6 December 2023

This announcement contains inside information

REDDE NORTHGATE PLC

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

Strong underlying results with good momentum and pipeline

Redde Northgate (LSE:REDD), the leading integrated mobility solutions platform providing services across the vehicle lifecycle, is pleased to announce its results for the half-year ended 31 October 2023 (the 'period').

Half Year results	***Reported***			***Underlying[1]***		
6 months ended 31 October	**H1 2024**	H1 2023	*Change*	**H1 2024**	H1 2023	*Change*
	£m	£m	*%*	**£m**	£m	*%*
Revenue	**911.3**	696.3	*30.9%*	**733.8**	627.6	*16.9%*
EBIT	**113.3**	111.6	*1.6%*	**115.0**	93.4	*23.1%*
Profit before Tax	**97.4**	101.9	*(4.4%)*	**99.1**	83.7	*18.3%*
Earnings per Share	**32.9p**	34.4p	*(4.4%)*	**33.4p**	28.1p	*18.9%*

[1] excludes vehicle sales revenue, exceptional items, amortisation of acquired intangible assets and adjustments to underlying depreciation. See GAAP reconciliation on page 4.

Other measures	**H1 2024**	H1 2023	*Change*
	£m	£m	**%**
Net debt	**755.0**	661.3	*14.2%*
Fleet assets	**£1.23bn**	£1.09bn	*12.8%*
Leverage	**1.6x**	1.6x	*n/a*
EBITDA	**220.0**	198.8	*10.7%*
ROCE	**14.8%**	13.5%	*1.3ppt*
Dividend per Share	**8.3p**	7.5p	*10.7%*

Martin Ward, CEO of Redde Northgate, commented:

This has been a strong trading period for the business and continues the progress we have seen since the launch of our integrated services platform.

Growth from new contract wins continues to support revenue and earnings momentum in the near term. With a strong prospect pipeline, and a large proportion of our revenues underpinned by multi-year service contracts, we see the quality of earnings being a standout feature of the business.

Cash generation has been good, allowing us to invest in developing our fleet assets, and supporting our expansion plans, with 9 new site openings in progress. Our borrowings leverage remains in the middle of our target range and the business has a strong balance sheet to support value generating opportunities.

With visibility of earnings underpinned, the Board is confident on the outlook for H2 and now expects to be delivering earnings modestly ahead of market consensus on a full year basis.

Key financial highlights

- Total revenue growth up 30.9%; underlying revenue up 16.9% with strong claims and services revenue growth (up 25.7%) supported by increased volumes from recent contracts and higher fleet disposal activity
- Vehicle hire revenue rose 6.7%; Spain up over 10% supported by VOH growth of 4.3%, UK&I up 4.4% with growth in ancillary products; plus careful pricing actions in both businesses
- Disposal profits of £34.7m (H1 2023: £24.7m), from higher fleet sales volumes totalling 18,800; continued LCV residual value strength, replacement car fleet now sold through Van Monster channels
- Stable margins for both vehicle rental and accident claims and repair businesses, Spain remains above mid-teens long term expected range, at 20.8% (H1 2023: 20.4%)
- Reported PBT of £97.4m (H1 2023: £101.9m) including depreciation adjustment of £7.6m (H1 2023: £28.2m); underlying PBT up 18.3% to £99.1m due to strong operational performance and disposal profits, partially offset by higher interest costs
- EBITDA grew 10.7% to £220.0m (H1 2023: £198.8m) due to strong operational performance; uses of cash included £103m of replacement capex, of which c.£25m of additional capex in order to address fleet ageing
- Strong balance sheet with stable 1.6x leverage (H1 2023: 1.6x), supported by fleet assets of £1.23bn (H1 2023: £1.09bn) and over £236m of facility headroom
- Shareholder returns: 10.7% increase in interim dividend to 8.3p; £30m share buyback programme running since August, £10m spend by end-November

H1 business highlights

- Group fleet remains at c.130,000 vehicles, 1% lower than April 2023; with 3% growth in Spain where supply availability is good offsetting ongoing UK&I supply challenges, but pockets of availability appearing
- Lex Autolease multi-service contract live in September and performing above expectations; further multi-year contract extensions agreed, including specialist customer segment for insurance partner
- Specialist vehicles: FridgeXpress (acquired May 23) integration progressing, bringing additional customer opportunities; Blakedale (acquired July 22) strongly growing both customer base and revenues
- Increasing capacity through investment in 7 new facilities opened or nearing completion:
  2 new Spanish branches/ 1 workshop, 2 new FMG RS facilities (Bristol/ N London), 2 new Northgate branches (Inverness/ N London)
- Supporting net zero transition: Spain awarded £1.2m EU grant supporting EV purchases; UK&I largest EV fleet order to date for 100 vehicles; 89 UK locations now have EV charging points

Outlook

Redde Northgate continues to deliver on its strategic goals and is enjoying strong demand as well as platform momentum and a healthy pipeline which gives the board confidence in the Group's prospects. With the continued momentum in the business we now expect earnings for the full year to be modestly ahead of market consensus.

Analyst Briefing and Investor Meet presentation

A hybrid presentation for sell-side analysts and institutional investors will be held at 9.30am today, 6 December 2023. 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.

The Company will also provide a roadshow presentation via the Investor Meet Company platform on Monday 11th December 2023 at 1.30pm for institutional and retail investors. Click here to register: https://www.investormeetcompany.com/redde-northgate-plc/registerinvestor

Redde 'spotlight' session

A presentation providing greater insight into our Redde group of businesses is scheduled to take place at 12pm on Tuesday 16 January 2024 for sell-side analysts and institutional investors. If you are interested in attending, please email Buchanan on reddenorthgate@buchanan.uk.com to request the joining details. This presentation will subsequently be made available via a link on the Company's website www.reddenorthgate.com.

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

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Notes to Editors:

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

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

Redde Northgate services its customers through a network and diversified fleet of approx. 130,000 owned and leased vehicles, supporting over 700,000 managed vehicles, with over 170 branches across the UK, Ireland and Spain and a specialist team of over 7,500 employees.

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

GAAP reconciliation tables

Consolidated income statement reconciliation

Six month period ending (Unaudited)	Foot note (below)	**31.10.2023 Statutory 2023 £m**	**31.10.2023 Adjustments 2023 £m**	**31.10.2023 Underlying 2023 £m**	31.10.2022 Statutory 2022 £m	31.10.2022 Adjustments 2022 £m	31.10.2022 Underlying 2022 £m
Revenue	(a)	**911.3**	**(177.5)**	**733.8**	696.3	(68.7)	627.6
Cost of sales	(b + c)	**(685.3)**	**169.9**	**(515.4)**	(478.8)	40.5	(438.4)
Gross profit		**226.0**	**(7.6)**	**218.4**	217.5	(28.2)	189.2
Administrative expenses	(d)	**(113.5)**	**9.3**	**(104.2)**	(107.5)	10.1	(97.4)
Operating profit		**112.5**	**1.7**	**114.2**	110.0	(18.2)	91.8
Income from associates		**0.8**	**–**	**0.8**	1.6	–	1.6
EBIT		**113.3**	**1.7**	**115.0**	111.6	(18.2)	93.4
Finance income		**0.2**	**–**	**0.2**	–	–	–
Finance costs		**(16.1)**	**–**	**(16.1)**	(9.7)	–	(9.7)
Profit before taxation		**97.4**	**1.7**	**99.1**	101.9	(18.2)	83.7
Taxation	(e)	**(22.9)**	**(0.4)**	**(23.3)**	(19.9)	3.2	(16.7)
Profit for the period		**74.6**	**1.3**	**75.8**	82.0	(15.0)	67.0
Shares for EPS calculation (Note 4)		**226.7m**		**226.7m**	238.7m		238.7m
Basic EPS		**32.9p**		**33.4p**	34.4p		28.1p

Foot notes			
Adjustments comprise:			
Revenue: sale of vehicles	(a)	**(177.5)**	(68.7)
Cost of sales: revenue sale of vehicles net down	(b)	**177.5**	68.7
Adjustments to underlying depreciation (see Financial Review)	(c)	**(7.6)**	(28.2)
Gross profit		**(7.6)**	(28.2)
Exceptional items (Note 11)		**–**	–
Amortisation of acquired intangible assets (Note 6)		**9.3**	10.1
Administrative expenses	(d)	**9.3**	10.1
Adjustments to EBIT		**1.7**	(18.2)
Adjustments to PBT		**1.7**	(18.2)
Tax on exceptional items (Note 11)		**–**	–
Tax on brand royalty charges and amortisation of acquired intangible assets and tax rate change on acquired intangible assets		**(0.4)**	3.2
Tax adjustments	(e)	**(0.4)**	3.2
Adjustments to profit		**1.3**	(15.0)

GROUP OVERVIEW

Differentiated business model delivering continued growth

The first half of the year saw continued progress on our growth strategy and a strong financial performance, with notable growth within our Spanish rental business and for Redde in particular. While vehicle supply constrained the UK&I rental proposition, the business delivered rental revenue growth of over 4%, reflecting strong demand and growth in ancillary and specialist products and pricing actions.

Our business model focuses on leveraging our significant asset base and industry-leading expertise, delivering a differentiated product offering for customers who are attracted to the breadth and scale of services we can provide in integrated and tailored solutions. We offer a broad range of value-added services and analytics delivering smart mobility solutions for a diverse and growing range of customers.

