HSS Hire Group Plc

Double digit growth, improved returns and dividend reinstated

HSS Hire Group plc ("HSS" or the "Group") today announces results for the 26 week period ended 2 July 2022

Financial Highlights (*Unaudited*) *Continuing operations*[1]	**H1 2022** *(26 weeks to 2 July 2022)*	**H1 2021** *(27 weeks to 3 July 2021)*	**Change**	**Like-for-like[2] change**
Revenue	**£159.9m**	**£146.3m**	**9.3%**	**11.3%**
Adjusted EBITDA[3]	**£32.9m**	**£32.8m**	**0.4%**	**5.6%**
Adjusted EBITA[4]	**£13.6m**	**£13.1m**	**3.6%**	**18.3%**
Adjusted profit before tax[5]	**£8.4m**	**£0.8m**	**£7.6m**	**£9.2m**
Adjusted basic EPS	**0.96p**	**0.09p**	**0.87p**	**1.10p**
ROCE[6]	**23.8%**	**19.2%**	**4.6pp**	
Net debt leverage[7] - non IFRS16	**0.9x**	**1.7x**	**0.8x**	
Net debt leverage[7] - IFRS16	**1.5x**	**2.0x**	**0.5x**	
Other statutory extracts (2021 comparators including non-recurring credits[8] of £9.0m)				
Operating profit	**£10.2m**	**£18.1m**	**£(7.9)m**	
Profit before tax	**£6.5m**	**£6.8m**	**£(0.3)m**	
Basic EPS	**0.86p**	**0.96p**	**(0.10)p**	

Like-for-like performance excludes the impact of the following non-recurring benefits in 2021: additional week's trading and COVID related income from a business interruption insurance claim and the Republic of Ireland wage subsidy scheme

- Solid trading performance with capital-light Services business like-for-like[2] growth of 16%
  - H1 22 like-for-like[2] revenues 11% ahead of H1 21
  - Services business growth enabled by technology and broadening the rehire partner network
  - Rental revenue like-for-like[2] growth of 9% with utilisation of 56%, maintained at high levels on larger fleet
  - Strong price management and cost discipline navigating through inflationary pressures

- Underlying earnings progression and improved returns.
  - Like-for-like[2] Adjusted EBITDA and Adjusted EBITA up 6% and 18% respectively with Adjusted EBITA margin increased 0.5pp to 8.5%
  - Significant increase in Adjusted profit before tax and Adjusted basic EPS through improved margins and lower interest cost
  - Technology-led, lower-cost operating model driving an increase in ROCE to 23.8% (H1 21: 19.2%)

- Robust balance sheet with leverage at 0.9x[9]
  - Net debt[9] £49.3m, materially lower than H1 21 (£97.6m) following completion of strategic divestitures in 2021
  - Reduced exposure to interest base rate changes following successful 2021 refinancing

- Delivery of technology roadmap ahead of plan; well positioned to build on strong H1 performance
  - New operating model built around HSS ProService (customer acquisition and enquiry conversion) and HSS Operations (fulfilment and service) driving growth; legal restructuring completed 3 July

- Low-cost builders merchant network expanded to 60 locations (June 21: 43), and delivered 15% growth on a same stores basis[10]
- Continued technology investment improved enquiry conversion to 73% with over 20% of transactions through our online channel
- Received EcoVadis[11] sustainability Advanced award; rated at 91st percentile in our industry

- Current trading and outlook
  - Revenue growth of 10% in Q3 22 to date with EBITDA and EBITA in line with management expectations
  - Management remains confident that full year EBITA will be in line with market expectations
  - Capex investment forecast for 2022 is unchanged with £5-£10m to support delivery of our technology roadmap
  - Significantly strengthened balance sheet and continued positive trajectory supports reintroduction of dividend with interim dividend of 0.17 pence per share declared, payable on 2 November 2022 to shareholders on the register as at close of business on 7 October 2022[12]

Steve Ashmore, Chief Executive Officer, said:

"I am very pleased with our performance in the first half of 2022. Despite the volatile macroeconomic backdrop, we achieved double-digit revenue growth with our capital-light, technology-led business providing flexibility and the data to deliver for our customers while effectively managing prices to navigate inflationary pressures. The Board's decision to reinstate the dividend reflects the confidence it has in our long-term growth strategy.

We have continued to invest in our digital capabilities, achieving key milestones on our technology roadmap ahead of schedule, which will underpin the future growth of our two businesses: HSS ProService and HSS Operations. The roadmap includes the rollout of our new portal for larger customers - a self-service platform where all hire requirements can be efficiently managed in one place. Our first customer is already being onboarded with significant expansion to come in the next 12 months.

While mindful of the macroeconomic backdrop we are confident that full year EBITA will be in line with market expectations as our operating model continues to drive growth and further cement our position as a technology leader within the industry."

Notes

1) Results for H1 22 and H1 21 are on a continuing operations basis (excluding Laois Hire Limited and All Seasons Hire Limited sold in April 2021 and September 2021 respectively)
2) Like-for-like performance excludes the impact of the following in 2021: additional week's trading and non-recurring COVID related benefits associated with a business interruption insurance claim and the Republic of Ireland wage subsidy scheme
3) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, and exceptional items. For this purpose depreciation includes the net book value of hire stock losses and write offs, and the net book value of other fixed asset disposals less the proceeds on those disposals
4) Adjusted EBITA defined as Adjusted EBITDA less depreciation
5) Adjusted Profit before tax defined as profit before tax excluding amortisation of brand and customer lists and exceptional items
6) ROCE is calculated as Adjusted EBITA for the 52 weeks to 2 July 2022 divided by the average of total assets less current liabilities (excluding intangible assets, cash and debt items) over the same period
7) Net debt leverage is calculated as closing net debt divided by adjusted EBITDA for the 52 weeks to 2 July 2022 (prior year 53 weeks to 3 July 2021).
8) Non-recurring credits include release of onerous property cost provisions, business interruption insurance claim and benefit under the Republic of Ireland wage subsidy scheme
9) Non-IFRS16 basis
10) Merchant locations open for comparable period in both H1 22 and H1 21
11) EcoVadis is one of the world's largest providers of business sustainability ratings, assessing over 90,000 companies worldwide
12) All dividends will be paid in cash and no scrip dividend, other dividend reinvestment plan or scheme or currency election will be offered to shareholders. Ex-dividend date of 6 October 2022

-Ends-

Disclaimer:

This announcement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. This announcement should not be relied on by any other party or for any other purpose.

This announcement contains forward-looking statements relating to the business, financial performance and results of HSS Hire Group plc and the industry in which HSS Hire Group plc operates. These statements may be identified by words such as “expect”, “believe”, “estimate”, “plan”, “target”, or “forecast” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions and involve risks and uncertainties. Various factors could cause actual future results, performance or events to differ materially from those described in these statements and neither HSS Hire Group plc nor any other person accepts any responsibility for the accuracy of the opinions expressed in this presentation or the underlying assumptions. No obligation is assumed to update any forward-looking statements.

Notes to editors

HSS Hire Group plc provides tool and equipment hire and related services in the UK and Ireland through a nationwide network of Group companies and third-party suppliers. It offers a one-stop shop for all equipment through a combination of its complementary rental and re-hire business to a diverse, predominantly B2B customer base serving a range of end markets and activities. Over 90% of its revenues come from business customers. HSS is listed on the AIM Market of the London Stock Exchange. For more information please see www.hsshiregroup.com.

For further information, please contact:

HSS Hire Group plc	**Tel: 020 3757 9248 (on 29 September 2022)**
Steve Ashmore, Chief Executive Officer	Thereafter, please email: Investors@hss.com
Paul Quested, Chief Financial Officer	
Greig Thomas, Head of Group Finance	
Teneo	
Tom Davies	**Tel: 07557 491 860**
Charles Armitstead	**Tel: 07703 330 269**
Numis Securities (Nominated Adviser and Broker)	**Tel: 020 7260 1000**
Stuart Skinner	
George Price	

Chief Executive Officer's Report

The first six months of 2022 has seen the business continue to deliver increasingly impressive results. With strong like-for-like revenue growth on improved Adjusted EBITA margins, combined with further improvement in returns, our operating model is performing well.

Our business reorganisation was finalised with the incorporation of HSS ProService which we completed on 3rd July, creating a business focused on customer acquisition, sales enquiry conversion and leveraging our digital assets. Our technology roadmap is ahead of schedule, helping our asset-light, technology-focused ProService business deliver exciting results and putting us in a strong position for further profitable growth.

