offset by the significant increases in sales values resulting in a more than a fourfold improvement in the average profit per unit (PPU) on disposals to £924 (H1 2021: £227) despite the continuing impact of the unwind of depreciation rate changes. Depreciation rates will remain under review as the longer term impact on residual values becomes clearer.

EBIT and ROCE

Underlying EBIT of £22.6m increased 41.0% over the prior period (H1 2021: £16.0m) driven by both higher rental and disposal profits as explained above.

The ROCE in Northgate Spain was 8.7% (H1 2021: 7.7%) reflecting the increase in EBIT.

Capex and cash flow

Six months ended 31 October	**H1 2022**	H1 2021	*Change*
	£m	£m	*£m*
Underlying EBITDA	**65.4**	60.4	*5.0*
Net Replacement Capex[10]	**(34.4)**	(25.9)	*(8.5)*
Lease principal payments[9]	**(1.3)**	(1.4)	*0.1*
Steady state cash generation	**29.7**	33.1	*(3.3)*
Growth Capex (incl. inorganic)[10]	**(33.5)**	(3.3)	*(30.2)*

Underlying EBITDA increased £5.0m to £65.4m (H1 2021: £60.4m).

Net replacement capex[10] in the period was £34.4m, £8.5m higher than the prior period, as a result of the reduction in vehicle sales revenue as explained above.

Steady state cash generation decreased by £3.3m to £29.7m (H1 2021: £33.1m) reflecting higher EBITDA and higher net replacement capex in the period. Growth capex[10] was £33.5m, relating to the fleet growth of 2,800 vehicles.

[9] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method.

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

Redde

Six months ended 31 October **PROFIT & LOSS** (Underlying)	**H1 2022** **£m**	H1 2021 £m	*Change* *%*
Revenue – Claims and Services	**251.9**	181.3	*39.0%*
Gross profit	**60.5**	25.9	*134.0%*
Gross margin %	***24.0%***	*14.3%*	*9.8ppt*
Operating profit	**14.0**	1.7	*711.7%*
Income from associates	**2.1**	2.4	*(12.0%)*
EBIT	**16.1**	4.1	*290.1%*
EBIT margin %[11]	***6.4%***	*2.3%*	*4.1ppt*
ROCE %[12]	***11.6%***	*7.9%*	*3.7ppt*

Revenue and profit

Revenue for the period increased 39.0% to £251.9m (H1 2021: £181.3m). The main drivers of revenue, traffic volumes and thereby road traffic accidents, have been increasing since April 2021 and have now reached approximately 90% of pre-COVID-19 levels.

Gross margin of 24.0% has improved 9.8ppt (H1 2021: 14.3%) as volumes have increased and the utilisation of the fleet has improved to normal levels.

EBIT for the period increased 290.1% to £16.1m (H1 2021: £4.1m). Since the volumes have been increasing month on month the EBIT to date does not yet reflect a normalised level which would be substantially higher. The prior period included an operating loss in FMG RS of £3.0m and in this period FMG RS contributed a small profit.

Management of fleet

The total fleet in Redde closed the period at 9,800 vehicles, from 6,500 at 30 April 2021 with the latter reflecting a lower fleet size due to the impact of COVID-19.

The average fleet age was 10 months reflecting the lower fleet holding period than in the Northgate businesses due to the different usage of the vehicles and business economics.

The Redde fleet continues to operate through a hybrid solution of ownership, contract hire and, during peak periods, cross-hiring from daily rental companies.

[11] Calculated as underlying EBIT divided by total revenue.
[12] Redde's H1 2021 ROCE calculated using a 12 month pro rata of the eight months of EBIT since acquisition, divided by the average of the acquired opening and period end closing capital employed excluding goodwill and acquired intangibles.

Capex and cash flow

Six months ended 31 October	**H1 2022**	H1 2021	*Change*
	£m	£m	*£m*
Underlying EBITDA	**27.9**	11.7	*16.3*
Net replacement capex[13]	**(0.1)**	5.7	*(4.7)*
Lease principal payments[14]	**(15.5)**	(13.4)	*(2.1)*
Steady state cash generation	**11.5**	3.9	*7.6*
Growth capex[13]	**(5.0)**	0.0	*(5.0)*
Debtor days	**176 days**	144 days	*32 days*

Underlying EBITDA increased £16.3m to £27.9m (H1 2021: £11.7m) reflecting the recovery of traffic volumes.

Net replacement capex[13] was a net outflow of £0.1m in the period (H1 2021: £5.7m inflow) with the prior year being affected by the disposal proceeds of vehicles funded by HP compared to the timing of lease principal payments.

Steady state cash generation increased £7.6m to £11.5m (H1 2021: £3.9m).

Growth capex[13] increased to £5.0m (H1 2021: £nil) reflecting a change from hire purchase to ownership for a proportion of the fleet.

Debtor days were 176 days at the end of the period. This measure is based upon net trade receivables and contract assets, other receivables and accrued income as a proportion of the related underlying sales revenue for the past 12 months multiplied by 365 days. Debtor days increased from 144 days at the end of H1 2021 due to the calculation using a trailing 12 months whilst revenues are growing and the continued disruption to claim collection from some insurers still operating with staff working from home.

[13] Net replacement capex is total capex less growth capex. Growth capex represents the cash consumed in order to grow the owned fleet or the cash generated if the fleet size is reduced in periods of contraction.
[14] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method.

FINANCIAL REVIEW

Group Revenue and EBIT

Six months ended 31 October	**H1 2022**	H1 2021	Change	*Change*
	£m	£m	£m	*%*
Revenue – Vehicle hire	**277.1**	249.0	28.2	*11.3%*
Revenue – Vehicle sales	**90.0**	127.1	(37.1)	*(29.2%)*
Revenue – Claims and services	**245.8**	180.0	65.8	*36.6%*
Total revenue	**612.9**	556.0	56.9	*10.2%*
Rental profit	**48.5**	29.8	18.7	*62.6%*
Disposal profit	**27.0**	18.3	8.7	*47.6%*
Claims and services profit	**14.0**	1.7	12.2	*711.7%*
Corporate costs	**(4.3)**	(3.5)	(0.8)	*21.5%*
Underlying operating profit	**85.2**	46.3	38.9	*83.9%*
Income from associates	**2.1**	2.4	(0.3)	*(12.0%)*
Underlying EBIT	**87.3**	48.7	38.6	*79.2%*
Underlying EBIT margin	**14.2%**	8.8%	-	*5.4ppt*
Statutory EBIT	**80.1**	34.0	46.1	*136%*