We utilise prudent levels of leverage, well below that of vehicle rental peers, to acquire vehicles supporting both vehicle rental and incident management service solutions. Our owned vehicle fleet provides significant asset backing for our borrowings, with fleet assets of £1.23bn compared to net debt of £755m at the half year. As we are in a growth phase, we expect to consume cash, investing in tangible assets on which we seek to achieve a return significantly above our cost of capital, whilst maintaining leverage within our 1-2x target range.

Strength of demand

Across our businesses demand has continued to grow, significantly outstripping supply, from vehicle provision through to accident repair capacity. We have therefore carefully managed our offering and customer exposures, focusing on supporting key customers. Allocation of supply is to sectors where we see sustainable growth opportunities, attractive margins and minimising risk exposures; vehicle rental utilisation rates also remain high at 91-92%.

Within vehicle rental, the diversity of the customer base provides resilience and multiple sources of demand, with no sector accounting for more than 15% in Northgate UK&I. Our recent specialist vehicle acquisitions FridgeXpress and Blakedale both increased their customer base in the period. Spain grew across all product offerings, with 25% of new vehicles allocated to new customers, reflecting its growing market presence and improving vehicle supply.

Over 75% of Redde revenues were generated from multi-year contracts with more than 12 months to run and we renewed a number of contracts as well as adding a new specialist customer category to our coverage for a major insurance partner. Credit hire and repair counterparties now in claims protocol or in discussions for joining is increasing, reflecting the strength of the offering and advantages insurers see in working with a trusted partner and the benefits of a more streamlined and efficient claims process.

Vehicle supply constraints easing

Overall vehicle supply has been improving; however it remains both geographically and LCV category-specific and also at levels well below historic norms. Both cars and LCVs are more readily available in Spain, which benefits from being a left-hand drive market and able to tap into pan-European supply systems. Production volumes are still limited, and the business expanded its OEM range in order to service the strength of demand currently enjoyed.

The UK&I saw a slight easing of supply liquidity, principally within the replacement car fleet, together with increasing pockets of supply within certain LCV categories. However, there remained a lack of consistent availability, in particular to service the high demand for short wheel base vehicles. While the trend is positive, new LCV registrations remain at 10-year lows and continue to provide challenges for the UK&I business.

The consequence of limited supply is ongoing strength of LCV residual values in both countries, despite increasing levels of defleeting through our in-house sales channels of Van Monster which includes eAuction.

The average age of the Spanish fleet reduced from its peak in H1 2023 and now stands at 31 months. The UK&I fleet age is now starting to moderate and this is expected to continue; both have been achieved while maintaining leverage in the midpoint of our range, at 1.6x (FY 2023: 1.6x).

Expanding growth opportunities

The Group continues to see attractive options both organically and inorganically and reviews a broad range of opportunities alongside its focus on fleet growth. We see a healthy pipeline of potential opportunities and attractive market adjacencies to further expand the potential of our integrated mobility platform. We have also sought to expand our capacity to better service both insurance partners and fleet customers, with initiatives and enhanced social media campaigns targeted at attracting technicians.

We opened a new FMG RS facility in Hoddesdon and the development of a further new facility in Bristol is nearing completion together with a new combined Northgate and Auxillis branch in London which adds both workshop and replacement vehicle capacity in a much-improved location. Together with increasing our independent repair network to over 500 body shops in the period, we are expanding and improving our estate to help deliver an ever more responsive and efficient service to customers.

We have also expanded capacity in Spain in response to strong market conditions, moving our largest workshop onto a two-shift working pattern and opened a new branch in November in the northwestern León province. An additional service workshop in an underrepresented region has improved capacity and customer service and a further branch opening in the northeast region is scheduled for H2 2024.

Supporting sustainability

While large-scale EV adoption will remain reliant on improving infrastructure, EV range and payload capability, there is growing demand for EVs and for our EV advisory and consulting services. The UK&I team is fulfilling its largest single order, for 100 e-LCVs for an energy sector client and in Spain, the business was awarded a Moves II Plan grant by the EU to support the purchase of 500 additional EVs and 3,000 telematics units. Within the business EV charging is now installed in 89 of our UK sites and in most of our Spanish urban sites.

The Group Sustainability Committee and working groups are looking at ways to further embed emissions reductions within the business, and within management performance targets, to help drive behavioural change. Our recent employee survey recorded an 8ppt increase in employees feeling valued. Industry awards are a good reflection of customer service perspectives, with Spain winning a prestigious Dirigentes customer award, Charged EV winning 'Best New Service', and the local council award for 'Contribution to the environment' for the Darlington-based volunteering team. We are shortlisted for a number of other UK awards due to be announced in the current awards season and were recently highly commended for our employee well-being programme at the 2023 FN50 awards.

Strong financial capacity and sustainable shareholder returns

Even after significant investment, leverage has remained at 1.6x and continues to have significant headroom on our committed banking facilities. The Board has declared an interim dividend of 8.3p per share (H1 2023: 7.5p) to be paid on 12 January 2024 to shareholders on the register as at close of business on 15 December 2023. The interim dividend represents 50% of the final dividend for the year ended 30 April 2023 in line with previous guidance.

The current share buyback programme has been underway since August 2023, reflecting the attractive proposition of risk-free enhancement of shareholder returns. As at the end of November 3 million shares had been acquired at a cost of £10m and are being held in treasury.

FINANCIAL REVIEW

Group Revenue and EBIT

Six months ended 31 October	**H1 2024 £m**	H1 2023 £m	Change £m	*Change %*
Revenue – vehicle hire	**322.9**	302.7	20.2	*6.7%*
Revenue – vehicle sales	**177.5**	68.7	108.8	*158.2%*
Revenue – claims and services	**410.9**	324.9	86.0	*26.5%*
Total revenue	**911.3**	696.3	215.0	*30.9%*
Rental profit	**59.6**	53.8	5.8	*10.6%*
Disposal profit	**34.7**	24.7	10.0	*40.5%*
Claims and services profit	**25.5**	18.9	6.6	*35.1%*
Corporate costs	**(5.6)**	(5.5)	(0.1)	*0.2%*
Underlying operating profit	**114.2**	91.8	22.4	*24.3%*
Income from associates	**0.8**	1.6	(0.8)	*(48.7%)*
Underlying EBIT	**115.0**	93.4	21.6	*23.1%*
Underlying EBIT margin[3]	***15.7%***	*14.9%*	–	*0.8ppt*
Statutory EBIT	**113.3**	111.6	1.7	*1.6%*

Revenue

Total Group revenue, including vehicle sales, of £911.3m was 30.9% higher than prior period while revenue excluding vehicle sales of £733.8m (H1 2023: £627.6m), was 16.9% higher than the prior period.

Hire revenues increased 6.7% mainly due to pricing actions to address cost inflation; Group VOH was 1.2% lower than the prior period, with continued LCV supply challenges constraining Northgate UK&I, while Northgate Spain was able to grow, reflecting greater availability of new vehicles. Claims and services revenue growth of 26.5% reflected higher activity including increased volumes from new business wins which have launched since the start of the previous financial year, and an industry-wide rise in chargeable costs reflecting inflation across the supply chain.

Group vehicle sales revenue increased by 158%. This includes £72.1m from sales of ex-Auxillis fleet cars and other non-fleet vehicles. Excluding those vehicles, there was a 53.2% increase in vehicle sales revenue with a 79.3% increase in the number of vehicles sold, reflecting a change in mix of vehicles sold and some expected softening of LCV residual values compared to the prior period.

EBIT

Statutory EBIT increased 1.6%, while underlying EBIT of £115.0m grew 23.1% compared to the prior period; reflecting an increase in disposal profits, strong rental performance, and higher volumes in Redde. The statutory EBIT includes a £7.6m credit (H1 2023: £28.2m) for adjustments to depreciation rates and £9.3m (H1 2023: £10.1m) amortisation on acquired intangible assets.

Rental profit increased 10.6% to £59.6m (H1 2023: £53.8m) with a £2.6m increase in Northgate UK&I and an £3.1m increase in Northgate Spain. Redde saw volume growth across its product offerings, resulting in a £5.9m increase in underlying EBIT, including income from associates, to £26.3m (H1 2023: £20.4m).

[3] Calculated as underlying EBIT divided by total revenue (excluding vehicle sales)

Total disposal profits for the period of £34.7m were 40.5% higher than the prior period with 18,800 vehicles sold (H1 2023: 7,600). This includes 4,900 sales of ex-Auxillis fleet cars and other non-fleet vehicles through the Northgate UK&I sales channels. As expected, underlying LCV residual values have softened slightly compared to the prior period but remain higher than historical pre-COVID-19 levels.

Northgate UK&I

Six months ended 31 October	**H1 2024**	H1 2023	*Change*
KPI	**('000)**	('000)	*%*
Average VOH	**45.9**	49.2	*(6.8%)*
Closing VOH	**45.1**	49.3	*(8.3%)*
Average utilisation %	**91%**	92%	*(1ppt)*
Six months ended 31 October	**H1 2024**	H1 2023	*Change*
PROFIT & LOSS (Underlying)	**£m**	£m	*%*
Revenue – vehicle hire[4]	**192.3**	184.1	*4.4%*
Revenue – vehicle sales	**132.4**	50.3	*163.3%*
Total revenue	**324.7**	234.4	*38.5%*
Rental profit	**31.4**	28.8	*9.2%*
Rental margin %	***16.3%***	*15.6%*	*0.7ppt*
Disposal profit	**18.2**	18.8	*(3.1%)*
Underlying EBIT	**49.6**	47.5	*4.3%*
EBIT margin %[5]	***25.8%***	*25.8%*	*-ppt*
ROCE %	***16.1%***	*16.1%*	*-ppt*

Rental revenue grew 4.4% in the period, with continued supply challenges for LCVs offset by growth in ancillary and specialist products alongside carefully managed pricing actions. The ongoing focus on supporting key clients, targeting the most robust sectors and protecting margin, helped mitigate much of the constraints from lack of fleet supply. Fleet ageing increased by 0.4 months during the period to 36.5 months, as we looked to support strong customer demand with many businesses keen to retain vehicles at end of current rental terms where replacements are not yet available.