Technology Roadmap

In our FY21 results presentation we set out our technology roadmap for 2022 which involved four key milestones for our technology development. I am pleased to report that, following a period of successful development, we are ahead of plan:

1. *Cash transactions through HSS Pro.* HSS Pro is the interface colleagues use to fulfil enquiries which we rolled out for all account-based transactions in 2021. We have now added the necessary functionality to allow colleagues to fulfil enquiries for cash customers (including ID-checking and payment-processing). We have just started rolling this out and with significant improvements in the user journey, we forecast much better conversion rates and strengthening enquiry levels, mirroring our experience with the initial rollout of HSS Pro.
2. *Extended rehire range available on hss.com.* Our rehire revenues have for a long time grown ahead of the Group, despite limited visibility and no transactional functionality for these products on our website. We are now completing the development of our platform that will allow us to surface an extended range of products on our website and enable customers to complete a seamless end-to-end rehire transaction online. This tech is currently in test, and we expect to roll it out in Q4, driving up page views and conversion rates amongst trade and retail customers.
3. *Enhance the ProService platform.* This interface to our technology provides larger customers with the ability to efficiently manage and control their building services requirements on a single platform, including the procurement of equipment hire and other related services such as equipment sales, waste management, training and potentially more. We have commenced the rollout to one of the UK's top 20 construction companies, which will use this platform within its procurement team. We also have agreement with our number one strategic account to transfer their business to this platform in Q1 23. We are very excited about the prospect of offering this technology to many more key accounts next year, increasing our share of their wallets.
4. *Further development of the supplier portal.* Following enhancements to the supplier interface, we are now promoting reciprocal business from suppliers who can use the platform to source equipment for their customers that they cannot otherwise fulfil. This allows them to benefit from our network of suppliers, improving their own proposition and returns.

In summary, all four elements of our 2022 roadmap will be rolled out in the near term, leaving the HSS ProService business well poised for its next stage of growth.

Builders Merchant Network Expansion

In H1 2022 we increased the number of builders merchant locations from 53 to 60, and they now typically account for 15-20% of transactions raised in England and Wales. The 60 locations provide customers with a convenient location to collect equipment alongside their building materials, saving them time during their busy working day. We have 18 builders merchant partners all of whom have provided positive feedback on the mutually beneficial partnerships. We continue to benefit from access to the merchants' customer base and footfall, and the combination of our brand and service offering strengthens their overall customer proposition. This channel delivered 15% like-for-like growth in H1 22 and we continue to be delighted with the way in which these partnerships are maturing.

Incorporation of HSS ProService

In 2021 we began to reorganise our business into two divisions to bring new focus on how we acquire customers and then fulfil their requirements. We recently completed the legal separation of the two businesses. Our newly incorporated ProService business is an asset-light, technology-driven marketplace business with 27,000 customers and over 600 suppliers, all connected through our technology platform Brenda. The platform provides customers with access to the full market of hire equipment with, we believe, the broadest range of products and best availability in our industry. The platform provides suppliers with low-cost access to lots of customers, and the ability to drive utilisation and returns. We are very excited about the growth prospects for our ProService business, together with our HSS Operations business which is the primary supplier to it.

HSS Operations

In H1 2022 our HSS Operations business completed the rollout of route optimisation software (Satalia). This technology has been embedded into the operation of our transport teams in Customer Distribution Centres and is delivering improved efficiency as well as maintaining delivery performance at 99%. Average mileage per job has reduced by 12%, helping us to reduce scope one carbon emissions and to counter inflationary pressures. With the technology embedded we can begin the second phase of this project, which will be delivered in 2023 and result in an improved delivery time window proposition being available for customers at the point of order.

Our HSS Operations business continues to deliver strong performance metrics beyond transport efficiency. Accident frequency rates are materially lower than FY21, and these were already at historically low levels. Fleet utilisation remains high at 56%, supporting the Group's excellent ROCE. Click and collect adoption remains strong at 16%.

ESG Progress

In June 2022 we published our first ever ESG Impact report, which sets out our 2040 Net Zero plan, our ESG targets and the progress we are making. The report has been exceptionally well received by a broad selection of stakeholders, who are pleased to see the progress made and the ambitious plans we have set out. In August 2022, following an extensive evidence-based assessment by EcoVadis, we were awarded their 'Advanced' sustainability rating award. EcoVadis is the world's largest provider of business sustainability ratings, assessing over 90,000 companies worldwide, and we are delighted that they have placed us in the 91st percentile of businesses in our industry for ESG performance.

Market Outlook

Despite inflationary pressures and uncertainty created by the war in Ukraine, we have seen resilience across the broad range of end markets our business is exposed to. Whilst uncertainty remains, the construction output forecasts in the market continue to point to growth in 2023 and 2024. We are confident that should the outlook worsen, our flexible, low-cost business model and strong balance sheet puts us in the best possible position to outperform the sector.

In summary, during H1 2022 we finalised the reorganisation of our business, made great advances on our technology roadmap and delivered an impressive set of financial results. All this while operating safely, maintaining high levels of customer service and pursuing our ambitious ESG targets. I would like to thank all stakeholders and in particular our colleagues for their great work and its part in delivering these results.

Group Financial Performance

Results and commentary are presented on a continuing operations basis unless otherwise noted, reflecting the impact of the strategic disposals of Laois and All Seasons Hire in April and September 2021 respectively.

Revenue and segmental contribution

The H1 22 results are based on 26 weeks of trading whereas H1 21 was 27 weeks. Revenue growth metrics versus H1 21 have been adjusted to exclude the impact of this additional week as well as non-recurring COVID related benefits in H1 21 associated with a business interruption insurance claim and the Republic of Ireland wage subsidy scheme (with the adjusted metric shown in brackets).

Revenue in H1 22 was £159.9m, 9% (11%) higher than the previous period (H1 21: £146.3m), a solid trading performance delivered through effective strategy execution in a difficult macro-environment. The Group has managed well-documented inflationary pressures through continued price management.

Turning to segmental performance, Rental and related revenues were £99.3m in H1 22 (H1 21: £92.9m), 7% (9%) higher than in H1 21, and with a high level of utilisation at 56% despite a larger fleet. Contribution is £64.9m (H1 21: £64.8m). Margin decreased to 65.3% (H1 21: 69.7%) with continued strong price management offset by the increased cost of fuel impacting revenue mix to the detriment of margin.

Services revenue has increased by 13% (16%) to £60.6m (H1 21: £53.4m). Contribution increased to £9.1m (H1 21: £7.7m). Margins have increased by 0.6pp at 15.1% (H1 21: 14.5%) with the overall performance driven by improved customer experience (via ongoing technology enhancements and broadening the third party rehire supply chain) and record profit levels in the Training business.

Costs

In October 2020 the Group implemented a new digitally led operating model, reducing the fixed cost base by £15m. During H1 21 significant financial benefit was achieved due to the early surrender of property leases (£7.4m) which resulted in the release of related provisions and liabilities. These non-recurring items mask the ongoing benefit from the new operating model and the disciplined cost control that has been maintained since then.

Cost of sales increased to £81.3m during the period (H1 21: £71.0m) driven by the growth in the Services business but also as a result of the increase in resale fuel prices noted in the segmental commentary above.

Distribution costs increased by £2.1m to £14.4m (H1 21: £12.4m). Costs have been tightly managed but have increased due to the combined impact of higher road fuel prices and a volume driven uplift in activity, as well as additional payments made to colleagues in H1 22 to support them through the cost-of-living challenge.

Administrative expenses increased by £8.1m to £53.2m (H1 21: £45.1m) however the prior year benefited by £7.5m from property liability releases following surrender of a significant number of non-trading stores and the current year includes £0.7m of exceptional expenses principally related to the Group's restructure (see below) all of which have been treated as exceptional. Excluding these items, costs are broadly flat despite one-off payments being made to colleagues as part of the cost-of-living support noted above.

Net finance expenses

Net finance expenses have reduced by £7.6m, following the successful refinancing completed in November 2021, which saw the Group reducing its level of senior finance facility to £70m and achieving a significant reduction in the interest rate.