- Total Group revenue, including vehicle sales, of £612.9m was 10.2% higher than prior year (11.4% at constant exchange rates). Hire revenues were 11.3% higher due to higher VOH across the Group. Vehicle sales revenues were 29.2% lower due to a 5,100 reduction in vehicle disposals from prior period but partially offset by stronger market pricing
- Revenue (excluding vehicle sales) of £522.9m (H1 2021: £429.0m) was 21.9% higher (23.1% at constant exchange rates) reflecting increase in vehicle hire revenue and 36.6% increase in claims and services revenue driven by greater claims volumes
- Underlying EBIT of £87.3m was 79.2% higher, reflecting the strong performance in the Northgate businesses and improved profits from the Redde business
- Statutory EBIT of £80.1m was 136% higher, reflecting higher underlying EBIT offset by £9.9m of amortisation of acquisition intangibles and £2.4m of exceptional credits, and the gain on bargain purchase credit of £0.3m in relation to the acquisition of Nationwide in the prior year

Group PBT and EPS

Six months ended 31 October	**H1 2022 £m**	H1 2021 £m	Change £m	*Change %*
Underlying EBIT	**87.3**	48.7	38.6	*79.2%*
Net finance costs	**(8.4)**	(8.1)	(0.2)	*3.0%*
Underlying Profit before Tax	**78.9**	40.6	38.3	*94.4%*
Statutory Profit before Tax	**71.7**	25.9	45.9	*177.4%*
Underlying effective tax rate	**18.7%**	18.8%	-	*(0.1ppt)*
Underlying EPS	**26.1p**	13.4p	12.7p	*94.7%*
Statutory EPS	**22.5p**	8.6p	13.9p	*162.2%*

- Underlying PBT was 94.4% higher, reflecting the higher EBIT as a result of the improved business performance and higher finance costs, which were 3.0% higher
- Statutory PBT was 177.4% higher, reflecting the higher underlying PBT and £2.4m of exceptional credits compared to £5.4m of exceptional costs in the prior period
- The underlying effective tax rate of 18.7% was 0.1ppt lower than prior year
- Underlying EPS of 26.1p was 94.7% higher, reflecting the increased profits in the year
- Statutory EPS of 22.5p was 162.2% higher, reflecting the movement in underlying EPS and the impact of higher exceptional costs in the prior year

Depreciation rate changes

Vehicle depreciation rates are regularly reviewed and changes are made if expectations of future residual values change. Residual values have increased in the period due to the impacts of COVID-19 market closure as well as the well-publicised new vehicle supply constraints increasing demand for our vehicle assets. This disruption is not anticipated to continue into the medium term and depreciation rates will remain under review as the longer term impact on residual values becomes clearer. The full year-on-year impact of previous depreciation rate changes in FY 2022 EBIT is expected to be a headwind of £4.0m in Spain and £1.4m in UK&I as previously outlined.

Dividend

The Board has declared an interim dividend of 6.0p per share (H1 2021: 3.4p) and will be paid on 14 January 2022 to shareholders on the register as at close of business on 10 December 2021.

Group cash flow

Steady state cash generation

Six months ended 31 October	**H1 2022 £m**	H1 2021 £m	*Change £m*
Underlying EBIT	**87.3**	48.7	*38.6*
Depreciation and amortisation	**95.5**	95.3	*0.2*
Underlying EBITDA	**182.8**	144.0	*38.8*
Net replacement capex	**(68.8)**	(46.1)	*(22.7)*
Lease principal payments[15]	**(20.4)**	(16.9)	*(3.5)*
Steady state cash generation	**93.5**	81.0	*12.6*

- Steady state cash generation remained strong at £93.5m (H1 2021: £81.0m), driven by strong underlying EBIT partially offset by increased net replacement capex
- Underlying EBITDA was £38.8m higher driven by higher underlying EBIT as a result of stronger performance across the business
- Net replacement capex was £22.7m higher mainly due to the timing of payments to OEMs

Free cash flow

Six months ended 31 October	**H1 2022 £m**	H1 2021 £m	*Change £m*
Steady state cash generation	**93.5**	81.0	*12.6*
Exceptional costs (excluding non-cash items)	**(0.6)**	(1.1)	*0.4*
Working capital and non-cash items	**(33.0)**	(25.0)	*(8.0)*
Growth capex	**(51.7)**	25.1	*(76.8)*
Taxation	**(9.9)**	(5.6)	*(4.3)*
Net operating cash	**(1.8)**	74.4	*(76.1)*
Distributions from associates	**2.1**	2.6	*(0.4)*
Interest and other financing	**(7.4)**	(7.5)	*0.1*
Acquisition of business	**(0.5)**	(10.8)	*10.3*
Free cash flow	**(7.6)**	58.6	*(66.1)*
Dividends paid	**(29.3)**	(0.0)	*(29.3)*
Lease principal payments[16]	**20.4**	16.9	*3.5*
Net cash (consumed) generated	**(16.5)**	75.5	*(92.0)*

- Free cash outflow of £7.6m decreased by £66.1m from H1 2021, driven primarily by growth capex of £51.7m compared to a contraction that resulted in an inflow of £25.1m in the prior period

[15] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method.
[16] Lease principal payments are added back to reflect the movement on net debt.

- Growth capex of £51.7m reflects a net increase in owned fleet over the period of 4,100 vehicles
- If the impact of growth capex in the period is removed from free cash flow, the underlying free cash flow of the Group was £44.8m (H1 2021: £33.5m)
- Dividends paid increased during H1 2022 by £29.3m, with no dividends being paid in the prior period as the final dividend for FY 2020 of £16.7m was paid in November 2020, later than the normal financial calendar

Net debt

Net debt reconciles as follows:

Six months ended 31 October	**H1 2022**	H1 2021
	£m	£m
Opening net debt	**530.3**	575.9
Net cash consumed (generated)	**16.5**	(75.5)
Other non-cash items	**50.7**	16.4
Exchange differences	**(10.3)**	14.1
Closing net debt	**587.2**	530.9

Closing net debt was £56.9m higher than opening net debt, driven by net cash consumption of £16.5m. Other non-cash items consists primarily of £50.1m of new leases acquired and the overall foreign exchange impact on net debt was a £10.3m reduction.

Borrowing facilities

As at 31 October 2021 the Group had headroom on facilities of £273m, with £433m drawn (net of available cash balances) against total facilities of £706m as detailed below:

	Facility £m	**Drawn £m**	**Headroom £m**	**Maturity**	**Borrowing Cost**
UK bank facilities	608	336	272	Nov-23	1.9%
Loan notes	85	85	-	Aug-22	2.4%
Other loans	13	12	1	Nov-21	2.5%
	706	**433**	**273**		**2.1%**

The other loans consist of £11.7m of local borrowings in Spain which were renewed for a further year in November 2021 and £0.5m of preference shares.