Average VOH at 45,900 was 3,300 down on H1 2023 and the rental fleet was 49,100 at the end of October 2023 compared to 50,800 at the end of April 2023. Pockets of LCV supply have become increasingly available but supply generally remains well below historic levels for right-hand drive vehicles, reflecting the continued limited number of LCV registrations in the UK which are still running at the low point of the past decade. Vehicle sales increased to £132.4m as Van Monster have started to sell Auxillis cars once defleeted. Disposal profits were similar to the prior period, reflecting the combination of strong LCV residual values and softening car residual values.

Ancillary service revenues grew 22% over the prior period, including for accident management support and fleet management services. Seven EV customer experience days were held throughout calendar 2023 and the largest single EV order to date, for 100 vehicles, was received. There continues to be structural momentum for fleet transitions to EV, with the business initiating an increasing number of conversations held with corporate customers on supporting their first strategic actions.

Growth investment included the acquisition of FridgeXpress, a leading provider of temperature-controlled LCVs and trailers acquired at the start of the period which has been integrated into our wider sales infrastructure. The Inverness branch opened in May and will by the end of 2023 be joined by a relocated North London branch which adds new workshop and replacement vehicle capabilities, alongside an enlarged and refreshed vehicle rental facility.

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[4] Including intersegment revenue of £4.6m (H1 2023: £4.1m)

[5] Calculated as underlying EBIT divided by total revenue (excluding vehicle sales)

Financial overview

Northgate UK&I rental profit increased 9.2% to £31.4m (H1 2023: £28.8m) with rental margins 0.7ppt higher at 16.3% (H1 2023: 15.6%). The FY 2023 full year margin was 15.1%.

Disposal revenues increased 163% to £132.4m (H1 2023: £50.3m) reflecting a 135% increase in vehicle sales, including sales of 4,900 Auxillis cars and other non-fleet vehicles and was reflected in the overall PPU outcome of £1,600 (H1 2023: £3,800). Disposal profits remained strong at £18.2m compared to £18.8m in the prior period.

The net impact of the reduction in VOH, higher rental margin and reduced disposal profits was a 4.3% increase in underlying EBIT to £49.6m (H1 2023: £47.5m).

Rental business

Vehicle hire revenue in Northgate UK&I was £192.3m (H1 2023: £184.1m), an increase of 4.4%. A 12.5% increase in average revenue per vehicle reflected fleet mix, applied rate increases, and were offset by a 6.8% reduction in average VOH.

Average VOH of 45,900 was 3,300 lower than the prior period (H1 2023: 49,200) and compares to 48,900 average for FY 2023 with the shortage in supply of new vehicles restricting growth in the period.

Northgate UK&I's minimum term proposition accounted for 41% of average VOH (H1 2023: 38%). The average term of these contracts is approximately three years, providing both improved visibility of future rental revenue and earnings, as well as lower transactional costs.

Rental margin for the period was 16.3% compared to 15.6% in the prior period, and 15.1% in the full year FY 2023. This was accomplished by increasing rates, partially offset by cost inflation and supported by the acquisition of FridgeXpress.

Management of fleet and vehicle sales

The closing Northgate UK&I rental fleet was 49,100 compared to 50,800 at 30 April 2023. During the period, 4,800 vehicles were purchased and acquired (H1 2023: 2,900) and 7,200 vehicles were de-fleeted (H1 2023: 3,700). The leased and contract hire fleet increased by 600 vehicles including those acquired with FridgeXpress.

The average age of the fleet at the end of the period was 0.4 months higher than at 30 April 2023 and 2.9 months higher than at 31 October 2022. The fleet composition continues to be actively managed throughout this period of restricted market supply.

A total of 11,600 vehicles were sold in Northgate UK&I during the period, 137% higher than the prior period (H1 2023: 4,900 vehicles) as Van Monster sold 4,900 cars and other non-fleet vehicles including those which had been defleeted from the Redde fleet. Disposal profits of £18.2m (H1 2023: £18.8m) were broadly in line with the prior period. The underlying LCV PPU was £3,500 compared to £3,800 in the prior period.

Northgate Spain

Six months ended 31 October	**H1 2024**	H1 2023	*Change*
KPI	**('000)**	('000)	*%*
Average VOH	**55.5**	53.2	*4.3%*
Closing VOH	**55.8**	53.8	*3.7%*
Average utilisation %	**91%**	92%	*(1ppt)*
Six months ended 31 October	**H1 2024**	H1 2023	*Change*
PROFIT & LOSS (Underlying)	**£m**	£m	*%*
Revenue – vehicle hire	**135.2**	122.7	*10.2%*
Revenue – vehicle sales	**44.6**	18.2	*145.2%*
Total revenue	**179.8**	140.9	*27.6%*
Rental profit	**28.1**	25.1	*12.3%*
Rental margin %	***20.8%***	*20.4%*	*0.4ppt*
Disposal profit	**16.5**	5.9	*178.4%*
Underlying EBIT	**44.7**	31.0	*44.1%*
EBIT margin %[6]	***33.0%***	*25.3%*	*7.7ppt*
ROCE %	***14.5%***	*11.5%*	*3.0ppt*

Rental revenue growth of 10.2% was achieved through a combination of increased VOH up 4.3%, and rate increases in both flex and minimum term offerings to mitigate cost inflation. The business saw growth across its geographic regions and strong demand from all customer sectors, including for specialist vehicles (up 28%), ancillary services such as telematics and within its service network.

There was progressive improvement in the supply of new vehicles, helped by a broadening of OEM suppliers, which accounted for a quarter of the new vehicles purchased in the period. After two years of fleet ageing as a consequence of limited supply, the average age of the fleet at the end of October 2023 had reduced by 2 months to 31 months from its October 2022 peak, as the business was able to de-fleet many of its oldest vehicles. At the same time, PPUs remained strong and contributed to a significant increase in disposal profits.

Rental margin at over 20% remained close to historic highs and reflected the focus on operational efficiencies and managing high utilisation rates. Growth initiatives included moving the largest workshop to a two-shift programme and continued use of parts recovery for use within the repair workshops. An increase in workshop headcount and branch staff by over 60 employees reflected the strength of demand for the offering, with revenues from the initiative servicing third party vehicles up 38% on the prior year.

Investment in capacity expansion included the opening of both a service centre in the south of the country, and a new branch in November 2023 in the northern León province, with a further two branches in development. The focus on customer service excellence was recently recognised through three industry awards, including a prestigious Dirigentes Business Excellence Award.

Northgate Spain continues to be at the forefront of the low carbon transition, growing its EV and hybrid fleet by over 30% since October 2022. It was awarded a £1.2m grant by the EU (Moves flotas II) to support low carbon initiatives, which will include the purchase of over 500 EVs and telematics installation in over 3,000 vehicles.

[6] Calculated as underlying EBIT divided by total revenue (excluding vehicle sales)

Financial overview

Northgate Spain had a strong period with underlying EBIT of £44.7m, an increase of £13.7m or 44.1%, which was a result of 4.3% average VOH growth, strong rental margins of 20.8% compared to 20.4% in the prior period and higher disposal volumes with strong PPU's.

Rental business

Vehicle hire revenue in Northgate Spain was £135.2m (H1 2023: £122.7m), an increase of 10.2% (9.8% in local currency). Average VOH increased 4.3% and closing VOH increased 3.7% to 55,800.

Northgate Spain's minimum term proposition accounted for 35% (H1 2023: 35%) of average VOH. The average term of these contracts is approximately three years, providing visibility of future rental revenue and earnings.

The rental margin of 20.8% was 0.4ppt higher than the prior period from pricing increases and good management of direct costs.

The impact of the increase in hire revenue and rental margin resulted in rental profit increasing 12.3% to £28.1m (H1 2023: £25.1m).

Management of fleet and vehicle sales

The closing Northgate Spain rental fleet amounted to 63,300 compared to 61,400 vehicles at 30 April 2023. During the period 9,500 vehicles were purchased (H1 2023: 5,700) and 7,600 vehicles were de-fleeted (H1 2023: 2,700 vehicles). The average age of the fleet at the end of the period was 2.1 months lower than at the same time last year. This was due to replacement of older vehicles with improved market supply.

A total of 7,200 vehicles were sold in Northgate Spain during the period, 154% higher than prior period as the vehicle supply eased.

Disposal profits of £16.5m (H1 2023: £5.9m) increased 178% due to the increase volume of sales and an increase in PPU to £2,300 (H1 2023: £2,100) which resulted from a change in mix of vehicles sold and strong residual values.