Other operating income

Other operating income of £0.3m relates to sub-let income on property space not required by the Group. In the prior year £1.6m was recognised with £1.2m received under a COVID-19 business interruption insurance claim, £0.2m release of provision held against Irish Temporary Wage Subsidy Scheme 2020 receipts and the balance being sublease rental income.

Exceptional items

Total exceptional items of £0.6m have been recognised in the period. Cost of £0.9m relates to completing the legal separation of the ProService and HSS Operations businesses into separate entities. The separation will create better visibility of results and allow increased focus on delivery within each business. The actual separation took place after the reporting date. Revisiting the discount rate on the Group's onerous contract provision resulted in a credit of £0.2m and £0.2m was released from provisions for closed stores. In the prior year, an exceptional credit of £7.4m was recognised, the result of efforts to negotiate and complete early surrenders on stores closed as part of the Group's acceleration of strategy announced in October 2020.

Profitability

Adjusted EBITDA of £32.9m in H1 22 is slightly higher than the prior period (H1 21: £32.8m), however as noted above, the prior year benefited from an additional week's trading as well as £1.6m of COVID related income and cost recovery. Adjusting for these items, EBITDA is 6% ahead of the prior year as the Group's lower cost operating model and investments in technology continue to deliver.

Adjusted EBITA increased from £13.1m in H1 21 to £13.6m in H1 22 with margin decreasing slightly from 9% in H1 21 to 8% in the current year. Adjusting for the additional week's trading and non-recurring COVID related income, EBITA margins increased by 0.5pp.

The result of the drivers noted above is that the Group recognised a much-improved Adjusted profit before tax of £8.4m versus £0.8m in the prior period. The Group has changed the definition of Adjusted profit before tax to include amortisation of software (refer to note 19). Profit from continuing operations before tax decreased slightly to £6.5m (H1 21: £6.8m) reflecting the significant impact of exceptional credits in the prior year.

The improved profitability led to the adjusted basic earnings per share increasing to 0.96p in H1 22 from 0.09p in the prior period. Basic earnings per share were 0.86p versus 0.96p in the prior period. The diluted basic earnings per share were only marginally lower at 0.84p versus 0.93p in H1 21, despite the prior period benefitting from the material non-recurring items already highlighted.

Profit from discontinued operations (H1 21)
To enable the Group to strengthen its balance sheet and focus on its strategic priority to Transform the Tool Hire Business, the Group made two strategic divestments during the year ended 1 January 2022:

Laois Hire Services Limited
Laois Hire Services Limited, the Irish large plant hire business, was sold to Briggs Equipment Ireland Limited on 7 April 2021. Proceeds of the disposal, net of transaction costs, were £10.0m generating a profit on disposal of £3.2m.

All Seasons Hire Limited
All Seasons Hire Limited, a cooling and heating provider, was sold to Cross Rental Services Limited with the transaction completing on 29 September 2021. Proceeds of the disposal, net of transaction costs, were £54.3m generating a profit on disposal of £38.0m. In the H1 21 comparator the All Seasons Hire result has been re-presented as profit from discontinued operations.

As part of these transactions, the Group entered into commercial agreements to cross-hire equipment to ensure the broadest possible distribution of, and customer access to, each party's existing fleet.

Return on Capital Employed
ROCE increased to 24% from 19% in the prior year, supported by strong performance in the capital-light Services business, targeted fleet investment using the Group's insight capability and growth through the digitally led low-cost operating model established in 2020. ROCE is calculated as Adjusted EBITA (last twelve months) divided by average capital employed, where capital employed is total assets except intangibles, derivatives and cash, less current liabilities excluding debt items.

Net debt
Net debt on 2 July 2022 was £103.2m, a reduction of £54.5m from the H1 21 (£157.8m). This has been driven by improved EBITDA, strong working capital management, proceeds from the disposal of Laois and ASH and a reduction in lease liabilities following property surrenders. Leverage has reduced to 1.5x from 2.0x (H1 21 as reported, FY 21: 1.5x).

The debt facilities consist of a £70.0m senior finance facility and an undrawn revolving credit and overdraft facility of £23.2m, both maturing in November 2025 but with an option to extend for a further 12 months. Including cash balances of £38.7m, the Group had access to £74.3m of combined liquidity at 2 July 2022.

Dividend
The Group has made great progress in delivering its strategy, including strengthening the balance sheet, which has resulted in increased profitability and cash generation while continuing to invest in the technology roadmap. The Board has therefore decided to implement a progressive dividend policy. An interim dividend of 0.17p per share was approved by the Board on 28 September and will be paid during November 2022.

Going concern
While encouraged by the resilience of the Group during a period of continued disruption, the Directors continue to model via a number of scenarios current macroeconomic factors such as increasing inflation and interest rates. At 28 September 2022 the Group had sufficient liquidity to operate within banking covenants for the next 12 months even under a 'reasonable worst case' scenario. The reasonable worst case scenario models lower than forecast market growth rates, increased inflationary pressures and an increase in debtor days.

After reviewing the above, considering current and future developments and principal risks and uncertainties, and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these unaudited condensed consolidated financial statements.

Risks and uncertainties
The principal risks and uncertainties that could have a material impact upon the Group's performance over the remaining 26 weeks of the 2022 financial year have not changed significantly from those described in the Group's 2021 Annual Report and are summarised in note 18 of this interim report.

The main risk expected to affect the Group in the remaining 26 weeks of the 2022 financial year is macroeconomic conditions, which includes the impact of supply chain pressures, high inflation on energy costs and colleagues, and on demand from new and existing customers within the numerous and diverse market sectors which HSS serves.

By order of the Board

Steve Ashmore

Director
28 September 2022

HSS Hire Group plc

Unaudited condensed consolidated income statement

	Note	26 weeks ended 2 July 2022 £000s	As restated 27 weeks ended 3 July 2021 £000s
Revenue	3	**159,937**	146,298
Cost of sales		**(81,254)**	(71,027)
Gross profit		**78,683**	75,271
Distribution costs		**(14,425)**	(12,359)
Administrative expenses		**(53,160)**	(45,106)
Impairment losses on contract assets		**(1,204)**	(1,283)
Other operating income	4	**315**	1,554
Adjusted EBITDA	19	**32,917**	32,788
Less: Depreciation	6	**(19,359)**	(19,707)
Adjusted EBITA	19	**13,558**	13,081
Less: Exceptional items (non-finance)	5	**(488)**	7,539
Less: Amortisation	6	**(2,861)**	(2,543)
Operating profit		**10,209**	18,077
Finance expense	7	**(3,674)**	(11,322)
Adjusted profit before tax	19	**8,376**	764
Less: Exceptional items (non-finance)	5	**(488)**	7,539
Less: Exceptional items (finance)	5	**(66)**	(120)
Less: Amortisation of customer relationships and brands	6	**(1,287)**	(1,428)
Profit on continuing operations before tax		**6,535**	6,755
Income tax charge		**(449)**	(54)
Profit from continuing operations		**6,086**	6,701
Profit on disposal of discontinued operations	17	**-**	3,180
Profit from discontinued operations, net of tax	17	**-**	4,170
Profit for the financial period		**6,086**	14,051
Earnings per share (pence)			
Continuing operations			
Adjusted basic earnings per share	8	**0.96**	0.09
Adjusted diluted earnings per share	8	**0.94**	0.09
Basic earnings per share	8	**0.86**	0.96
Diluted earnings per share	8	**0.84**	0.93
Continuing and discontinued operations			
Basic earnings per share	8	**0.86**	2.02
Diluted earnings per share	8	**0.84**	1.95

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of comprehensive income

	26 weeks ended 2 July 2022 £000s	27 weeks ended 3 July 2021 £000s
Profit for the financial period	**6,086**	14,051
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	**7**	(654)
Other comprehensive gain/(loss) for the period, net of tax	**7**	(654)
Total comprehensive profit for the period	**6,093**	13,397
Attributable to owners of the Group	**6,093**	13,397