In November 2021, the Group completed a refinancing, repaying the existing loan notes and replacing them with €375m of new loan notes with maturities spread across 6, 8 and 10 years. The UK bank facilities were replaced with £475m of new facilities maturing in November 2025, resulting in an overall increase of £104m in committed facilities.

The above drawn amounts reconcile to net debt as follows:

	Drawn £m
Borrowing facilities	433
Unamortised finance fees	(4)
Leases arising following adoption of IFRS 16	117
Leases arising under HP obligations	41
Net debt	**587**

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

	Threshold	**H1 2022**	**Headroom**	**H1 2021**
Interest cover	3x	11.6x	£107m (EBIT)	5.6x
Loan to value	70%	43%	£298m (Net debt)	42%
Debt leverage	2.75x	1.5x	£146m (EBITDA)	1.6x

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

Following the refinancing in November 2021, the debt leverage covenant improved to 3.0x, increasing headroom by a further £14m. The other covenants remained unchanged.

Balance sheet

Net assets at 31 October 2021 were £932.7m (H1 2021: £882.1m), equivalent to net assets per share of 379p (H1 2021: 358p). Net tangible assets at 31 October 2021 were £656.8m (H1 2021: £585.9m), equivalent to a net tangible asset value of 267p per share (H1 2021: 238p per share).

Gearing at 31 October 2021 was 89.4% (H1 2021: 90.6%) and ROCE was 12.5% (H1 2021: 8.1%).

Foreign exchange risk

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

	October 2021	October 2020	April 2021
	£ : €	£ : €	£ : €
Average	1.17	1.11	1.12
Period end	1.18	1.11	1.15

Going concern

Having considered the Group's current trading, cash flow generation and debt maturity including severe but plausible stress testing scenarios (as updated for the refinancing in November 2021 and explained further in note 1 of the unaudited condensed financial statements), the Directors have concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Risks and uncertainties

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

The principal risks and uncertainties facing the Group at 30 April 2021 were set out in detail on pages 35 to 38 of the 2021 annual report, a copy of which is available at www.reddenorthgate.com, and were identified as:

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

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

Reconciliation of GAAP to non-GAAP measures

Throughout this report we refer to underlying results and measures. The underlying measures allow management and other stakeholders to better compare the performance of the Group between the current and prior period without the effects of one-off or non-operational items.

In particular we refer to disposals profit. This is a non-GAAP measure used to describe the adjustment in depreciation charge made in the year for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs). A reconciliation of GAAP to non-GAAP underlying measures is as follows:

	Six months to 31.10.21 £000	**Six months to 31.10.20 £000**
Operating profit	77,687	31,310
Income from associates	2,111	2,400
Gain on bargain purchase	290	258
EBIT	**80,088**	33,968
Add back:		
Exceptional operating expenses	(2,374)	5,364
Amortisation on acquired intangible assets	9,869	9,639
Gain on bargain purchase	(290)	(258)
Underlying EBIT	**87,293**	48,713
Profit before tax	71,730	25,853
Add back:		
Exceptional operating expenses	(2,374)	5,364
Amortisation on acquired intangible assets	9,869	9,639
Gain on bargain purchase	(290)	(258)
Underlying profit before tax	**78,935**	40,598
Profit for the period	55,489	21,121
Add back:		
Exceptional operating expenses	(2,374)	5,364
Amortisation on acquired intangible assets	9,869	9,639
Gain on bargain purchase	(290)	(258)
Tax on exceptional items, brand royalty charges and intangible amortisation	1,504	(2,883)
Underlying profit for the period	**64,198**	32,983
Weighted average number of Ordinary shares	246,091,423	246,091,423
Underlying basic earnings per share	**26.1p**	13.4p

	Six months to 31.10.21 £000	Six months to 31.10.20 £000
Underlying EBIT	87,293	48,713
Add Back		
Depreciation: vehicles for hire and vehicles for credit hire	83,879	86,378
Other depreciation	10,912	8,666
Loss (gain) on disposal of assets	241	(112)
Intangible amortisation included in underlying operating profit	447	349
Underlying EBITDA	**182,772**	143,994
Net replacement capex	(68,846)	(46,102)
Lease principal payments	(20,388)	(16,936)
Steady state cash generation	**93,538**	80,956

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

	Northgate UK&I 6 months to 31.10.20 £000	Northgate Spain 6 months to 31.10.20 £000	Group Sub-total 6 months to 31.10.20 £000
Underlying operating profit	32,097	16,000	48,097
Exclude:			
Adjustments to depreciation charge in relation to vehicles sold in the period	(16,978)	(1,301)	(18,279)
Rental profit	15,119	14,699	29,818
Divided by: Revenue: hire of vehicles*	146,977	102,426	249,403
Rental margin	10.3%	14.4%	12.0%

* Revenue: hire of vehicles including intersegment revenue.

	Six months to 31.10.21 (Unaudited) £'000	Six months To 31.10.20 (Unaudited) £'000
Net replacement capex	68,846	46,102
Growth capex	51,731	(25,064)
Total net capex	**120,577**	21,038
Lease principal payments	20,388	16,936
Total net capex (including lease principal payments)	**140,965**	37,974
Purchase of vehicles for hire	188,787	137,859
Proceeds from disposal of vehicles for hire	(75,859)	(112,767)
Proceeds from disposal of vehicles for credit hire and other property, plant and equipment	(885)	(7,954)
Purchases of other property, plant and equipment	8,066	3,136
Purchases of intangible assets	468	764
Lease principal payments	20,388	16,936
Total net capex (including lease principal payments)	**140,965**	37,974

Glossary of terms

The following defined terms have been used throughout this document:

Term	Definition
Company	Redde Northgate plc
Contract hire	IFRS 16 (leases) relating to vehicles where the funder retains the residual value risk
Disposal profit(s)	This is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the year for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs)
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share. Underlying unless otherwise stated
ESG	Environmental, Social, and Corporate Governance
Facility headroom	Calculated as facilities of £706m less net borrowings of £433m. Net borrowings represent net debt of £587m excluding lease liabilities of £158m and unamortised arrangement fees of £4m and are stated after the deduction of £3m of net cash and overdraft balances which are available to offset against borrowings
FMG RS	FMG RS Limited the trading part of the Redde business that acquired Nationwide
Free cash flow	Net cash generated after principal lease payments (included this year, comparative updated) and before the payment of dividends
FY 2020	The year ended 30 April 2020
FY 2021	The year ended 30 April 2021
FY 2022	The year ending 30 April 2022
GAAP	Generally Accepted Accounting Practice: meaning compliance with IFRS
Gearing	Calculated as net debt divided by net tangible assets
Group	The Company and its subsidiaries
Growth capex	Growth capex represents the cash consumed in order to grow the total owned rental fleet or the cash generated if the fleet size is reduced in periods of contraction
H1/H2	Half year period: H1 being the first half and H2 being the second half of the financial year
HP (leases)	Leases recognised on the balance sheet that would previously have been classified as finance leases prior to the adoption of IFRS 16
IFRS	International Financial Reporting Standards
IFRS 16 (leases)	Leases recognised on the balance sheet that would previously have been classified as operating leases prior to the adoption of IFRS 16
LCV	Light commercial vehicle: the official term used within the UK and European Union for a commercial carrier vehicle with a gross vehicle weight of not more than 3.5 tonnes
Lease principal payments	Includes the total principal payment on leases including those recognised before and after adoption of IFRS 16
Merger	The acquisition by the Company of 100% of the share capital of Redde plc on 21 February 2020
Nationwide	Nationwide Accident Repair Services trade and assets acquired by the Group on 4 September 2020
Net replacement capex	Net capital expenditure other than that defined as growth capex and lease principal payments.
Net tangible assets	Net assets less goodwill and other intangible assets
OEM	Original Equipment Manufacturer: a reference to our vehicle suppliers
PBT	Profit before taxation. Underlying unless otherwise stated
PPU	Profit per unit/loss per unit – this is a non-GAAP measure used to describe disposal profit (as defined), divided by the number of vehicles sold

ROCE	Underlying return on capital employed: calculated as underlying EBIT (see non-GAAP reconciliation) divided by average capital employed excluding acquired goodwill and intangible assets
Steady state cash generation	Underlying EBITDA less net replacement capex and lease principal payments (included this year, comparative updated)
The Group	The Company and its subsidiaries
The Merger	The acquisition by the Company of 100% of the share capital of Redde plc on 21 February 2020
Underlying free cash flow	Free cash flow excluding growth capex
Utilisation	Calculated as the average number of vehicles on hire divided by average rentable fleet in any period
VOH	Vehicles on hire. Average unless otherwise stated

Condensed consolidated income statement

for the six months ended 31 October 2021

	Note	Six months to 31.10.21 (Unaudited) Underlying £000	Six months to 31.10.21 (Unaudited) Statutory £000	Six months to 31.10.20 (Unaudited) Underlying £000	Six months to 31.10.20 (Unaudited) Statutory £000	Year to 30.04.21 (Audited) Underlying £000	Year to 30.04.21 (Audited) Statutory £000
Revenue: hire of vehicles	2	277,145	277,145	248,971	248,971	515,566	515,566
Revenue: sale of vehicles	2	89,979	89,979	127,054	127,054	229,809	229,809
Revenue: claims and services	2	245,798	245,798	179,983	179,983	364,124	364,124
Total revenue	2	**612,922**	**612,922**	556,008	556,008	1,109,499	1,109,499
Cost of sales		(441,259)	(441,259)	(446,424)	(446,424)	(856,955)	(856,955)
Gross profit		**171,663**	**171,663**	109,584	109,584	252,544	252,544
Administrative expenses (excluding exceptional items and amortisation on acquired intangible assets)		(86,481)	(86,481)	(63,271)	(63,271)	(147,092)	(147,092)
Exceptional administrative expenses: impairment of property, plant and equipment	7,12	–	–	–	(4,341)	–	(4,341)
Exceptional administrative expenses: reversal of previous impairment of property, plant and equipment	7,12	–	2,999	–	–	–	1,304
Exceptional administrative expenses: other costs	12	–	(625)	–	(1,023)	–	(4,980)
Amortisation on acquired intangible assets		–	(9,869)	–	(9,639)	–	(19,513)
Total administrative expenses		(86,481)	(93,976)	(63,271)	(78,274)	(147,092)	(174,622)
Operating profit	2	**85,182**	**77,687**	46,313	31,310	105,452	77,922
Income from associates	2,8	2,111	2,111	2,400	2,400	4,364	4,364
Gain on bargain purchase	12,13	–	290	–	258	–	1,489
EBIT		**87,293**	**80,088**	48,713	33,968	109,816	83,775
Interest income		16	16	15	15	164	164
Finance costs		(8,374)	(8,374)	(8,130)	(8,130)	(16,760)	(16,760)
Profit before taxation		**78,935**	**71,730**	40,598	25,853	93,220	67,179
Taxation	3	(14,737)	(16,241)	(7,615)	(4,732)	(16,990)	(1,613)
Profit for the period		**64,198**	**55,489**	32,983	21,121	76,230	65,566

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

Underlying profit excludes exceptional items as set out in Note 12 as well as brand royalty charges, amortisation on acquired intangible assets and the taxation thereon and exceptional tax credits, in order to provide a better indication of the Group's underlying business performance.

Earnings per share							
Basic	4	26.1p	22.5p	13.4p	8.6p	31.0p	26.6p
Diluted	4	25.5p	22.0p	13.2p	8.4p	30.5p	26.2p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2021

	Six months to 31.10.21 (Unaudited) £000	Six months to 31.10.20 (Unaudited) £000	Year to 30.04.21 (Audited) £000
Amounts attributable to owners of the Company			
Profit attributable to owners	55,489	21,121	65,566
Other comprehensive (expense) income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	(13,134)	18,634	338
Foreign exchange differences on long term borrowings held as hedges	9,614	(13,432)	(2,019)
Foreign exchange difference on revaluation reserve	(31)	44	(1)
Net fair value gains on cash flow hedges	–	184	184
Deferred tax charge recognised directly in equity relating to cash flow hedges	–	(35)	(35)
Total other comprehensive (expense) income for the period	**(3,551)**	**5,395**	**(1,533)**
Total comprehensive income for the period	**51,938**	**26,516**	**64,033**