Redde

Six months ended 31 October	**H1 2024**	H1 2023	*Change*
PROFIT & LOSS (Underlying)	**£m**	£m	*%*
Revenue – claims and services[7]	**416.6**	331.4	*25.7%*
Revenue – vehicle sales[8]	**58.8**	0.3	*n/a*
Total revenue	**475.4**	331.7	*43.3%*
Gross profit	**82.0**	70.4	*16.4%*
Gross margin %[9]	***19.7%***	*21.2%*	*(1.5ppt)*
Operating profit	**25.5**	18.9	*35.1%*
Income from associates	**0.8**	1.6	*(48.7%)*
Underlying EBIT	**26.3**	20.4	*28.7%*
EBIT margin %[9]	***6.3%***	*6.2%*	*0.1ppt*
ROCE %	***16.6%***	*15.4%*	*1.2ppt*

Claims and services revenue increased 25.7%, with both increased volumes from existing customers together with contributions from new contracts launched since the start of the previous financial year, supported by a 12% increase in industry approved repair rates reflecting continued labour shortages. Vehicle sales of £58.8m reflect recycling of the car fleet, as vehicle supply improved, the majority of which is sold through Van Monster. EBIT margin of 6.3% was broadly in line with prior period.

Within the period, the business confirmed extensions to a number of multi-year contracts, expanded its service offering to one of its largest insurance partners with the addition of repair capacity support to a new specialist customer segment. It also managed the go-live process in September 2023 for a contract with one of the largest leasing companies, Lex Autolease, which outsourced its accident management requirements in a multi-service contract for the first time.

Externally owned fleet vehicles covered by our repair and claims management services increased in number to over 800,000, equally split between insurer and other fleets. There is a robust pipeline of opportunities and contract discussions across the business as existing and potential customers see the benefit of working with a trusted and expert partner who can demonstrate significant operational efficiency benefits at a time of high claims inflation.

Over 60% of credit hire and repair counterparties (by claims volume) now operate within protocol arrangements as they see the benefits of greater process efficiency with further significant partners in discussions; this will improve cash collection and working capital which will also be helped by the settlement of historic claims at the point insurers enter protocol arrangements.

The business continues to invest in its people with a number of initiatives and social media campaigns targeted on attracting technicians, alongside enhanced training and expansion of our apprentice scheme, where there are now over 135 apprentices within the business. Repair capacity was also expanded through the investment in FMG RS's first greenfield site in Hoddesdon, and a new Bristol facility commenced at the start of H2 2024. This investment reflects the strong customer demand for repair capacity and our appetite for supporting expansion whether through organic growth or acquisition.

[7] Including intersegment revenue of £5.6m (H1 2023: £6.5m)
[8] Including intersegment revenue of £58.4m (H1 2023: £nil)
[9] Gross profit margin calculated as underlying gross profit divided by total revenue (excluding vehicle sales). EBIT margin calculated as underlying EBIT divided by total revenue (excluding vehicle sales)

Financial overview

During the period EBIT has increased by 28.7% to £26.3m, with growth in repair and claims management services and credit repair services in the period.

Revenue and profit

Revenue for the period (excluding vehicle sales) increased 25.7% to £416.6m (H1 2023: £331.4m) reflecting the full impact of recent contract wins and the volume mix in repair and claims management services. These favourable variances were offset by a reduction in credit hire length in comparison to the prior period. The prior period was affected by macro challenges in supply chains for parts and labour which has begun to return to normal.

Gross margin of 19.7% declined 1.5ppt (H1 2023: 21.2%) due to volume mix within the business.

EBIT for the period increased 28.7% to £26.3m (H1 2023: £20.4m) reflecting the increased revenues earnt through credit repair services and repair and claims management services.

Management of fleet

The total fleet in Redde closed the period at 16,900 vehicles, down from 18,500 at 30 April 2023 with the lower fleet holding reflecting eased demand from reduced credit hire lengths and seasonality.

The average fleet age at the end of the period was 14 months (FY 2023: 15 months) reflecting the lower fleet holding period than in the UK&I and Spain businesses due to the different composition of the fleet and usage of those vehicles.

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

Group PBT and EPS

Six months ended 31 October	**H1 2024 £m**	H1 2023 £m	Change £m	*Change %*
Underlying EBIT	**115.0**	93.4	21.6	*23.1%*
Net finance costs	**(15.9)**	(9.7)	(6.2)	*64.7%*
Underlying profit before taxation	**99.1**	83.7	15.4	*18.3%*
Statutory profit before taxation	**97.4**	101.9	(4.5)	*(4.4%)*
Underlying effective tax rate	**23.5%**	20.0%	–	*3.5ppt*
Underlying EPS	**33.4p**	28.1p	5.3p	*18.9%*
Statutory EPS	**32.9p**	34.4p	(1.5p)	*(4.4%)*

Profit before taxation

Underlying PBT was 18.3% higher than prior period reflecting the higher EBIT across the Group. Statutory PBT was 4.4% lower including a £7.6m credit (H1 2023: £28.2m) relating to adjustments to depreciation rates on certain fleet as explained last year and further below.

Exceptional items

During the period, there were no items that were recognised as exceptional items (H1 2023: £nil).

Amortisation of acquired intangibles and adjustments to underlying depreciation charges are not exceptional items as they are recurring. However, these items are excluded from underlying results in order to provide a better comparison of performance of the Group. The total amortisation of acquired intangibles charged in the period was £9.3m (H1 2023: £10.1m).

Depreciation rate changes

As explained at the FY 2023 year end, residual values have increased significantly over recent years due to the disruption of new vehicle supply which has increased demand for used vehicles. Up to April 2022, no changes had been made to depreciation rates on existing fleet vehicles as the extent and longevity of this buoyancy in residual values remained uncertain. However, it continued for longer than anticipated and uncertainty remains over how long it will take for supply of new and used vehicles to return to a more normal level.

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

The total adjustment made to underlying depreciation in the period was a credit of £7.6m comprising £23.6m reduced depreciation offset by £15.9m reduced disposal profits. The adjustment remains materially in line with expectations set out in the FY 2023 annual report.

Interest

Net finance charges increased to £15.9m (H1 2023: £9.7m) due to an increased average cost of borrowing and higher average debt compared to the prior period. The net cash interest charge for the period was £15.1m (H1 2023: £8.6m).

At 31 October 2023 56% of borrowings were held in fixed rate instruments.

Dividend

The Board has declared an interim dividend of 8.3p per share (H1 2023: 7.5p) to be paid on 12 January 2024 to shareholders on the register as at close of business on 15 December 2023.

The interim dividend represents 50% of the final dividend for the year ended 30 April 2023 in line with previous guidance.

Share buyback programme

As previously announced, the Group completed its share buyback programme in December 2022, where a total of 16,877,571 ordinary shares were purchased and held for a total consideration of £60.5m. The Group announced a further share buyback programme commencing in August 2023 for up to a maximum aggregate consideration of £30m.

During the period to 31 October 2023, 2,537,500 shares were purchased for a total consideration of £8.2m.

Business combinations

In May 2023 the Group acquired 100% of the equity capital of FridgeXpress (UK) Limited for provisional consideration of £5.0m. The provisional fair value of net assets acquired was £2.9m resulting in the recognition of £2.1m of goodwill.

Group cash flow

Six months ended 31 October	**H1 2024 £m**	H1 2023 £m	*Change £m*
Underlying EBIT	**115.0**	93.4	*21.6*
Underlying depreciation and amortisation	**105.0**	105.4	*(0.4)*
Underlying EBITDA	**220.0**	198.8	*21.2*
Net replacement capex[10]	**(103.5)**	(53.1)	*(50.4)*
Lease principal payments[11]	**(35.1)**	(24.6)	*(10.5)*
Steady state cash generation	**81.4**	121.2	*(39.8)*
Working capital and non-cash items	**(48.8)**	(19.6)	*(29.2)*
Growth capex[10]	**(1.3)**	(68.7)	*67.4*
Taxation	**(21.2)**	(14.7)	*(6.5)*
Net operating cash	**10.1**	18.2	*(8.1)*
Distributions from associates	**1.2**	1.9	*(0.7)*
Interest and other financing	**(14.5)**	(8.1)	*(6.4)*
Acquisition of business	**(4.1)**	(9.9)	*5.8*
Free cash flow	**(7.3)**	2.1	*(9.4)*
Dividends paid	**(37.3)**	(35.0)	*(2.3)*
Payments to acquire treasury shares	**(8.2)**	(40.5)	*32.3*
Add back: lease principal payments[12]	**35.1**	24.6	*10.5*
Net cash consumed	**(17.7)**	(48.8)	*31.1*

Steady state cash generation

Steady state cash generation remained strong at £81.4m (H1 2023: £121.2m), driven by underlying EBIT performance, offset by an increase in net replacement capex and principal lease payments as improvements in vehicle supply enabled replacement of some older fleet.

Net capital expenditure

Net capital expenditure decreased by £17.0m to £104.8m (H1 2023: £121.8m) due to a £50.4m increase in net replacement capex[10] and a £67.4m decrease in growth capex[10].

Net replacement capex was £103.5m (H1 2023: £53.1m), £50.4m higher than the prior period as the fleet age was increasing in the prior period but has been reduced in the current period, mainly in Spain where there have been more vehicles available to do this. The current period includes c.£25m of capex in order to reduce the age of the fleet during the period.

[10] Net replacement capex is total net capex less growth capex. Growth capex represents the cash consumed in order to grow the fleet or the cash generated if the fleet size is reduced in periods of contraction
[11] Lease principal payments are included so that steady state cash generation includes all maintenance capex irrespective of funding method
[12] Lease principal payments are added back to reflect the movement on net debt

Growth capex[10] of £1.3m (H1 2023: £68.7m) included £35.9m outflow to grow the fleet size in Spain and £34.6m inflow in Northgate UK&I and Redde where the fleet size was reduced due to short supply of vehicles and reduced credit hire lengths and seasonality.