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of financial position

	Note	2 July 2022 £000s	1 January 2022 £000s
ASSETS			
Non-current assets			
Intangible assets	9	**147,561**	147,648
Property, plant and equipment			
- Hire equipment	10	**53,177**	44,332
- Non-hire assets	10	**13,682**	15,605
Right of use assets			
- Hire equipment	11	**20,776**	20,651
- Non-hire assets	11	**49,593**	55,329
Deferred tax asset		**2,596**	2,404
		287,385	285,969
Current assets			
Inventories		**3,105**	2,682
Trade and other receivables	12	**80,758**	78,680
Cash		**38,689**	42,269
		122,552	123,631
Total assets		**409,937**	409,600
LIABILITIES			
Current liabilities			
Trade and other payables	13	**(80,286)**	(78,704)
Lease liabilities	14	**(17,946)**	(19,310)
Provisions	16	**(4,532)**	(4,713)
Current tax liabilities		**-**	(293)
		(102,764)	(103,020)
Non-current liabilities			
Lease liabilities	14	**(53,601)**	(57,255)
Borrowings	15	**(68,407)**	(68,166)
Provisions	16	**(16,665)**	(19,110)
Deferred tax liabilities		**(148)**	(148)
		(138,821)	(144,679)
Total liabilities		**(241,585)**	(247,699)
Net assets		**168,352**	161,901
EQUITY			
Share capital		**7,050**	7,050
Share premium		**45,552**	45,552
Merger reserve		**97,780**	97,780
Foreign exchange translation reserve		**(747)**	(754)
Retained earnings		**18,717**	12,273
Total equity		**168,352**	161,901

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of changes in equity

	Share capital £000s	**Share premium £000s**	**Warrant reserve £000s**	**Merger reserve £000s**	**Foreign exchange translation reserve £000s**	**Retained earnings £000s**	**Total equity £000s**
At 2 January 2022	**7,050**	**45,552**	**-**	**97,780**	**(754)**	**12,273**	**161,901**
Profit for the period	-	-	-	-	-	**6,086**	**6,086**
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	-	**7**	-	**7**
Total comprehensive profit for the period	-	-	-	-	**7**	**6,086**	**6,093**
Transactions with owners recorded directly in equity							
Share-based payment charge	-	-	-	-	-	**358**	**358**
At 2 July 2022	**7,050**	**45,552**	**-**	**97,780**	**(747)**	**18,717**	**168,352**

	Share capital £000s	Share premium £000s	Warrant reserve £000s	Merger reserve £000s	Foreign exchange translation reserve £000s	Retained deficit £000s	Total equity £000s
At 27 December 2020	6,965	45,580	2,694	97,780	15	(45,444)	107,590
Profit for the period	-	-	-	-	-	14,051	14,051
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	-	(654)	-	(654)
Total comprehensive income/(loss) for the period	-	-	-	-	(654)	14,051	13,397
Cost true up relating to FY 20 share issue	-	(28)	-	-	-	-	(28)
Share-based payment charge	-	-	-	-	-	451	451
Share-based payment transfer to reserves	-	-	-	-	-	(77)	(77)
At 3 July 2021	6,965	45,552	2,694	97,780	(639)	(31,019)	121,333

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of cash flows

	Note	**26 weeks ended 2 July 2022 £000s**	27 weeks ended 3 July 2021 £000s
Profit after income tax		**6,086**	14,051
Adjustments for:			
– Tax		**449**	37
– Profit on disposal of discontinued operations	17	**-**	(3,180)
– Amortisation	6	**2,851**	2,634
– Depreciation	6	**17,749**	19,398
– Accelerated depreciation relating to hire stock customer losses and hire stock write offs	6	**1,666**	1,766
– Profit on disposal of property, plant and equipment and right of use assets	6	**(64)**	(47)
– Lease disposals	14	**-**	(3,463)
– Capital element of net investment in sublease receipts		**-**	129
– Share-based payment charge		**358**	451
– Foreign exchange gains on operating activities		**(40)**	(378)
– Finance expense	7	**3,674**	11,388
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):			
– Inventories		**(423)**	(389)
– Trade and other receivables	12	**(1,775)**	3,265
– Trade and other payables	13	**1,954**	10,217
– Provisions	16	**(1,800)**	(6,929)
Net cash flows from operating activities before changes in hire equipment		**30,685**	48,950
Purchase of hire equipment	10	**(14,404)**	(9,749)
Cash generated from operating activities		**16,281**	39,201
Net interest paid		**(3,228)**	(10,498)
Income tax (paid)/received		**(1,238)**	7
Net cash generated from operating activities		**11,815**	28,710
Cash flows from investing activities			
Proceeds on disposal of business, net of cash disposed of	17	**-**	9,550
Proceeds on disposal of assets as part of business divestiture	17	**-**	526
Purchases of non-hire property, plant, equipment and software	10,11	**(3,670)**	(2,836)
Net cash generated (used in)/from investing activities		**(3,670)**	7,240
Cash flows from financing activities			
Costs associated with capital raise		**-**	(1,556)
Repayment of borrowings		**-**	(38,432)
Capital element of lease liability payments	14	**(11,725)**	(12,279)
Net cash used in financing activities		**(11,725)**	(52,267)

Unaudited condensed consolidated statement of cash flows (continued)

Net decrease in cash	**(3,580)**	(16,317)
Cash at the start of the period	**42,269**	97,573
Cash at the end of the period – continuing operations	**38,689**	79,626
Cash at the end of the period – discontinued operations	**-**	1,630
Cash at the end of the period	**38,689**	81,256

The notes form part of these condensed consolidated financial statements.

Notes forming part of the unaudited condensed consolidated financial statements

1. General information

The Company is a public limited company, is quoted on the AIM market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The address of the registered office is Building 2, Think Park, Mosley Road, Manchester M17 1FQ. These condensed consolidated financial statements comprise the Company and its subsidiaries (the 'Group') and cover the 26 week period ended 2 July 2022.

The Group is primarily involved in providing tool and equipment hire and related services in the United Kingdom and the Republic of Ireland.

The condensed consolidated financial statements were approved for issue by the Board on 28 September 2022.

The condensed consolidated financial statements do not constitute the Statutory Accounts within the meaning of Section 434 of the Companies Act 2006 and have not been subject to audit by the Group's auditor. Statutory Accounts for the year ended 1 January 2022 were approved by the Board on 27 April 2022 and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Basis of preparation and significant accounting policies

The condensed consolidated financial statements for the 26 weeks ended 2 July 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 1 January 2022, which were prepared in accordance with IFRS as adopted by the UK (IFRS).

Accounting policies are consistent with those in the Statutory Accounts for the year ended 1 January 2022.

Going concern

At 2 July 2022, the Group's financing arrangements consisted of a drawn senior finance facility of £70.0m, undrawn overdraft facilities of £6.0m, undrawn revolving credit facilities of £17.2m and finance lease lines to fund hire fleet capital expenditure, of which £12.4m had not been utilised. Both the senior finance facility and revolving credit facility are subject to net debt leverage and interest rate cover financial covenant tests each quarter. At the reporting date the Group had significant headroom against these covenants. Cash at 2 July 2022 was £38.7m.

While encouraged by the resilience of the Group during a period of continued disruption, the Directors continue to model via a number of scenarios current macroeconomic factors such as increasing inflation and interest rates. At 28 September 2022 the Group had sufficient liquidity to operate within banking covenants for the next 12 months even under a 'reasonable worst case' scenario. The reasonable worst case scenario models lower than forecast market growth rates, increased inflationary pressures and an increase in debtor days.

After reviewing the above, considering current and future developments and principal risks and uncertainties, and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these unaudited condensed consolidated financial statements.

2. Basis of preparation and significant accounting policies (continued)

Prior period restatement

The group made two strategic divestitures during the year ended 1 January 2022 (see note 17). These met the IFRS 5 definition of discontinued operations and so the prior period figures included in the Consolidated Income Statement and the supporting notes have been re-presented to exclude amounts relating to discontinued operations.

Following a review of the Annual Report and Accounts for the year to 26 December 2020 by the FRC's Corporate Reporting Review Team, a change has been made to separately disclose the impairment loss on trade receivables of £1.3m on the face of the Consolidated Income Statement. Previously it was included within administrative expense. There is no impact on the profit for the period.

3. Segmental reporting

The Group's operations are segmented into the following reportable segments:

- Rental and related revenue; and
- Services.

Rental and related revenue comprises the rental income earned from owned tools and equipment, including powered access, power generation and HVAC assets, together with directly related revenue such as resale (fuel and other consumables), transport and other ancillary revenues. Services comprise the Group's HSS OneCall rehire business and HSS Training. HSS OneCall provides customers with a single point of contact for the hire of products that are not held within HSS' fleet and are obtained from approved third party partners; HSS Training provides customers with specialist safety training across a wide range of products and sectors.