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

Condensed consolidated balance sheet

31 October 2021

	Note	31.10.21 (Unaudited) £000	31.10.20 (Unaudited) £000	30.04.21 (Audited) £000
Non-current assets				
Goodwill	6	114,903	116,105	114,503
Other intangible assets	6	161,018	180,068	170,830
Property, plant and equipment: vehicles for hire	7	919,036	908,507	893,342
Property, plant and equipment: vehicles for credit hire	7	62,987	42,179	43,998
Other property, plant and equipment	7	162,835	135,682	146,580
Total property, plant and equipment	7	1,144,858	1,086,368	1,083,920
Deferred tax assets		9,824	10,350	4,826
Interest in associates	8	6,032	5,834	6,047
Total non-current assets		**1,436,635**	1,398,725	1,380,126
Current assets				
Inventories		11,731	16,397	21,545
Receivables and contract assets		335,941	328,903	302,349
Cash and bank balances	9	34,817	62,592	11,169
Total current assets		**382,489**	407,892	335,063
Total assets		**1,819,124**	1,806,617	1,715,189
Current liabilities				
Trade and other payables		217,076	281,415	229,666
Provisions	10	–	49	–
Current tax liabilities		8,969	12,442	562
Lease liabilities		36,558	41,925	32,375
Short-term borrowings		127,665	41,537	12,159
Total current liabilities		**390,268**	377,368	274,762
Net current (liabilities) assets		**(7,779)**	30,524	60,301
Non-current liabilities				
Provisions	10	–	296	–
Trade and other payables		3,849	–	3,848
Lease liabilities		121,143	62,292	96,093
Long term borrowings		336,675	447,777	400,885
Deferred tax liabilities		34,450	36,814	31,472
Total non-current liabilities		**496,117**	547,179	532,298
Total liabilities		**886,385**	924,547	807,060
NET ASSETS		**932,739**	882,070	908,129
Equity				
Share capital		123,046	123,046	123,046
Share premium account		113,510	113,510	113,510
Own shares reserve		(6,145)	(2,519)	(6,460)
Translation reserve		(7,710)	2,693	(4,190)
Other reserves		330,445	330,521	330,476
Retained earnings		379,593	314,819	351,747
TOTAL EQUITY		**932,739**	882,070	908,129

Total equity is wholly attributable to owners of the Company.

Condensed consolidated cash flow statement

for the six months ended 31 October 2021

	Note	**Six months to 31.10.21 (Unaudited)**	**Six months to 31.10.20 (Unaudited) as restated***	**Year to 30.04.21 (Audited)**
		£000	**£000**	**£000**
Net cash generated from operations	11	**18,776**	79,718	137,878
Investing activities				
Interest received		16	15	164
Distributions from associates	8	2,126	2,574	4,325
Acquisition of business (net of cash acquired)*		(518)	(10,823)	(10,823)
Proceeds from disposal of vehicles for credit hire and other property, plant and equipment		885	7,954	35,919
Purchases of other property, plant and equipment*		(8,066)	(3,135)	(7,460)
Purchases of intangible assets*		(468)	(764)	(1,834)
Net cash (used in) generated from investing activities		**(6,025)**	(4,179)	20,291
Financing activities				
Dividends paid		(29,295)	–	(24,928)
Receipt of bank loans and other borrowings		33,409	27,195	27,195
Repayment of bank loans and other borrowings		–	(74,371)	(109,712)
Debt issue costs		–	(34)	(520)
Principal element of lease payments under IFRS 16		(11,813)	(7,147)	(16,994)
Principal element of lease payments under HP obligations		(8,575)	(9,789)	(37,814)
Net receipts (payments) to acquire own shares for share schemes		57	–	(5,073)
Net cash (used in) generated from financing activities		**(16,217)**	(64,146)	(167,846)
Net (decrease) increase in cash and cash equivalents		**(3,466)**	11,393	(9,677)
Cash and cash equivalents at beginning of the period		6,821	16,780	16,780
Effect of foreign exchange movements		(31)	157	(282)
Cash and cash equivalents at the end of the period		**3,324**	28,330	6,821
Cash and cash equivalents consist of:				
Cash and bank balances	9	34,817	62,592	11,169
Bank overdrafts	9	(31,493)	(34,262)	(4,348)
		3,324	28,330	6,821

*In the condensed consolidated interim financial statements for the period ended 31 October 2020 purchases of other property, plant and equipment included £7,273,000 and purchases of intangible assets included £3,550,000 in relation to the acquisition of business and assets of Nationwide. The total amount of £10,823,000 has been restated and reclassified to acquisition of business (net of cash acquired) in order to align the treatment with the requirements of IFRS 3 “Business Combinations” consistent with the audited financial statements for the year ended 30 April 2021

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2021

	Share capital and share premium £000	Own shares £000	Hedging reserve £000	Translation reserve £000	Other reserves £000	Retained earnings £000	Total £000
Total equity at 1 May 2020	236,556	(3,090)	(149)	(2,509)	330,477	310,282	871,567
Share options fair value charge	–	–	–	–	–	689	689
Share options exercised	–	–	–	–	–	(571)	(571)
Dividends paid	–	–	–	–	–	(16,702)	(16,702)
Transfer of shares on vesting of share options	–	571	–	–	–	–	571
Total comprehensive income (expense)	–	–	149	5,202	44	21,121	26,516
Total equity at 1 November 2020	236,556	(2,519)	–	2,693	330,521	314,819	882,070
Share options fair value charge	–	–	–	–	–	1,829	1,829
Share options exercised	–	–	–	–	–	(1,132)	(1,132)
Dividends paid	–	–	–	–	–	(8,226)	(8,226)
Net purchases of shares	–	(5,073)	–	–	–	–	(5,073)
Transfer of shares on vesting of share options	–	1,132	–	–	–	–	1,132
Deferred tax on share based payments recognised in equity	–	–	–	–	–	12	12
Total comprehensive income (expense)	–	–	–	(6,883)	(45)	44,445	37,517
Total equity at 1 May 2021	236,556	(6,460)	–	(4,190)	330,476	351,747	908,129
Share options fair value charge	–	–	–	–	–	1,910	1,910
Share options exercised	–	258	–	–	–	(258)	-
Dividends paid	–	–	–	–	–	(29,295)	(29,295)
Net receipts (purchases) of shares	–	57	–	–	–	–	57
Total comprehensive income (expense)	–	–	–	(3,520)	(31)	55,489	51,938
Total equity at 31 October 2021	**236,556**	**(6,145)**	–	**(7,710)**	**330,445**	**379,593**	**932,739**

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

Unaudited notes

1. Basis of preparation and accounting policies

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

The condensed consolidated interim financial report for the half-year reporting period ended 31 October 2021 has been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 April 2021 and any public announcements made by the Group during the interim reporting period.

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

The condensed financial statements are unaudited and were approved by the Board of Directors on 1 December 2021. The condensed financial statements have been reviewed by the auditors and the independent review report is set out in this document.

The interim financial information for the six months ended 31 October 2021, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts. There are no new accounting standards have been adopted in the period.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 April 2021.Depreciation charges reflect adjustments made as a result of differences between expected and actual residual values of used vehicles, taking into account the further directly attributable costs to sell the vehicles.