Lease principal payments of £35.1m (H1 2023: £24.6m) increased by £10.5m due to a larger leased fleet size and final payments on legacy hire purchase contracts.

Free cash flow

Free cash flow decreased by £9.4m to an outflow of £7.3m (H1 2023: £2.1m inflow).

Free cash flow is stated after taking account of investments that have been made in the year which will return future cash flow at a sustainable rate of return ahead of our cost of capital. This includes investment in net replacement capex of £103.5m, capex lease payments of £35.2m, growth capex of £1.3m, the acquisition of FridgeXpress of £4.1m (net of cash acquired), the share buyback programme of £8.2m and working capital in Redde.

Net cash consumed

Net cash consumed of £17.7m (H1 2023: £48.8m), excluding principal lease payments of £35.1m (H1 2023: £24.6m), comprises free cash flow, £37.3m of dividends paid (H1 2023: £35.0m) and £8.2m (H1 2023: £40.5m) for treasury shares purchased as part of the previously announced buyback programme. Leverage has been maintained at 1.6x (H1 2023: 1.6x).

Net debt

Net debt reconciles as follows:

As at 31 October	**H1 2024 £m**	H1 2023 £m
Opening net debt	**694.4**	582.5
Net cash consumed	**17.7**	48.8
Other non-cash items	**44.8**	20.2
Exchange differences	**(1.9)**	9.8
Closing net debt	**755.0**	661.3

Closing net debt was £60.6m higher than opening net debt, driven by net cash consumption of £17.7m and other non-cash items of £44.8m, consisting primarily of new leases acquired. The foreign exchange impact on net debt was a £1.9m decrease. The net book value of fleet on the balance sheet at 31 October 2023 was £1.23bn (H1 2023: £1.09bn).

Borrowing facilities

As at 31 October 2023 the Group had headroom on facilities of £236m, with £596m drawn (net of available cash balances) against total facilities of £832m as detailed below:

	Facility £m	**Drawn £m**	**Headroom £m**	**Maturity**	**Borrowing Cost**
UK bank facilities	490	260	230	Nov-26	6.4%
Loan notes	328	328	–	Nov 27 – Nov 31	1.3%
Other loans	14	8	6	Nov 24	2.8%
	832	**596**	**236**		**3.5%**

The other loans consist of £13.1m of borrowings located in Spain and £0.5m of preference shares.

The above drawn amounts reconcile to net debt as follows:

	Drawn £m
Borrowing facilities	596
Unamortised finance fees	(6)
Leases	165
Net debt	**755**

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

	Threshold	**Oct-23**	**Headroom**	**Oct-22**
Interest cover	3x	9.0x	£138m (EBIT)	13.9x
Loan to value	70%	44%	£367m (net debt)	44%
Debt leverage	3x	1.6x	£184m (EBITDA)	1.6x

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

Balance sheet

Net assets at 31 October 2023 were £1,024.9m (H1 2023: £959.0m), equivalent to net assets per share of 452p (H1 2023: 413p). Net tangible assets at 31 October 2023 were £789.1m (H1 2023: £693.9m), equivalent to a net tangible asset value of 348p per share (H1 2023: 299p per share).

Gearing at 31 October 2023 was 95.7% (H1 2023: 69.0%) and ROCE was 14.8% (H1 2023: 13.5%).

Foreign exchange risk

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

	H1 2024	H1 2023	FY 2023
	£ : €	£ : €	£ : €
Average	1.16	1.16	1.15
Period end	1.14	1.16	1.14

Going concern

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

Risks and uncertainties

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

The principal risks and uncertainties facing the Group at 30 April 2023 were set out in detail on pages 44 to 49 of the FY 2023 annual report, a copy of which is available at www.reddenorthgate.com, and were identified as:

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

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

Alternative performance measures and glossary of terms

A reconciliation of statutory to underlying Group performance is outlined at the front of this document. A reconciliation of underlying cash flow measures and additional alternative performance measures used to assess performance of the Group is shown below.

	Six months to 31.10.23 £m	Six months to 31.10.22 £m
Underlying EBIT	**115.0**	93.4
Add back:		
Depreciation of property, plant and equipment (excluding depreciation adjustment)	**107.0**	104.1
(Gain) loss on disposal of assets	**(2.6)**	0.7
Intangible amortisation included in underlying operating profit (Note 6)	**0.6**	0.6
Underlying EBITDA	**220.0**	198.8
Net replacement capex[1]	**(103.5)**	(53.1)
Lease principal payments	**(35.1)**	(24.6)
Steady state cash generation	**81.4**	121.2
Working capital and non-cash items	**(48.8)**	(19.6)
Growth capex[2]	**(1.3)**	(68.7)
Taxation	**(21.2)**	(14.7)
Net operating cash	**10.1**	18.2
Distributions from associates	**1.2**	1.9
Interest and other financing costs	**(14.5)**	(8.1)
Acquisition of business net of cash acquired	**(4.1)**	(9.9)
Free cash flow	**(7.3)**	2.1
Payments to acquire treasury shares	**(8.2)**	(40.5)
Dividends paid	**(37.3)**	(35.0)
Add back: lease principal payments[3]	**35.1**	24.6
Net cash consumed	**(17.7)**	(48.8)
Reconciliation to cash flow statement:		
Net increase (decrease) in cash and cash equivalents	**(7.0)**	3.5
Add back:		
Receipt of bank loans and other borrowings	**(46.2)**	(76.8)
Repayments of bank loans and other borrowings	**0.4**	–
Principal element of lease payments	**35.1**	24.6
Net cash consumed	**(17.7)**	(48.8)
Reconciliation of capital expenditure		
Purchases of vehicles for hire	**265.3**	177.0
Proceeds from disposals of vehicles for hire	**(167.4)**	(58.9)
Proceeds of disposal of other property, plant and equipment	**(0.2)**	–
Purchases of other property plant and equipment	**6.3**	3.0
Purchases of intangible assets	**0.8**	0.7
Net capital expenditure	**104.8**	121.8
Net replacement capex[1]	**103.5**	53.1
Growth capex[2]	**1.3**	68.7
Net capital expenditure	**104.8**	121.8

[1] Net capital expenditure other than that defined as growth capex

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

[3] Lease principal payments are added back to reflect the movement on net debt

	Northgate UK&I 6 months to 31.10.23 £000	Northgate Spain 6 months to 31.10.23 £000	Group Sub-total 6 months to 31.10.23 £000
Underlying operating profit[1]	49,600	44,655	94,255
Exclude:			
Adjustments to underlying depreciation charge in relation to vehicles sold in the period and profit on sale of directly acquired vehicles	(18,184)	(16,514)	(34,698)
Rental profit	**31,416**	**28,141**	**59,557**
Divided by: Revenue: hire of vehicles[2]	192,256	135,219	327,475
Rental margin	**16.3%**	**20.8%**	**18.2%**

	Northgate UK&I 6 months to 31.10.22 £000	Northgate Spain 6 months to 31.10.22 £000	Group Sub-total 6 months to 31.10.22 £000
Underlying operating profit[1]	47,542	30,992	78,534
Exclude:			
Adjustments to underlying depreciation charge in relation to vehicles sold in the period and profit on sale of directly acquired vehicles	(18,767)	(5,931)	(24,698)
Rental profit	28,775	25,061	53,836
Divided by: Revenue: hire of vehicles[2]	184,136	122,685	306,821
Rental margin	15.6%	20.4%	17.5%

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

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

Glossary of terms

The following defined terms have been used throughout this document:

Term	Definition
Auxillis	A trading name used by the Redde segment. A business which generates revenue from insurance claims and services
Blakedale	Blakedale Limited. A business within the Northgate UK&I operating segment, providing specialist traffic management services
Capex	Capital expenditure
Capital employed	Net assets of £1,024.9m (H1 2023: £959.0m) excluding net debt of £755.0m (H1 2023: £661.3m), goodwill of £115.9m (H1 2023: £118.8m), acquired intangible assets of £116.0m (H1 2023: £142.7m) and the cumulative impact of certain adjustments to depreciation of £43.2m (H1 2023: £22.6m)
Charged EV	A business within the Northgate UK&I operating segment, providing EV Charging infrastructure and solutions
Company	Redde Northgate plc
Contract hire	Leases relating to vehicles where the funder retains the residual value risk
Disposal profit(s)	This is a non-GAAP measure used to describe the adjustment in the depreciation charge made in the period for vehicles sold at an amount different to their net book value at the date of sale (net of attributable selling costs)
eAuction	The part of the Group which generates vehicle sales revenue through the Group's online sales platforms
EBIT	Earnings before interest and taxation. Underlying unless otherwise stated
EBIT margin	Calculated as EBIT divided by revenue (excluding vehicle sales)
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share. Underlying unless otherwise stated
EV(s)	Electric vehicle(s)
Facility headroom	Calculated as borrowing facilities of £832m less net borrowings of £596m. Net borrowings represent net debt of £755m excluding lease liabilities of £165m and unamortised arrangement fees of £6m and are stated after the deduction of £4m of net cash and overdraft balances which are available to offset against borrowings
FMG RS	A business within the Redde operating segment, providing vehicle repair services
FN50	An industry body within the UK commercial vehicle fleet sector
Free cash flow	Net cash generated after principal lease payments and before share buybacks and the payment of dividends
FridgeXpress	FridgeXpress (UK) Limited. A business acquired within the Northgate UK&I operating segment, providing specialist vehicle rental solutions
FY 2021	The year ended 30 April 2021
FY 2022	The year ended 30 April 2022
FY 2023	The year ended 30 April 2023
FY 2024	The year ending 30 April 2024
GAAP	Generally Accepted Accounting Principles: meaning compliance with IFRS
Gearing	Calculated as net debt divided by net tangible assets
Group	The Company and its subsidiaries
Growth capex	Growth capex represents the cash consumed in order to grow the total owned rental fleet or the cash generated if the fleet size is reduced in periods of contraction
H1 2023	The six month period ended 31 October 2022
H1 2024	The six month period ended 31 October 2023
H2 2024	The six month period ending 30 April 2024
H1/H2	Half year period: H1 being the first half and H2 being the second half of the financial year
IFRS	International Financial Reporting Standards
Income from associates	The Group's share of net profits of associates accounted for using the equity method
LCV(s)	Light commercial vehicle(s): 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
Leverage	Net debt divided by rolling 12 month EBITDA, calculated in accordance with the Group's debt facility arrangements on a pre IFRS 16 basis
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
Northgate	A trading name used by the Northgate UK&I segment. The commercial vehicle hire part of the business