Contribution is defined as segment operating profit before branch and selling costs, central costs, depreciation, amortisation and exceptional items.

All segment revenue, operating profit, assets and liabilities are attributable to the principal activity of the Group being the provision of tool and equipment hire and related services in, and to customers in, the United Kingdom and the Republic of Ireland. No single customer represented more than 10% of Group Revenue in the 26 week period ending 2 July 2022 (27 weeks ending 3 July 2021: one customer was 10% or more of Group Revenue).

	26 weeks ended 2 July 2022			
	Rental (and related revenue) £000s	**Services £000s**	**Central £000s**	**Total £000s**
Total revenue from external customers from continuing operations	**99,311**	**60,626**	**-**	**159,937**
Contribution	**64,872**	**9,129**	**-**	**74,001**
Branch and selling costs			**(26,740)**	**(26,740)**
Central costs			**(14,344)**	**(14,344)**
Adjusted EBITDA				**32,917**
Less: Exceptional items (non-finance)			**(488)**	**(488)**
Less: Depreciation and amortisation	**(12,295)**	**(224)**	**(9,701)**	**(22,220)**
Operating profit				**10,209**
Net finance expenses				**(3,674)**
Profit before tax from continuing operations				**6,535**

3. Segmental reporting (continued)

	As at 2 July 2022			
	Rental (and related revenue) £000s	**Services £000s**	**Central £000s**	**Total £000s**
Additions to non-current assets				
Property, plant and equipment	**15,416**	**41**	**865**	**16,322**
Right of use assets	**3,700**	**144**	**1,307**	**5,151**
Intangibles	**1,037**	**39**	**1,688**	**2,764**
Non-current assets net book value				
Property, plant and equipment	**53,177**	**150**	**13,532**	**66,859**
Right of use assets	**20,776**	**401**	**49,192**	**70,369**
Intangibles	**4,692**	**3,910**	**138,959**	**147,561**
Unallocated corporate assets				
Deferred tax assets			**2,596**	**2,596**
Current assets			**122,552**	**122,552**
Current liabilities			**(102,764)**	**(102,764)**
Non-current liabilities			**(138,821)**	**(138,821)**
				168,352

	As restated[1] 27 weeks ended 3 July 2021			
	Rental (and related revenue) £000s	Services £000s	Central £000s	Total £000s
Total revenue from external customers from continuing operations	92,864	53,434	-	146,298
Contribution	64,756	7,745	-	72,501
Branch and selling costs			(24,863)	(24,863)
Central costs			(14,850)	(14,850)
Adjusted EBITDA				32,788
Add back: Exceptional credit			7,539	7,539
Less: Depreciation and amortisation	(13,590)	(297)	(8,363)	(22,250)
Operating loss				18,077
Net finance expenses				(11,322)
Profit before tax from continuing operations				6,755

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

3. Segmental reporting (continued)

	As at 1 January 2022			
	Rental (and related revenue) £000s	Services £000s	Central £000s	Total £000s
Additions to non-current assets				
Property, plant and equipment	18,558	16	2,750	21,324
Right of use assets	8,558	56	6,826	15,440
Intangibles	2,928	39	1,361	4,328
Non-current assets net book value				
Property, plant and equipment	44,332	129	15,476	59,937
Right of use assets	20,651	384	54,945	75,980
Intangibles	143,553	836	3,259	147,648
Unallocated corporate assets				
Deferred tax asset			2,404	2,404
Current assets			123,631	123,631
Current liabilities			(103,020)	(103,020)
Non-current liabilities			(144,679)	(144,679)
Net assets				161,901

4. Other operating income

	26 weeks ended 2 July 2022 £000s	As restated[1] 27 weeks ended 3 July 2021 £000s
COVID-19 Government grant income: Job retention schemes	**-**	232
Insurance proceeds	**-**	1,203
Sublease rental and service charge income	**315**	119
	315	1,554

During the period sub-let rental income of £0.3m (27 weeks ended 3 July 2021: £0.1m) was received on properties no longer used by the Group for trading purposes.

During the 27 weeks ended 3 July 2021 the Group recognised £0.2m of income received in 2020 as a result of earlier participation in the Republic of Ireland's COVID-19 Wage Subsidy Scheme. Recognition had been deferred pending confirmation of entitlement. During the 27 weeks ended 3 July 2021 the Group also received £1.2m from a COVID-19 business interruption insurance claim.

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

5. Exceptional items

Items of income or expense have been shown as exceptional because of their size and nature or because they are outside the normal course of business. As a result, during the 26 weeks ended 2 July 2022 the Group has recognised exceptional items as follows:

	Included in administrative expenses £000s	Included in other operating income £000s	Included in finance expense £000s	26 weeks ended 2 July 2022 £000s
Onerous property costs/(credits)	**12**	**(258)**	**13**	**(233)**
Costs relating to restructure	**945**	**-**	**-**	**945**
Onerous contract	**(211)**	**-**	**53**	**(158)**
Total	**746**	**(258)**	**66**	**554**

During the 27 weeks ended 3 July 2021, the Group recognised exceptional items analysed as follows:

	Included in administrative expenses £000s	Included in finance expense £000s	27 weeks ended 3 July 2021 £000s
Release of onerous property (credits)/costs	(7,539)	120	(7,419)
Exceptional items - continuing operations	(7,539)	120	(7,419)
Business divesture - discontinued operations (note 17)	(3,180)	-	(3,180)
Total	(10,719)	120	(10,599)

Costs related to onerous properties: branch and office closures (incurred in 2022 and 2021)
In the 26 weeks ended 2 July 2022 an exceptional credit of £0.2m has been recognised, this mainly relates to sublease income on vacant stores. In the 27 weeks ended 3 July 2021 an exceptional credit of £7.4m was recognised. This related to the release of lease liabilities and onerous non-rental property cost and dilapidation provisions on surrender of properties closed as part of the Group's acceleration of strategy announced in October 2020.

Cost relating to restructuring (incurred in 2022 only)
Following the changes made to its operating network in Q4 2020 and the roll-out of HSS Pro in Q1 2021, the Group commenced an exercise to legally separate the HSS Operations and Pro Service divisions into distinct entities. Fees incurred relating to the restructure of £0.9m have been recognised as exceptional. The legal separation was completed on 3 July 2022 although further costs are expected in relation to increasing the technological capability and efficiency of the Group.

Business divesture (incurred in 2021 only)
To enable the Group to focus on its strategic priority to Transform the Tool Hire Business, the disposal of Laois Hire Service Limited, the Irish large plant hire business, to Briggs Equipment Ireland Limited ("Briggs") completed on 7 April 2021. Proceeds of the disposal, net of transaction costs, were £10.0m generating a profit on disposal of £3.2m. As part of the transaction, HSS entered into a commercial agreement with Briggs for the cross hire of equipment to ensure the broadest possible distribution of, and customer access to, each party's existing fleet.

6. Depreciation and amortisation expense

	26 weeks ended 2 July 2022 £000s	As restated[1] 27 weeks ended 3 July 2021 £000s
Amortisation	**2,861**	2,543
Depreciation	**19,359**	19,707

Amounts charged in respect of depreciation:	**26 weeks ending 2 July 2022**			27 weeks ending 3 July 2021		
	Property, plant and equipment	***Right of use assets***	**Total**	*Property, plant and equipment*	*Right of use assets*	Total
	£000s	**£000s**	**£000s**	£000s	£000s	£000s
Depreciation (notes 10,11)	**8,087**	**9,662**	**17,749**	7,889	11,509	19,398
Accelerated depreciation relating to hire stock lost by customers or written off (notes 10,11)	**1,404**	**262**	**1,666**	6,488	133	6,621
Loss on disposal of other assets (notes 10,11)	**56**	**-**	**56**	625	304	929
Total depreciation per notes 10,11	**9,547**	**9,924**	**19,471**	15,002	11,946	26,948
Items not charged to income statement (continuing operations)						
Dilapidations profit on surrender	**(120)**	**-**	**(120)**	-	-	-
Accelerated depreciation included in exceptionals	**8**	**-**	**8**	(243)	-	(243)
Disposal of discontinued operations hire stock assets	**-**	**-**	**-**	(4,612)	-	(4,612)
(Loss)/profit on disposals included in exceptional amounts	**-**	**-**	**-**	(94)	145	51
Disposal of discontinued operations other assets	**-**	**-**	**-**	(588)	(439)	(1,027)
Depreciation from discontinued operations	**-**	**-**	**-**	(1,172)	(238)	(1,410)
Total non-exceptional depreciation from continuing operations	**9,435**	**9,924**	**19,359**	8,293	11,414	19,707