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

Residual values have increased in the period due to the impacts of COVID-19 market closure as well as the well-publicised new vehicle supply constraints increasing demand for our vehicle assets. This disruption is not anticipated to continue into the medium term but has increased the level of judgement in this area as it is more difficult to estimate the future residual value of vehicles at the point they are expected to be sold. Depreciation rates will remain under review as the longer term impact on residual values becomes clearer.

The expected adjustment for settlement of claims due from insurance companies and self-insuring organisations remains a critical area of accounting judgement and estimation uncertainty. The approach taken in the period remains consistent with that outlined in the accounting policies for the year ended 30 April 2021. The carrying value of contract assets for claims from insurance companies at 31 October 2021 was £170,001,000 (30 April 2021 £144,738,000). A 4% difference between the carrying amount of claims in the balance sheet and the amounts finally settled would lead to a £6.8m charge or credit to the income statement in subsequent periods.

Going concern assumption

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

Assessment of prospects

The successful integration of the group following the Merger and the acquisition of Nationwide in the prior year has allowed the Group to further increase its service offering, rationalise the cost based and provide a platform for future growth.

The Group is well established within the markets it operates and has demonstrated resilience through the COVID-19 period as explained further below and also throughout previous economic cycles.

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

Assessment of going concern

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

The Plan also encompasses the projected cash flows, dividend cover assuming operation of stated policy and headroom against borrowing facilities and financial covenants under the Group's facilities (as updated in November 2021) and the reasonable expectation of similar facilities being replaced if required throughout the planned period. The Plan makes certain assumptions about the normal level of capital recycling likely to occur and therefore considers whether additional financing will be required. Headroom against the Group's existing banking facilities at 31 October 2021 was £273m. This compares to headroom of £305m at 30 April 2021. Following a refinancing in November 2021, a further £104m of headroom was provided through those new facilities. At the date of signing these unaudited financial statements, all of the Group's principal borrowing facilities have maturity dates outside of the period under review, therefore the Group's facilities provide sufficient headroom to fund the capital expenditure and working capital requirements for at least 12 months following the date of this report.

The Plan takes into account the impact of COVID-19 experienced to date and the expected impact on subsequent trading. The Plan was separately stress tested for a slower post COVID-19 recovery in insurance claims volumes than expected, a reduction in vehicles on hire and a larger reduction in residual values and a further slowdown in the collection of historical insurance claims. After taking into account the above variables, sufficient headroom remained against available debt facilities and the covenants attached to those facilities.

In addition to the above scenario, the Directors have further considered the resilience of the Group, considering its current position and the principal risks facing the business. The Plan was stress tested for severe but plausible scenarios over the planned period as follows:

- No further growth in vehicles on hire with rental customers;
- No further increase in pricing of rental hire rates;
- A 1% increase in the incidence of bad debts as a percentage of hire revenue;
- Reduction in the residual value of used vehicles to pre-COVID levels;
- A 25% volume reduction in insurance claims and services revenue in aggregate, either through lower demand or through ending the commercial relationship with a group of key insurance partners without rationalising the indirect cost base; and
- A slow down in the time taken to settle outstanding claims with insurers.

The above scenarios, took into account the effectiveness of mitigating actions that would be reasonably taken, such as reducing variable costs that are directly related to revenue, but did not take into account further management actions that would likely be taken, such as a change to the indirect cost base of the Group or a reduction in capital expenditure and ageing out of the vehicle fleet, both of which would generate cash and reduce debt.

After taking into account the above sensitivities and plausible mitigating actions sufficient headroom remained against available debt facilities and the covenants attached to those the Directors have a reasonable expectation that the Group will continue to meet its obligations as they fall due for at least 12 months from the date of this report.

Information extracted from 2021 annual report

The financial figures for the year ended 30 April 2021, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 April 2021 were prepared with International Financial Reporting Standards (IFRS), Interpretations Committee (IFRS-IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and were delivered to the Registrar of Companies on 27 September 2021. The audit report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Segmental analysis

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

	Northgate UK&I Six months to 31.10.21 (Unaudited) £000	Northgate Spain Six months to 31.10.21 (Unaudited) £000	Redde Six months to 31.10.21 (Unaudited) £000	Corporate Six months to 31.10.21 (Unaudited) £000	Group eliminations Six months to 31.10.21 (Unaudited) £000	Group total Six months to 31.10.21 (Unaudited) £000
Revenue: hire of vehicles	169,462	107,683	–	–	–	277,145
Revenue: sale of vehicles	61,867	28,112	–	–	–	89,979
Revenue: claims and services	–	–	245,798	–	–	245,798
External revenue	**231,329**	**135,795**	**245,798**	**–**	**–**	**612,922**
Intersegment revenue	1,378	–	6,133	–	(7,511)	–
Total revenue	**232,707**	**135,795**	**251,931**	**–**	**(7,511)**	**612,922**
Timing of revenue recognition:						
At a point in time	61,867	28,112	90,528	–	–	180,507
Over time	169,462	107,683	155,270	–	–	432,415
External revenue	**231,329**	**135,795**	**245,798**	**–**	**–**	**612,922**
Underlying operating profit (loss)	**52,928**	**22,554**	**13,957**	**(4,257)**	**–**	**85,182**
Income from associates	–	–	2,111	–	–	**2,111**
Underlying EBIT*	**52,928**	**22,554**	**16,068**	**(4,257)**	**–**	**87,293**
Exceptional items (Note 12)						2,374
Amortisation on acquired intangible assets						(9,869)
Gain on bargain purchase (Note 13)						290
EBIT						**80,088**
Interest income						16
Finance costs						(8,374)
Profit before taxation						**71,730**

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

	Northgate UK&I Six months to 31.10.20 (Unaudited) £000	Northgate Spain Six months to 31.10.20 (Unaudited) £000	Redde Six months to 31.10.20 (Unaudited) £000	Corporate Six months to 31.10.20 (Unaudited) £000	Group eliminations Six months to 31.10.20 (Unaudited) £000	Group total Six months to 31.10.20 (Unaudited) £000
Revenue: hire of vehicles	146,545	102,426	–	–	–	248,971
Revenue: sale of vehicles	94,134	32,920	–	–	–	127,054
Revenue: claims and services	–	–	179,983	–	–	179,983
External revenue	240,679	135,346	179,983	–	–	556,008
Intersegment revenue	432	–	1,297	–	(1,729)	–
Total revenue	241,111	135,346	181,280	–	(1,729)	556,008
Timing of revenue recognition:						
At a point in time	94,134	32,920	49,997	–	–	177,051
Over time	146,545	102,426	129,986	–	–	378,957
External revenue	240,679	135,346	179,983	–	–	556,008
Underlying operating profit (loss)	32,097	16,000	1,719	(3,503)	–	46,313
Income from associates	–	–	2,400	–	–	2,400
Underlying EBIT*	32,097	16,000	4,119	(3,503)	–	48,713
Exceptional items (Note 12)						(5,364)
Amortisation on acquired intangible assets						(9,639)
Gain on bargain purchase (Note 13)						258
EBIT						33,968
Interest income						15
Finance costs						(8,130)
Profit before taxation						**25,853**