Northgate UK&I	The Northgate UK&I operating segment representing the commercial vehicle hire and sales part of the Group located in the United Kingdom and Republic of Ireland
Northgate Spain	The Northgate Spain operating segment representing the commercial vehicle hire and sales part of the Group located in Spain
OEM(s)	Original equipment manufacturer(s): a reference to the Group's 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
Profit & loss	Referring to the Income Statement
Redde	The Redde operating segment representing the insurance claims and services part of the Group providing a range of mobility solutions
Rental margin	Calculated as rental profit divided by revenue (excluding vehicle sales) within the Northgate UK&I and Northgate Spain parts of the Group
Rental profit(s)	EBIT excluding disposal profits within the Northgate UK&I and Northgate Spain parts of the Group
ROCE	Underlying return on capital employed: calculated as underlying EBIT (see non-GAAP reconciliation) divided by average capital employed
Spain/Spanish	Referring to the Northgate Spain operating segment
Steady state cash generation	Underlying EBITDA less net replacement capex and lease principal payments
UK&I	Referring to the Northgate UK&I operating segment
Utilisation	Calculated as the average number of vehicles on hire divided by average rentable fleet in any period
Van Monster	A trading name within the Northgate UK&I segment. The part of the Northgate UK&I segment that manages external vehicle sales
VOH	Vehicles on hire. Average unless otherwise stated

Condensed consolidated income statement

for the six months ended 31 October 2023

	Notes	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) Restated £000	Year to 30.04.23 (Audited) £000
Revenue: hire of vehicles	2	322,887	302,717	610,502
Revenue: sale of vehicles	2	177,470	68,738	152,894
Revenue: claims and services	2	410,939	324,877	726,350
Total revenue	2	**911,296**	696,332	1,489,746
Cost of sales		(685,307)	(478,846)	(1,054,173)
Gross profit		**225,989**	217,486	435,573
Administrative expenses (excluding exceptional items)		(109,483)	(103,077)	(213,658)
Net impairment of trade receivables		(3,978)	(4,376)	(8,902)
Exceptional administrative expenses: impairment of goodwill	10,11	–	–	(5,009)
Exceptional administrative expenses: impairment of other intangibles	11	–	–	(8,482)
Total administrative expenses		(113,461)	(107,453)	(236,051)
Operating profit		**112,528**	110,033	199,522
Income from associates	2,8	799	1,559	2,520
EBIT	2	**113,327**	111,592	202,042
Finance income		189	24	90
Finance costs		(16,091)	(9,681)	(23,405)
Profit before taxation		**97,425**	101,935	178,727
Taxation	3	(22,863)	(19,940)	(39,489)
Profit for the period		**74,562**	81,995	139,238

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

Earnings per share				
Basic	4	32.9p	34.4p	60.3p
Diluted	4	32.0p	33.5p	58.7p

Condensed consolidated statement of comprehensive income

for the six months ended 31 October 2023

	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) £000	Year to 30.04.23 (Audited) £000
Amounts attributable to owners of the Company			
Profit attributable to owners	74,562	81,995	139,238
Other comprehensive (expense) income			
Foreign exchange differences on retranslation of net assets of subsidiary undertakings	(3,474)	12,476	23,689
Foreign exchange differences on long term borrowings held as hedges	2,032	(9,635)	(17,741)
Foreign exchange difference on revaluation reserve	(9)	32	54
Total other comprehensive (expense) income for the period	**(1,451)**	**2,873**	**6,002**
Total comprehensive income for the period	**73,111**	**84,868**	**145,240**

All items will subsequently be reclassified to the consolidated income statement.

Condensed consolidated balance sheet

31 October 2023

	Note	31.10.23 (Unaudited) £000	31.10.22 (Unaudited) £000	30.04.23 (Audited) £000
Non-current assets				
Goodwill	6	115,918	118,781	113,873
Other intangible assets	6	119,880	146,319	127,828
Property, plant and equipment	7	1,404,003	1,257,757	1,332,923
Deferred tax assets		2,122	3,061	2,061
Interest in associates	8	4,811	5,534	5,207
Total non-current assets		**1,646,734**	1,531,452	1,581,892
Current assets				
Inventories		44,088	15,555	54,537
Receivables and contract assets		468,671	420,821	441,277
Current tax assets		18,724	6,917	14,951
Cash and bank balances	9	29,646	18,956	14,122
Total current assets		**561,129**	462,249	524,887
Total assets		**2,207,863**	1,993,701	2,106,779
Current liabilities				
Trade and other payables		321,778	301,031	344,867
Provisions		3,513	–	822
Current tax liabilities		3,523	5,351	20
Lease liabilities		46,171	56,889	49,493
Borrowings		33,447	11,151	14,079
Total current liabilities		**408,432**	374,422	409,281
Net current assets		**152,697**	87,827	115,606
Non-current liabilities				
Trade and other payables		4,373	4,942	–
Provisions		10,521	–	6,609
Lease liabilities		119,267	103,188	107,272
Borrowings		585,793	509,063	537,712
Deferred tax liabilities		54,613	43,062	51,310
Total non-current liabilities		**774,567**	660,255	702,903
Total liabilities		**1,182,999**	1,034,677	1,112,184
NET ASSETS		**1,024,864**	959,024	994,595
Equity				
Share capital		123,046	123,046	123,046
Share premium account		113,510	113,510	113,510
Treasury shares reserve		(58,071)	(48,633)	(60,420)
Own shares reserve		(8,469)	(13,262)	(9,615)
Translation reserve		(4,127)	(5,792)	(2,685)
Other reserves		330,480	330,467	330,489
Retained earnings		528,495	459,688	500,270
TOTAL EQUITY		**1,024,864**	959,024	994,595

Total equity is wholly attributable to owners of the Company.

Condensed consolidated cash flow statement

for the six months ended 31 October 2023

	Note	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) £000	Year to 30.04.23 (Audited) £000
Net cash generated from operations	10	**37,417**	38,056	84,322
Investing activities				
Interest received		189	24	90
Distributions from associates	8	1,195	1,868	3,156
Payment for acquisition of subsidiary, net of cash acquired	12	(4,051)	(9,902)	(10,004)
Proceeds from disposal of other property, plant and equipment		185	87	678
Purchases of other property, plant and equipment		(6,321)	(3,035)	(7,362)
Purchases of other intangible assets		(771)	(701)	(1,765)
Net cash used in investing activities		**(9,574)**	(11,659)	(15,207)
Financing activities				
Dividends paid		(37,343)	(34,984)	(52,220)
Receipt of bank loans and other borrowings		46,202	76,849	96,807
Repayments of bank loans and other borrowings		(391)	–	–
Debt issue costs		–	(950)	(950)
Principal element of lease payments		(35,150)	(24,581)	(65,110)
Payments to acquire treasury shares		(8,193)	(40,484)	(52,927)
Proceeds from sale of own shares		25	1,233	1,414
Net cash used in financing activities		**(34,850)**	(22,917)	(72,986)
Net (decrease) increase in cash and cash equivalents		**(7,007)**	3,480	(3,871)
Cash and cash equivalents at the beginning of the period		11,681	15,769	15,769
Effect of foreign exchange movements		(861)	(293)	(217)
Cash and cash equivalents at the end of the period		**3,813**	18,956	11,681

Cash and cash equivalents consist of:				
Cash and bank balances	9	29,646	18,956	14,122
Bank overdrafts	9	(25,833)	–	(2,441)
		3,813	18,956	11,681