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

6. Depreciation and amortisation expense (continued)

Amounts charged in respect of amortisation:

	26 weeks ended 2 July 2022 £000s	27 weeks ended 3 July 2021 £000s
Intangible assets		
Amortisation (note 9)	**2,851**	2,634
Loss on write off	**10**	-
	2,861	2,634
Less amortisation from discontinued operations	**-**	(91)
Total non-exceptional amortisation	**2,861**	2,543

7. Finance income and expense

	26 weeks ended 2 July 2022 £000s	As restated[1] 27 weeks ended 3 July 2021 £000s
Senior finance facility	**1,269**	7,590
Amortisation of debt issue costs	**254**	1,085
Accelerated amortisation of debt issue costs	**-**	166
Lease liabilities	**1,936**	2,031
Interest unwind on discounted provisions	**94**	13
Revolving credit facility, including commitment fees	**132**	299
Other interest (received)/paid	**(11)**	138
	3,674	11,322

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

8. Earnings per share

Basic earnings per share:

	Profit after tax from total operations £000s	Profit after tax from continuing operations £000s	Weighted average number of shares 000s	Earnings after tax from total operations per share pence	Earnings after tax from continuing operations per share pence
26 weeks ended 2 July 2022	**6,086**	**6,086**	**704,988**	**0.86**	**0.86**
27 weeks ended 3 July 2021	14,051	6,701	696,478	2.02	0.96

Basic earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue for that period.

Diluted earnings per share:

	Profit after tax from total operations £000s	Profit after tax from continuing operations £000s	Weighted average number of shares 000s	Earnings after tax from total operations per share pence	Earnings after tax from continuing operations per share pence
26 weeks ended 2 July 2022	**6,086**	**6,086**	**722,559**	**0.84**	**0.84**
27 weeks ended 3 July 2021	14,051	6,701	721,364	1.95	0.93

8. Earnings per share (continued)

Diluted earnings per share is calculated using the result attributable to equity holders divided by the weighted average number of shares outstanding assuming the conversion of potentially dilutive equity derivatives outstanding, being market value options, nil-cost share options (LTIP shares), restricted stock grants, deferred bonus shares and warrants.

All of the Group's potentially dilutive equity derivative securities were dilutive for the purpose of diluted basic earnings per share for the period (27 weeks ending 3 July 2021: all equity derivative securities were dilutive except for the market value options and their related CSOP's which were anti-dilutive).

The following is a reconciliation between the basic earnings per share and the adjusted basic earnings per share:

	26 weeks ended 2 July 2022		As restated[1] 27 weeks ended 3 July 2021	
	Total operations	**Continuing operations**	Total operations	Continuing operations
	pence	**pence**	pence	pence
Basic earnings per share	**0.86**	**0.86**	2.02	0.96
Add back:				
Exceptional items per share	**0.08**	**0.08**	(1.52)	(1.07)
Amortisation of customer relationships and brands per share	**0.18**	**0.18**	0.21	0.21
Tax per share	**0.06**	**0.06**	0.01	0.01
Charge:				
Tax charge at prevailing rate	**(0.22)**	**(0.22)**	(0.14)	(0.02)
Adjusted basic earnings per share	**0.96**	**0.96**	0.58	0.09

The following is a reconciliation between the diluted earnings per share and the adjusted diluted earnings per share:

	26 weeks ended 2 July 2022		As restated[1] 27 weeks ended 3 July 2021	
	Total operations	**Continuing operations**	Total operations	Continuing operations
	pence	**pence**	pence	pence
Diluted earnings per share	**0.84**	**0.84**	1.95	0.93
Add back:				
Adjustment to basic loss per share for the impact of dilutive securities				
Exceptional items per share	**0.08**	**0.08**	(1.47)	(1.03)
Amortisation of customer relationships and brands per share	**0.18**	**0.18**	0.20	0.20
Tax per share	**0.06**	**0.06**	0.01	0.01
Charge:				
Tax charge at prevailing rate	**(0.22)**	**(0.22)**	(0.13)	(0.02)
Adjusted diluted earnings per share	**0.94**	**0.94**	0.56	0.09

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

8. Earnings per share (continued)

The weighted average number of shares for the purposes of calculating the diluted earnings per share are as follows:

	26 weeks ended 2 July 2022 Weighted average number of shares 000s	27 weeks ended 3 July 2021 Weighted average number of shares 000s
Basic	**704,988**	696,478
Warrants	**-**	8,505
LTIP share options	**4,687**	8,368
Restricted stock grant	**12,801**	7,265
CSOP options	**83**	748
Diluted	**722,559**	721,364

9. Intangible assets

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Cost					
At 2 January 2022	**115,855**	**25,400**	**22,590**	**31,856**	**195,701**
Additions	**-**	**-**	**-**	**2,764**	**2,764**
At 2 July 2022	**115,855**	**25,400**	**22,590**	**34,620**	**198,465**
Amortisation					
At 2 January 2022	**-**	**23,301**	**298**	**24,454**	**48,053**
Charge for the period	**-**	**1,270**	**17**	**1,564**	**2,851**
At 2 July 2022	**-**	**24,571**	**315**	**26,018**	**50,904**
Net book value					
At 2 July 2022	**115,855**	**829**	**22,275**	**8,602**	**147,561**

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 27 December 2020	124,877	26,744	23,222	27,580	202,423
Additions	-	-	-	1,751	1,751
Disposals	(1,695)	-	-	(138)	(1,833)
At 3 July 2021	123,182	26,744	23,222	29,193	202,341
Amortisation					
At 27 December 2020	-	21,348	622	21,955	43,925
Charge for the period	-	1,377	51	1,206	2,634
Disposals	-	-	-	(138)	(138)
At 3 July 2021	-	22,725	673	23,023	46,421
Net book value					
At 3 July 2021	123,182	4,019	22,549	6,170	155,920

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 27 December 2020	124,877	26,744	23,222	27,580	202,423
Additions	-	-	-	4,328	4,328
Disposals	-	-	-	(52)	(52)
Business disposal	(9,018)	(1,344)	(632)	-	(10,994)
Foreign exchange differences	(4)	-	-	-	(4)
At 1 January 2022	115,855	25,400	22,590	31,856	195,701
Amortisation					
At 27 December 2020	-	21,348	622	21,955	43,925
Charge for the period	-	2,675	84	2,551	5,310
Disposals	-	-	-	(52)	(52)
Business disposal	-	(722)	(408)	-	(1,130)
At 1 January 2022	-	23,301	298	24,454	48,053
Net book value					
At 1 January 2022	115,855	2,099	22,292	7,402	147,648

The Group tests property, plant and equipment, goodwill and indefinite life brands for impairment annually and considers at each reporting date whether there are indicators that impairment may have occurred.

10. Property, plant and equipment

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 2 January 2022	**37,303**	**43,163**	**133,674**	**214,140**
Transferred to right of use assets	**-**	**-**	**(1,504)**	**(1,504)**
Transferred from right of use assets	**-**	**-**	**4,498**	**4,498**
Additions	**221**	**685**	**15,416**	**16,322**
Disposals	**(266)**	**(41)**	**(7,086)**	**(7,393)**
Remeasurement	**(790)**	**-**	**-**	**(790)**
Foreign exchange differences	**4**	**9**	**71**	**84**
At 2 July 2022	**36,472**	**43,816**	**145,069**	**225,357**
Accumulated depreciation				
At 2 January 2022	**25,453**	**39,408**	**89,342**	**154,203**
Transferred from right of use assets	**-**	**-**	**2,140**	**2,140**
Charge for the year	**1,163**	**833**	**6,091**	**8,087**
Disposals	**(209)**	**(42)**	**(5,682)**	**(5,933)**
Foreign exchange differences	**-**	**-**	**1**	**1**
At 2 July 2022	**26,407**	**40,199**	**91,892**	**158,498**
Net book value				
At 2 July 2022	**10,065**	**3,617**	**53,177**	**66,859**

The transferred to right of use assets category represents assets that were purchased in the prior period and subsequently financed through hire purchase agreements.

The transferred from right of use assets category represents the acquisition of ROU assets at expiry of the lease in cases where the title is transferred to the Group.