	Northgate UK&I Year to 30.04.21 (Audited) £000	Northgate Spain Year to 30.04.21 (Audited) £000	Redde Year to 30.04.21 (Audited) £000	Corporate Year to 30.04.21 (Audited) £000	Group eliminations Year to 30.04.21 (Audited) £000	Group total Year to 30.04.21 (Audited) £000
Revenue: hire of vehicles	310,066	205,500	–	–	–	515,566
Revenue: sale of vehicles	161,417	68,392	–	–	–	229,809
Revenue: claims and services	–	–	364,124	–	–	364,124
External revenue	471,483	273,892	364,124	–	–	1,109,499
Intersegment revenue	1,530	–	7,604	–	(9,134)	–
Total revenue	473,013	273,892	371,728	–	(9,134)	1,109,499
Timing of revenue recognition:						
At a point in time	161,417	68,392	140,266	–	–	370,075
Over time	310,066	205,500	223,858	–	–	739,424
External revenue	471,483	273,892	364,124	–	–	1,109,499
Underlying operating profit (loss)	76,800	33,700	3,358	(8,406)	–	105,452
Income from associates	–	–	4,364	–	–	4,364
Underlying EBIT*	76,800	33,700	7,722	(8,406)	–	109,816
Exceptional items (Note 12)						(8,017)
Amortisation on acquired intangible assets						(19,513)
Gain on bargain purchase (Note 13)						1,489
EBIT						83,775
Interest income						164
Finance costs						(16,760)
Profit before taxation						67,179

3. Taxation

The charge for taxation for the six months to 31 October 2021 is based on the estimated effective rate for the year ending 30 April 2022 of 22.6% (31 October 2020 – 18.3% and 30 April 2021 – 2.4%). The April 2021 full year tax rate was impacted by tax credits of £10,008,000 in relation to the release of uncertain tax provisions.

4. Earnings per share

Basic and diluted earnings per share	Six months to 31.10.21 (Unaudited) Underlying £000	Six months to 31.10.21 (Unaudited) Statutory £000	Six months to 31.10.20 (Unaudited) Underlying £000	Six months to 31.10.20 (Unaudited) Statutory £000	Year to 30.04.21 (Audited) Underlying £000	Year to 30.04.21 (Audited) Statutory £000
The calculation of basic and diluted earnings per share is based on the following data:						
Earnings						
Earnings for the purposes of basic and diluted earnings per share, being profit attributable to owners of the Company	64,198	55,489	32,983	21,121	76,230	65,566
Number of shares						
Weighted average number of Ordinary shares for the purpose of basic earnings per share	246,091,423	246,091,423	246,091,423	246,091,423	246,091,423	246,091,423
Effect of dilutive potential Ordinary shares - share options	5,574,749	5,574,749	3,998,211	3,998,211	4,081,514	4,081,514
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	251,666,172	251,666,172	250,089,634	250,089,634	250,172,937	250,172,937
Basic earnings per share	26.1p	22.5p	13.4p	8.6p	31.0p	26.6p
Diluted earnings per share	25.5p	22.0p	13.2p	8.4p	30.5p	26.2p

5. Dividends

In the six months to 31 October 2021, a dividend of £29,295,000 was paid (2020 – £nil) representing the final dividend for the year ended 30 April 2021. The Directors have declared a dividend of 6.0p per share for the six months ended 31 October 2021 (2020 – 3.4p).

The final dividend of 12.0p in relation to the year ended 31 April 2021 was paid in September 2021. Trade and other payables at 31 October 2020 included £16,702,000 in relation to the final dividend of 6.8p for the year ended 30 April 2020 that was approved in October 2020 and paid in November 2020.

6. Intangible assets

Net book value	Goodwill £000	Customer relationships £000	Brand names £000	Other software £000	Total £000
At 1 May 2020	116,105	166,716	12,646	6,348	301,815
Asset acquisition	–	1,000	450	2,100	3,550
Additions	–	–	–	764	764
Disposals	–	–	–	(31)	(31)
Amortisation	–	(8,662)	(445)	(881)	(9,988)
Exchange differences	–	–	–	63	63
At 1 November 2020	116,105	159,054	12,651	8,363	296,173
Additions	–	–	–	1,070	1,070
Amortisation	–	(8,708)	(495)	(1,007)	(10,210)
Remeasurement of provisional fair value of assets acquired	(1,602)	–	–	–	(1,602)
Exchange differences	–	–	–	(98)	(98)
At 1 May 2021	114,503	150,346	12,156	8,328	285,333
Asset acquisition	400	50	100	–	550
Additions	–	–	–	510	510
Disposals	–	–	–	(75)	(75)
Amortisation	–	(8,701)	(537)	(1,078)	(10,316)
Exchange differences	–	–	–	(81)	(81)
At 31 October 2021	**114,903**	**141,695**	**11,719**	**7,604**	**275,921**

At 31 October 2021	
Cost or fair value	323,247
Accumulated amortisation and impairment	(47,326)
Net book value	**275,921**

Amortisation was included within the income statement as follows:

	31.10.21 (Unaudited) £000	31.10.20 (Unaudited) £000	30.04.21 (Audited) £000
Included within underlying operating profit as administrative expenses	447	349	685
Excluded from underlying operating profit*	9,869	9,639	19,513
	10,316	9,988	20,198