Condensed consolidated statement of changes in equity

for the six months ended 31 October 2023

	Share capital and share premium	Treasury shares	Own shares	Translation reserve	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Total equity at 1 May 2022	236,556	(7,493)	(16,439)	(8,633)	330,435	412,335	946,761
Share options fair value charge	–	–	–	–	–	2,286	2,286
Share options exercised	–	–	1,944	–	–	(1,944)	–
Dividends paid	–	–	–	–	–	(34,984)	(34,984)
Net (purchase) receipts of shares	–	(41,140)	1,233	–	–	–	(39,907)
Total comprehensive income	–	–	–	2,841	32	81,995	84,868
Total equity at 1 November 2022	236,556	(48,633)	(13,262)	(5,792)	330,467	459,688	959,024
Share options fair value charge	–	–	–	–	–	2,361	2,361
Share options exercised	–	–	–	–	–	(3,466)	(3,466)
Dividends paid	–	–	–	–	–	(17,236)	(17,236)
Net (purchase) receipts of shares	–	(11,787)	181	–	–	–	(12,317)
Transfer of shares on vesting of share options	–	–	3,466	–	–	–	4,177
Deferred tax on share based payments recognised in equity	–	–	–	–	–	1,680	1,680
Total comprehensive income	–	–	–	3,107	22	57,243	60,372
Total equity at 1 May 2023	236,556	(60,420)	(9,615)	(2,685)	330,489	500,270	994,595
Share options fair value charge	–	–	–	–	–	2,837	2,837
Share options exercised	–	–	11,831	–	–	(11,831)	–
Dividends paid	–	–	–	–	–	(37,343)	(37,343)
Net purchases of shares	–	(8,361)	25	–	–	–	(8,336)
Transfer of shares	–	10,710	(10,710)	–	–	–	–
Total comprehensive (expense) income	–	–	–	(1,442)	(9)	74,562	73,111
Total equity at 31 October 2023	**236,556**	**(58,071)**	**(8,469)**	**(4,127)**	**330,480**	**528,495**	**1,024,864**

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

Unaudited notes

1. Basis of preparation and accounting policies

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

This condensed consolidated interim financial report for the half-year reporting period ended 31 October 2023 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 April 2023, which has been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006, and any public announcements made by the Group during the interim reporting period.

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

The condensed financial statements are unaudited and were approved by the Board of Directors on 6 December 2023. 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 2023, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts. There are no new accounting standards that have been adopted in the period.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 April 2023. 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 recent years due to the well-publicised new vehicle supply constraints increasing demand for our vehicle assets. This disruption is not anticipated to continue into the medium term but has increased the level of judgement in this area as it is more difficult to estimate the future residual value of vehicles at the point they are expected to be sold. Depreciation rates have been adjusted from 1 May 2022 with the adjustment presented outside of underlying results. Depreciation rates will remain under review as the longer term impact on residual values becomes clearer.

The expected adjustment for settlement of claims due from insurance companies and self-insuring organisations remains a critical area of accounting judgement and estimation uncertainty. The approach taken in the period remains consistent with that outlined in the accounting policies for the year ended 30 April 2023. The carrying value of contract assets for claims from insurance companies at 31 October 2023 was £239,523,000 (30 April 2023: £240,595,000). A 3% difference between the carrying amount of claims in the balance sheet and the amounts finally settled would lead to a £7.2m charge or credit to the income statement in subsequent periods.

Going concern assumption

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

Assessment of prospects

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

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

Assessment of going concern

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

The Plan also encompasses the projected cash flows, dividend cover assuming operation of stated policy and headroom against borrowing facilities and financial covenants under the Group's facilities throughout the planned period. The Plan makes certain assumptions about the normal level of capital recycling likely to occur and therefore considers whether additional financing will be required. Headroom against the Group's existing banking facilities at 31 October 2023 was £236m. This compares to headroom of £290m at 30 April 2023. At the date of signing these unaudited financial statements, all of the Group's principal borrowing facilities have maturity dates outside of the period under review, therefore the Group's facilities provide sufficient headroom to fund the capital expenditure and working capital requirements for at least 12 months following the date of this report.

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

Information extracted from 2023 annual report

The financial figures for the year ended 30 April 2023, 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 2023 were prepared with UK-adopted International Accounting Standards and the Companies Act 2006 applicable to companies reporting under IFRS and were delivered to the Registrar of Companies on 27 October 2023. 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.

Prior period restatement

The Group has amended the presentation of the Consolidated income statement in order to comply with IAS 1: Presentation of Financial Statements by presenting the net impairment of trade receivables as a separate line item. The net impairment of trade receivables was previously presented within administrative expenses and was disclosed separately within the Consolidated income statement within the annual report for the year ended 30 April 2023. There is no change to profit or net assets as a result of this adjustment.

Amortisation on acquired intangible assets is now presented within administrative expenses in the Consolidated income statement, previously a separate line item. For further information on amortisation of intangible assets refer to Note 6. There is no change to profit or net assets as a result of this adjustment.

	Six months to 31.10.22 (Unaudited) Statutory Actual **£000**	**Impact of reclassification** **£000**	**Six months to 31.10.22 (Unaudited) Statutory** Restated **£000**
Revenue: hire of vehicles	302,717	–	302,717
Revenue: sale of vehicles	68,738	–	68,738
Revenue: claims and services	324,877	–	324,877
Total revenue	696,332	–	696,332
Cost of sales	(478,846)	–	(478,846)
Gross profit	217,486	–	217,486
Administrative expenses (excluding exceptional items)	(97,397)	(5,680)	(103,077)
Net impairment of trade receivables	–	(4,376)	(4,376)
Amortisation on acquired intangible assets	(10,056)	10,056	–
Total administrative expenses	(107,453)	–	(107,453)
Operating profit	110,033	–	110,033
Income from associates	1,559	–	1,559
EBIT	111,592	–	111,592
Finance income	24	–	24
Finance costs	(9,681)	–	(9,681)
Profit before taxation	101,935	–	101,935
Taxation	(19,940)	–	(19,940)
Profit for the period	81,995	–	81,995

2. Segmental analysis

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

	Northgate UK&I Six months to 31.10.23 (Unaudited) £000	**Northgate Spain Six months to 31.10.23 (Unaudited) £000**	**Redde Six months to 31.10.23 (Unaudited) £000**	**Corporate Six months to 31.10.23 (Unaudited) £000**	**Group eliminations Six months to 31.10.23 (Unaudited) £000**	**Group total Six months to 31.10.23 (Unaudited) £000**
Revenue: hire of vehicles	187,668	135,219	–	–	–	322,887
Revenue: sale of vehicles	132,439	44,566	465	–	–	177,470
Revenue: claims and services	–	–	410,939	–	–	410,939
External revenue	**320,107**	**179,785**	**411,404**	–	–	**911,296**
Intersegment revenue	4,588	–	64,034	–	(68,622)	–
Total revenue	**324,695**	**179,785**	**475,438**	–	**(68,622)**	**911,296**
Timing of revenue recognition:						
At a point in time	132,439	44,566	201,433	–	–	378,438
Over time	187,668	135,219	209,971	–	–	532,858
External revenue	**320,107**	**179,785**	**411,404**	–	–	**911,296**
Underlying operating profit (loss)	**49,600**	**44,655**	**25,480**	**(5,560)**	–	**114,175**
Income from associates	–	–	799	–	–	799
Underlying EBIT*	**49,600**	**44,655**	**26,279**	**(5,560)**	–	**114,974**
Adjustments to underlying depreciation charge						7,660
Amortisation on acquired intangible assets (Note 6)						(9,307)
EBIT						**113,327**
Finance income						189
Finance costs						(16,091)
Profit before taxation						**97,425**

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

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

	Northgate UK&I Year to 30.04.23 (Audited) £000	Northgate Spain Year to 30.04.23 (Audited) £000	Redde Year to 30.04.23 (Audited) £000	Corporate Year to 30.04.23 (Audited) £000	Group eliminations Year to 30.04.23 (Audited) £000	Group total Year to 30.04.23 (Audited) £000
Revenue: hire of vehicles	357,811	252,691	–	–	–	610,502
Revenue: sale of vehicles	104,945	47,280	669	–	–	152,894
Revenue: claims and services	–	–	726,350	–	–	726,350
External revenue	462,756	299,971	727,019	–	–	1,489,746
Intersegment revenue	9,883	–	42,793	–	(52,676)	–
Total revenue	472,639	299,971	769,812	–	(52,676)	1,489,746
Timing of revenue recognition:						
At a point in time	104,945	47,280	291,996	–	–	444,221
Over time	357,811	252,691	435,023	–	–	1,045,525
External revenue	462,756	299,971	727,019	–	–	1,489,746
Underlying operating profit (loss)	93,382	60,440	44,521	(11,670)	–	186,673
Income from associates	–	–	2,520	–	–	2,520
Underlying EBIT*	93,382	60,440	47,041	(11,670)	–	189,193
Exceptional items (Note 11)						(13,491)
Adjustments to underlying depreciation charge						46,546
Amortisation on acquired intangible assets (Note 6)						(20,206)
EBIT						202,042
Finance income						90
Finance costs						(23,405)
Profit before taxation						178,727

3. Taxation

The charge for taxation for the six months to 31 October 2023 is based on the estimated effective rate for the year ending 30 April 2024 of 23.5% (31 October 2022: 19.6% and 30 April 2023: 22.1%).

4. Earnings per share

Basic and diluted earnings per share	Six months to 31.10.23 (Unaudited) Statutory £000	Six months to 31.10.22 (Unaudited) Statutory £000	Year to 30.04.23 (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	74,562	81,995	139,238
Number of shares			
Weighted average number of Ordinary shares for the purpose of basic earnings per share	226,741,545	238,687,578	230,778,502
Effect of dilutive potential Ordinary shares - share options	6,254,989	5,769,273	6,290,275
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	232,996,534	244,456,851	237,068,777
Basic earnings per share	32.9p	34.4p	60.3p
Diluted earnings per share	32.0p	33.5p	58.7p

The calculated weighted average number of Ordinary shares for the purpose of basic earnings per share includes a reduction of 16,827,313 shares (31 October 2022: 7,403,845 and 30 April 2023: 15,312,921) relating to treasury shares and a reduction of 2,522,565 shares (31 October 2022: nil and 30 April 2023: 3,411,660) for shares held in employee trusts.