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 27 December 2020	58,419	55,315	149,534	263,268
Transferred from right of use assets	-	-	5,967	5,967
Additions	673	412	9,749	10,834
Disposals	(618)	(1,235)	(17,669)	(19,522)
Foreign exchange differences	(31)	(31)	(581)	(643)
At 3 July 2021	58,443	54,461	147,000	259,904
Accumulated depreciation				
At 27 December 2020	45,208	50,580	99,105	194,893
Transferred from right of use assets	-	-	3,336	3,336
Charge for the year	1,318	859	5,712	7,889
Disposals	(163)	(1,065)	(11,181)	(12,409)
Foreign exchange differences	(6)	(56)	(322)	(384)
At 3 July 2021	46,357	50,318	96,650	193,325
Net book value				
At 3 July 2021	**12,086**	**4,143**	**50,350**	**66,579**

10. Property, plant and equipment (continued)

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 27 December 2020	58,419	55,315	149,534	263,268
Transferred from right of use assets	-	-	8,742	8,742
Additions	2,011	755	18,558	21,324
Disposals	(22,394)	(11,193)	(16,515)	(50,102)
Business disposal	(702)	(1,683)	(26,064)	(28,449)
Foreign exchange differences	(31)	(31)	(581)	(643)
At 1 January 2022	37,303	43,163	133,674	214,140
Accumulated depreciation				
At 27 December 2020	45,208	50,580	99,105	194,893
Transferred to right of use assets	-	-	5,200	5,200
Charge for the year	2,543	1,710	12,482	16,735
Impairment	264	-	-	264
Disposals	(22,325)	(11,171)	(13,145)	(46,641)
Business disposal	(231)	(1,485)	(14,148)	(15,864)
Foreign exchange differences	(6)	(56)	(322)	(384)
Transfers	-	(170)	170	-
At 1 January 2022	25,453	39,408	89,342	154,203
Net book value				
At 1 January 2022	11,850	3,755	44,332	59,937

11. Right of use assets

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment for hire £000s	Total £000s
Cost					
At 2 January 2022	**56,847**	**26,283**	**520**	**25,339**	**108,989**
Additions	**-**	**1,451**	**-**	**3,700**	**5,151**
Transferred from property, plant and equipment	**-**	**-**	**-**	**1,504**	**1,504**
Transferred to property, plant and equipment	**-**	**-**	**-**	**(3,761)**	**(3,761)**
Disposals	**(71)**	**(334)**	**-**	**(489)**	**(894)**
Foreign exchange differences	**4**	**12**	**-**	**-**	**16**
At 2 July 2022	**56,780**	**27,412**	**520**	**26,293**	**111,005**
Accumulated depreciation					
At 1 January 2022	**15,104**	**12,773**	**444**	**4,688**	**33,009**
Transferred to property, plant and equipment	**-**	**-**	**-**	**(1,403)**	**(1,403)**
Charge for the period	**3,878**	**3,296**	**29**	**2,459**	**9,662**
Disposals	**(71)**	**(334)**	**-**	**(227)**	**(632)**
At 2 July 2022	**18,911**	**15,735**	**473**	**5,517**	**40,636**
Net book value					
At 2 July 2022	**37,869**	**11,677**	**47**	**20,776**	**70,369**

The transferred from property, plant and equipment category represents assets that were purchased in the prior period and subsequently financed through hire purchase agreements.

The transferred to property, plant and equipment category represents the acquisition of ROU assets at expiry of the lease in cases where the title is transferred to the Group.

11. Right of use assets (continued)

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment for hire £000s	Total £000s
Cost					
At 27 December 2020	61,253	23,681	562	21,998	107,494
Additions	519	651	-	3,590	4,760
Remeasurements	227	137	-	-	364
Transferred to property, plant and equipment	-	-	-	(5,967)	(5,967)
Disposals	(7,785)	(805)	-	(727)	(9,317)
Foreign exchange differences	(120)	(23)	-	-	(143)
At 3 July 2021	54,094	23,641	562	18,894	97,191
Accumulated depreciation					
At 27 December 2020	15,403	6,854	327	1,422	24,006
Transferred to property, plant and equipment	-	-	-	(3,336)	(3,336)
Charge for the period	4,340	3,783	76	3,310	11,509
Disposals	(7,920)	(366)	-	(594)	(8,880)
At 3 July 2021	11,823	10,271	403	802	23,299
Net book value					
At 3 July 2021	**42,271**	**13,370**	**159**	**18,092**	**73,892**

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment for hire £000s	Total £000s
Cost					
At 27 December 2020	61,253	23,681	562	21,998	107,494
Additions	1,882	5,000	-	8,558	15,440
Remeasurements	3,407	128	(12)	-	3,523
Transferred to property, plant and equipment	-	-	-	(4,462)	(4,462)
Business disposal	(1,304)	(1,662)	(30)	-	(2,996)
Disposals	(8,755)	(859)	-	(755)	(10,369)
Amount re-recognised on disposal of sublease	544	-	-	-	544
Foreign exchange differences	(180)	(5)	-	-	(185)
At 1 January 2022	56,847	26,283	520	25,339	108,989
Accumulated depreciation					
At 27 December 2020	15,403	6,854	327	1,422	24,006
Transfers to property, plant and equipment	-	-	-	(920)	(920)
Charge for the period	7,840	7,099	147	4,307	19,393
Impairments	233	-	-	-	233
Business disposal	(397)	(538)	(30)	-	(965)
Disposals	(7,975)	(642)	-	(121)	(8,738)
At 1 January 2022	15,104	12,773	444	4,688	33,009
Net book value					
At 1 January 2022	**41,743**	**13,510**	**76**	**20,651**	**75,980**

Disclosures relating to lease liabilities are included in note 14.

12. Trade and other receivables

	26 week period ended 2 July 2022			
	Gross £000s	**Provision for impairment £000s**	**Provision for credit notes £000s**	**Net of provision £000s**
Trade receivables	**71,815**	**(3,446)**	**(3,612)**	**64,757**
Accrued income	**7,254**	**(71)**	**-**	**7,183**
Trade receivables and contract assets	**79,069**	**(3,517)**	**(3,612)**	**71,940**
Net investment in sublease	**961**	**-**	**-**	**961**
Other debtors	**1,206**	**-**	**-**	**1,206**
Prepayments	**6,651**	**-**	**-**	**6,651**
Total trade and other receivables	**87,887**	**(3,517)**	**(3,612)**	**80,758**

	Year ended 1 January 2022			
	Gross £000s	Provision for impairment £000s	Provision for credit notes £000s	Net of provision £000s
Trade receivables	73,873	(3,884)	(3,225)	66,764
Accrued income	4,165	(47)	-	4,118
Trade receivables and contract assets	78,038	(3,931)	(3,225)	70,882
Net investment in sublease	961	-	-	961
Other debtors	1,282	-	-	1,282
Prepayments	5,555	-	-	5,555
Total trade and other receivables	85,836	(3,931)	(3,225)	78,680

The following table details the movements in the provisions for credit notes and impairment of trade receivables and contract assets:

	26 week period ended 2 July 2022		Year ended 1 January 2022	
	Provision for impairment £000s	**Provision for credit notes £000s**	Provision for impairment £000s	Provision for credit notes £000s
Balance at the beginning of the period	**(3,931)**	**(3,225)**	(3,023)	(2,458)
Increase in provision	**(1,204)**	**(1,446)**	(1,835)	(3,746)
Utilisation	**1,618**	**1,059**	910	2,752
Business disposals	**-**	**-**	17	227
Balance at the end of the period	**(3,517)**	**(3,612)**	(3,931)	(3,225)

12. Trade and other receivables (continued)

The bad debt provision based on expected credit losses and applied to trade receivables and contract assets, all of which are current assets, is as follows:

2 July 2022	**Current**	**0-60 days past due**	**61-365 days past due**	**1-2 years past due**	**Total**
Trade receivables and contract assets	**61,234**	**7,829**	**8,287**	**1,719**	**79,069**
Expected loss rate	**0.9%**	**3.1%**	**20.6%**	**59.6%**	**4.4%**
Provision for impairment charge	**546**	**243**	**1,704**	**1,024**	**3,517**

1 January 2022	Current	0-60 days past due	61-365 days past due	1-2 years past due	Total
Trade receivables and contract assets	44,209	22,847	9,376	1,606	78,038
Expected loss rate	1.0%	2.4%	19.7%	68.7%	5.0%
Provision for impairment charge	435	544	1,848	1,104	3,931

Contract assets consist of accrued income.