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

7. Property, plant and equipment

Net book value	Vehicles for hire £000	Vehicles for credit hire £000	Other property, plant & equipment £000	Total £000
At 1 May 2020	884,711	51,040	126,009	1,061,760
Acquisition	–	–	8,618	8,618
Additions	167,895	4,006	13,106	185,007
Disposals	(79,627)	(7,419)	(1,232)	(88,278)
Transfers	152	–	(152)	–
Depreciation	(80,930)	(5,448)	(8,666)	(95,044)
Impairment (Note 12)	–	–	(4,341)	(4,341)
Exchange differences	16,306	–	2,340	18,646
At 1 November 2020	908,507	42,179	135,682	1,086,368
Acquisition	–	–	1,327	1,327
Additions	161,482	34,977	24,372	220,831
Disposals	(79,872)	(26,708)	(3,960)	(110,540)
Transfers	13	–	(13)	–
Depreciation	(80,317)	(6,450)	(9,798)	(96,565)
Impairment reversal (Note 12)	–	–	1,304	1,304
Exchange differences	(16,471)	–	(2,334)	(18,805)
At 1 May 2021	893,342	43,998	146,580	1,083,920
Acquisition	–	–	3	3
Additions	181,386	27,787	28,948	238,121
Disposals	(66,674)	(1,849)	(3,171)	(71,694)
Transfers	2	–	(2)	–
Depreciation	(76,930)	(6,949)	(10,912)	(94,791)
Impairment reversal (Note 12)	–	–	2,999	2,999
Exchange differences	(12,090)	–	(1,610)	(13,700)
At 31 October 2021	**919,036**	**62,987**	**162,835**	**1,144,858**

At 31 October 2021	
Cost or fair value	1,712,539
Accumulated depreciation	(567,681)
Net book value	**1,144,858**

Included within property, plant and equipment above, are right of use assets under HP and IFRS16 with net book value of £153,287,000 (30 April 2021: £122,376,000).

8. Interest in associates

	£000
At 1 May 2020	6,008
Group's share of:	
Profit from continuing operations	2,400
Distributions from associates	(2,574)
At 1 November 2020	5,834
Group's share of:	
Profit from continuing operations	1,964
Distributions from associates	(1,751)
At 1 May 2021	6,047
Group's share of:	
Profit from continuing operations	2,111
Distributions from associates	(2,126)
At 31 October 2021	**6,032**

9. Analysis of consolidated net debt

	(Unaudited) to 31.10.21 £000	(Unaudited) to 31.10.20 £000	(Audited) to 30.04.21 £000
Cash and bank balances	(34,817)	(62,592)	(11,169)
Bank overdrafts	31,493	34,262	4,348
Bank loans	347,759	364,173	320,991
Loan notes	84,490	90,143	86,817
Leases arising following adoption of IFRS 16	116,793	69,927	92,469
Leases arising under HP obligations	40,908	34,290	35,999
Cumulative preference shares	500	500	500
Confirming facilities	98	236	388
Consolidated net debt	587,224	530,939	530,343

10. Provisions

	Onerous contracts £000
At 1 May 2020	4,577
Provisions made	–
Provisions utilised	(4,232)
At 1 November 2020	345
Provisions made	–
Provisions utilised	(345)
At 1 May 2021	–
Provisions made	–
Provisions utilised	–
At 31 October 2021	–

11. Notes to the cash flow statement

Net cash generated from operations	Six months to 31.10.21 (Unaudited) £000	Six months to 31.10.20 (Unaudited) £000	Year to 30.04.21 (Audited) £000
Operating profit	77,687	31,310	77,922
Adjustments for:			
Depreciation of property, plant and equipment	94,791	95,044	191,609
Net impairment of property, plant and equipment	(2,999)	4,341	3,037
Amortisation of intangible assets	10,316	9,988	20,198
Loss (gain) on disposal of vehicles for credit hire and other property, plant and equipment	241	(143)	195
Loss on disposal of intangible assets	–	31	31
Share options fair value charge	1,910	689	2,518
Operating cash flows before movements in working capital	**181,946**	**141,260**	**295,510**
(Increase) decrease in non-vehicle inventories	(463)	157	(1,407)
(Increase) decrease in receivables	(26,469)	(28,739)	(69)
(Decrease) increase in payables	(5,914)	9,491	(9,011)
Decrease in provisions	–	(4,233)	(4,577)
Cash generated from operations	**149,100**	**117,936**	**280,446**
Income taxes paid, net	(9,893)	(5,606)	(12,678)
Interest paid	(7,503)	(7,520)	(14,945)
Net cash generated from operations before purchases of and proceeds from disposal of vehicles for hire	**131,704**	**104,810**	**252,823**
Purchases of vehicles for hire	(188,787)	(137,859)	(303,537)
Proceeds from disposal of vehicles for hire	75,859	112,767	188,592
Net cash generated from operations	**18,776**	**79,718**	**137,878**

12. Exceptional items

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

	Six months to 31.10.21 (Unaudited) £000	Six months to 31.10.20 (Unaudited) £000	Year to 30.04.21 (Audited) £000
Impairment of property, plant and equipment	–	4,341	4,341
Reversal of previous impairment of property, plant and equipment	(2,999)	–	(1,304)
Other costs	625	1,023	4,980
Exceptional administrative expenses	**(2,374)**	5,364	8,017
Restructuring (credit) costs	(3,099)	2,754	2,754
Acquisition expenses	–	710	1,088
FMG RS set up and integration costs	725	1,900	5,728
Legal settlement	–	–	(1,553)
Exceptional administrative expenses	**(2,374)**	5,364	8,017
Gain on bargain purchase (Note 13)	(290)	(258)	(1,489)
Total pre-tax exceptional items	**(2,664)**	5,106	6,528
Tax charge (credit) on exceptional items	**506**	(1,179)	(1,286)

Restructuring costs

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

FMG RS set up and integration costs

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

13. Business combinations

Current period

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

Prior period

On 4 September 2020 the Group acquired certain businesses and assets of Nationwide Accident Repair Services ("Nationwide") by way of a purchase from administrators. A provisional purchase price allocation exercise was undertaken in accordance with IFRS 3 'Business Combinations'. Details of this business combination were disclosed in note 4 of the Group's annual financial statements for the year ended 30 April 2021. The provisional purchase price allocation resulted in a gain on bargain purchase of £258,000 as at 31 October 2020 and a final gain on bargain purchase of £1,489,000 for the full year ended 30 April 2021.

The contingent consideration arrangement required the Group to pay the former owners of Nationwide up to £5m dependant on volumes of repair cases with a former customer of Nationwide, in the year from date of acquisition. The fair value of the contingent consideration recognised was £290,000 at the date of the acquisition. As the required volumes were not met the contingent consideration has been released to the income statement in the period ended 31 October 2021.

14. Related party transactions

Related party transactions of the Group are consistent with those disclosed in note 34 of the Group's annual financial statements for the year ended 30 April 2021. No new related party transactions have been entered into during the period.

Interim announcement – Statement of the Directors

We confirm that to the best of our knowledge:

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

By order of the Board

Philip Vincent

Chief Financial Officer

1 December 2021

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

Our conclusion

We have reviewed Redde Northgate PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Redde Northgate PLC for the 6 month period ended 31 October 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 October 2021;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
Newcastle upon Tyne

1 December 2021