5. Dividends

In the six months to 31 October 2023, a dividend of £37,343,000 was paid (31 October 2022: £34,984,000) representing the final dividend for the year ended 30 April 2023. The Directors have declared an interim dividend of 8.3p per share for the six months ended 31 October 2023 (31 October 2022: 7.5p).

The final dividend of 16.5p in relation to the year ended 30 April 2023 was paid in September 2023.

6. Intangible assets

Net book value	Goodwill	Other intangible assets				Grand total
		Customer relationships	Brand names	Other software	Total	
	£000	£000	£000	£000	£000	£000
At 1 May 2022	114,926	132,980	11,238	7,094	151,312	266,238
Acquisition	3,855	4,500	400	–	4,900	8,755
Additions	–	–	–	701	701	701
Amortisation	–	(8,846)	(538)	(1,289)	(10,673)	(10,673)
Exchange differences	–	–	–	79	79	79
At 1 November 2022	118,781	128,634	11,100	6,585	146,319	265,100
Acquisition	101	–	–	–	–	101
Additions	–	–	–	1,064	1,064	1,064
Impairment	(5,009)	(8,277)	(205)	–	(8,482)	(13,491)
Disposals	–	–	–	(402)	(402)	(402)
Amortisation	–	(8,914)	(802)	(1,019)	(10,735)	(10,735)
Exchange differences	–	–	–	64	64	64
At 1 May 2023	113,873	111,443	10,093	6,292	127,828	241,701
Acquisition	2,045	1,100	150	–	1,250	3,295
Additions	–	–	–	771	771	771
Amortisation	–	(8,100)	(564)	(1,282)	(9,946)	(9,946)
Exchange differences	–	–	–	(23)	(23)	(23)
At 31 October 2023	**115,918**	**104,443**	**9,679**	**5,758**	**119,880**	**235,798**

At 31 October 2023	
Cost or fair value	338,351
Accumulated amortisation and impairment	(102,553)
Net book value	**235,798**

Amortisation was included within the income statement as follows:

	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) £000	Year to 30.04.23 (Audited) £000
Included within underlying operating profit as administrative expenses	639	617	1,202
Excluded from underlying operating profit*	9,307	10,056	20,206
	9,946	10,673	21,408

* 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	Other property, plant & equipment	Total
	£000	£000	£000
At 1 May 2022	997,033	164,882	1,161,915
Acquisition	7,203	148	7,351
Additions	199,529	6,661	206,190
Disposals	–	(91)	(91)
Transfers	16	(16)	–
Transfer to inventories	(53,230)	–	(53,230)
Depreciation	(67,161)	(10,144)	(77,305)
Exchange differences	11,517	1,410	12,927
At 1 November 2022	1,094,907	162,850	1,257,757
Additions	250,284	18,134	268,418
Disposals	–	(663)	(663)
Transfers	17	(17)	–
Transfer to inventories	(106,961)	–	(106,961)
Depreciation	(85,554)	(12,207)	(97,761)
Exchange differences	10,918	1,215	12,133
At 1 May 2023	1,163,611	169,312	1,332,923
Acquisition	14,815	811	15,626
Additions	297,151	16,777	313,928
Disposals	–	(283)	(283)
Transfer to inventories	(155,265)	–	(155,265)
Depreciation	(86,960)	(12,371)	(99,331)
Exchange differences	(3,161)	(434)	(3,595)
At 31 October 2023	**1,230,191**	**173,812**	**1,404,003**

At 31 October 2023	
Cost or fair value	2,101,897
Accumulated depreciation	(697,894)
Net book value	**1,404,003**

Included within property, plant and equipment above are right of use assets under leases with a net book value of £160,665,000 (30 April 2023: £157,703,000).

8. Interest in associates

	£000
At 1 May 2022	5,843
Group's share of:	
Profit from continuing operations	1,559
Distributions from associates	(1,868)
At 1 November 2022	5,534
Group's share of:	
Profit from continuing operations	961
Distributions from associates	(1,288)
At 1 May 2023	5,207
Group's share of:	
Profit from continuing operations	799
Distributions from associates	(1,195)
At 31 October 2023	**4,811**

9. Analysis of consolidated net debt

	At 31.10.23 (Unaudited) £000	At 31.10.22 (Unaudited) £000	At 30.04.23 (Audited) £000
Cash and bank balances	(29,646)	(18,956)	(14,122)
Bank overdrafts	25,833	–	2,441
Bank loans	265,200	195,990	218,403
Loan notes	327,623	322,931	329,854
Lease Liabilities	165,438	160,077	156,765
Cumulative preference shares	500	500	500
Confirming facilities	84	793	593
Consolidated net debt	**755,032**	**661,335**	**694,434**

10. Notes to the cash flow statement

Net cash generated from operations	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) £000	Year to 30.04.23 (Audited) £000
Operating profit	112,528	110,033	199,522
Adjustments for:			
Depreciation of property, plant and equipment	99,331	75,842	175,066
Net impairment of goodwill	–	–	5,009
Net impairment of other intangibles	–	–	8,482
Amortisation of intangible assets	9,946	10,673	21,408
(Gain) loss on disposal of other property, plant and equipment	(2,614)	705	218
Share options fair value charge	2,837	2,287	4,647
Operating cash flows before movements in working capital	**222,028**	**199,540**	**414,352**
(Increase) decrease in non-vehicle inventories	(1,377)	(1,193)	273
Increase in receivables	(22,836)	(58,454)	(81,981)
(Decrease) increase in payables	(33,245)	39,347	71,810
Increase in provisions	6,603	–	7,431
Cash generated from operations	**171,173**	**179,240**	**411,885**
Income taxes paid, net	(21,150)	(14,689)	(36,640)
Interest paid	(14,701)	(8,378)	(21,150)
Net cash generated from operations before purchases of and proceeds from disposal of vehicles for hire	**135,322**	**156,173**	**354,095**
Purchases of vehicles for hire	(265,325)	(176,993)	(398,187)
Proceeds from disposal of vehicles for hire	167,420	58,876	128,414
Net cash generated from operations	**37,417**	**38,056**	**84,322**

11. Exceptional items

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

	Six months to 31.10.23 (Unaudited) £000	Six months to 31.10.22 (Unaudited) £000	Year to 30.04.23 (Audited) £000
Impairment of goodwill	–	–	5,009
Impairment of other intangibles	–	–	8,482
Exceptional administrative expenses	–	–	**13,491**
Impairment of NewLaw intangibles	–	–	13,491
Exceptional administrative expenses	–	–	**13,491**
Total pre-tax exceptional items	–	–	**13,491**
Tax charge on exceptional items	–	–	**(2,065)**

During the period there were no items recognised as exceptional.

Impairment of the NewLaw business

Following a strategic business review, the carrying amount of assets relating to the NewLaw CGU was considered to be below its recoverable amount and therefore an impairment charge of £5,009,000 and £8,482,000, for goodwill and other intangibles respectively, was recognised as an exceptional item in the consolidated income statement (see Note 6). The Group also reassessed the useful lives of property, plant and equipment relating to the NewLaw CGU and determined that no change in the useful lives is required.

12. Business combinations

On 2 May 2023 the Group acquired 100% of the equity interests of FridgeXpress (UK) Ltd "FridgeXpress". The acquisition is in line with the Group strategy and vision to become the leading integrated mobility solutions provider. The acquisition has been included within the Northgate UK&I segment. A provisional purchase price allocation exercise has been undertaken in accordance with IFRS 3 'Business Combinations'.

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

Purchase consideration	**£000**
Total cash consideration	4,990

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

	£000
Customer relationships (Note 6)	1,100
Brand names (Note 6)	150
Property, plant and equipment (Note 7)	15,626
Cash and bank balances	939
Stock	124
Trade and other receivables	1,678
Trade and other payables	(1,096)
Deferred income	(550)
Borrowings	(391)
Leases	(13,410)
Deferred tax	(1,225)
Net identified assets acquired	**2,945**

Goodwill recognised on acquisition	**2,045**

Acquisition costs

Acquisition costs in relation to FridgeXpress of £82,000 have been charged to the income statement as administrative expenses.

FridgeXpress' contribution to the Group results

FridgeXpress' contribution to underlying operating profit was a £253,000 profit for the period from 2 May 2023 to 31 October 2023. Revenue during this period was £4,226,000.

Prior period

On 2 July 2022 the Group acquired 100% of the equity interests of Blakedale Limited for a consideration of £10,145,000. A provisional purchase price allocation exercise was undertaken in accordance with IFRS 3 'Business Combinations', which identified net assets acquired of £6,189,000, resulting in goodwill of £3,956,000 recognised in the balance sheet. The acquisition was included within the Northgate UK&I segment.

13. Related party transactions

Related party transactions of the Group are consistent with those disclosed in Note 31 of the Group's annual financial statements for the year ended 30 April 2023. No new related party transactions have been entered into during the period.

Interim announcement – Statement of the Directors

We confirm that to the best of our knowledge:

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

By order of the Board

Philip Vincent

Chief Financial Officer

6 December 2023

Independent review report to Redde Northgate plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Redde Northgate plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of Redde Northgate plc for the 6 month period ended 31 October 2023 (the "period").

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

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 31 October 2023;
- the Condensed consolidated income statement and Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
Newcastle upon Tyne
6 December 2023