The bad debt provision is estimated using the simplified approach to expected credit loss methodology and is based upon past default experience and the Directors' assessment of the current economic environment for each of the Group's ageing categories.

The Directors have given specific consideration to the level of uncertainty in the economy driven by the impact of COVID-19, the associated pressures on businesses facing staff and material shortages and, more latterly, increased inflation. At the reporting date, the Group has seen an increase in debt write-offs due to customer failure. This was anticipated following the withdrawal of COVID-19 related government support in the prior year and accordingly the Group had exercised judgement in the creation of a significant additional provision to cover this eventuality, some of which has now been released. The Group still considers that historical losses are not a reliable predictor of future failures and so has continued with its practice of increasing the expected loss rates across all categories of debt. In so doing the provision has been increased by around £0.6m (1 January 2022: £1.2m) from that which would have been required based on loss experience over the past two years. As in the prior year, historical loss rates have been increased where debtors have been identified as high risk with a reduction applied to customer debt covered by credit insurance. Unless the counterparty is in liquidation, these amounts are still subject to enforcement action.

In line with the requirements of IFRS 15, provisions are made for credit notes expected to be raised after the reporting date for income recognised during the period.

The combined provisions for bad debt and credit notes amount to 9.0% of trade receivables and contract assets at 2 July 2022 (1 January 2022: 9.2%).

13. Trade and other payables

	2 July 2022 £000s	1 January 2022 £000s
Current		
Trade payables	**42,776**	43,062
Other taxes and social security costs	**3,439**	5,175
Other creditors	**1,842**	1,308
Accrued interest on borrowings	**369**	271
Accruals	**31,233**	28,494
Deferred income	**627**	394
	80,286	78,704

14. Lease liabilities

	2 July 2022 £000s	1 January 2022 £000s
Current		
Lease liabilities	**17,946**	19,310
Non-current		
Lease liabilities	**53,601**	57,255
	71,547	76,565

The interest rates on the Group's lease liabilities are as follows:

			2 July 2022	1 January 2022
Equipment for hire	Floating	%age above the lenders base rate	2.4 to 3.3%	2.4 to 3.3%
Other	Fixed		3.5 to 6.0%	3.5 to 6.0%

The weighted average interest rates on the Group's lease liabilities are as follows:

	2 July 2022	1 January 2022
Lease liabilities	**5.4%**	4.8%

The Group's leases have the following maturity profile:

	2 July 2022 £000s	1 January 2022 £000s
Less than one year	**21,411**	23,015
Two to five years	**46,336**	48,755
More than five years	**17,225**	19,354
	84,972	91,124
Less interest cash flows:	**(13,425)**	(14,559)
Total principal cash flows	**71,547**	76,565

14. Lease liabilities (continued)

The maturity profile, excluding interest cash flows of the Group's leases is as follows:

	2 July 2022 £000s	1 January 2022 £000s
Less than one year	**17,946**	19,310
Two to five years	**39,435**	41,417
More than five years	**14,166**	15,838
	71,547	76,565

The lease liability movements are detailed below:

	Property	**Vehicles**	**Equipment for hire and internal use**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
At 2 January 2022	**44,879**	**14,247**	**17,439**	**76,565**
Additions	**-**	**1,451**	**5,204**	**6,655**
Discount unwind	**1,364**	**225**	**190**	**1,779**
Payments (including interest)	**(5,056)**	**(3,181)**	**(5,267)**	**(13,504)**
Foreign exchange differences	**(3)**	**18**	**37**	**52**
At 2 July 2022	**41,184**	**12,760**	**17,603**	**71,547**

	Property	Vehicles	Equipment for hire and internal use	Total
	£000s	£000s	£000s	£000s
At 27 December 2020	57,181	16,861	15,530	89,572
Additions	1,981	5,029	8,591	15,601
Remeasurements	3,407	128	(12)	3,523
Discount unwind	2,805	535	5	3,345
Payments (including interest)	(13,209)	(7,012)	(6,675)	(26,896)
Disposals	(6,006)	(216)	-	(6,222)
Business disposals	(1,063)	(1,048)	-	(2,111)
Foreign exchange differences	(217)	(30)	-	(247)
At 1 January 2022	44,879	14,247	17,439	76,565

15. Borrowings

	2 July 2022 £000s	1 January 2022 £000s
Non-current		
Senior finance facility	**68,407**	68,166

The senior finance facility is stated net of transaction fees of £1.6m (1 January 2022: £1.8m) which are being amortised over the loan period.

The nominal value of the Group's loans at each reporting date is as follows:

	2 July 2022 £000s	1 January 2022 £000s
Senior finance facility	**70,000**	70,000

The interest rates on the Group's borrowings are as follows:

			2 July 2022	1 January 2022
Revolving credit facility	Floating	%age above SONIA	**3.0%**	3.0%
Senior finance facility	Floating	%age above SONIA	**3.0%**	3.0%

The weighted average interest rates on the Group's borrowings is 3.0% (1 January 2022: 3.0%).

The Group's borrowings have the following maturity profile:

	2 July 2022 £000s	1 January 2022 £000s
Less than one year	**2,932**	2,235
Two to five years	**76,908**	76,498
	79,840	78,733
Less interest cash flows:		
Senior finance facility	**(9,840)**	(8,733)
Total principal cash flows	**70,000**	70,000

The Group had undrawn committed borrowing facilities of £35.6m at 2 July 2022 (1 January 2022: £35.8m), including £12.4m of finance lines (1 January 2022: £12.6m) to fund hire fleet capital expenditure not yet utilised. Including net cash balances, the Group had access to £74.3m at 2 July 2022 (1 January 2022: £78.1m) of combined liquidity from available cash and undrawn committed borrowing facilities.

16. Provisions

	Onerous property costs £000s	Dilapidations £000s	Onerous contracts £000s	Total £000s
At 2 January 2022	**186**	**10,174**	**13,463**	**23,823**
Additions	**-**	**148**	**-**	**148**
Utilised during the period	**(11)**	**(43)**	**(1,644)**	**(1,698)**
Unwind of provision	**-**	**41**	**53**	**94**
Impact of change in discount rate	**-**	**(729)**	**(211)**	**(940)**
Releases	**(3)**	**(236)**	**-**	**(239)**
Foreign exchange	**-**	**9**	**-**	**9**
At 2 July 2022	**172**	**9,364**	**11,661**	**21,197**
Of which:				
Current	**69**	**1,355**	**3,108**	**4,532**
Non-current	**103**	**8,009**	**8,553**	**16,665**
	172	**9,364**	**11,661**	**21,197**

	Onerous property costs £000s	Dilapidations £000s	Onerous contracts £000s	Total £000s
At 27 December 2020	3,959	12,677	17,018	33,654
Additions	86	1,471	-	1,557
Utilised during the period	(212)	(2,538)	(3,290)	(6,040)
Unwind of provision	(1)	24	(8)	15
Impact of change in discount rate	(31)	(457)	(257)	(745)
Releases	(3,615)	(643)	-	(4,258)
Business disposals	-	(361)	-	(361)
Foreign exchange	-	1	-	1
At 1 January 2022	186	10,174	13,463	23,823
Of which:				
Current	70	1,453	3,190	4,713
Non-current	116	8,721	10,273	19,110
	186	10,174	13,463	23,823

Onerous property costs

The provision for onerous property costs represents the current value of contractual liabilities for future rates payments and other unavoidable costs (excluding lease costs) on leasehold properties the Group no longer uses. The releases are the result of early surrenders being agreed with landlords – the associated liabilities are generally limited to the date of surrender but were provided for to the date of the first exercisable break clause to align with the recognition of associated lease liabilities.

Onerous contract

The onerous contract represents amounts payable in respect of the agreement reached in 2017 between the Group and Unipart to terminate the contract to operate the NDEC.

17. Business disposals – 27 weeks ended 3 July 2021 only

To enable the Group to strengthen its balance sheet and focus on its strategic priority to Transform the Tool Hire Business, the Group made two strategic divestments during the year ended 1 January 2022:

Laois Hire Services Limited
Laois Hire Services Limited, the Irish large plant hire business, was sold to Briggs Equipment Ireland Limited on 7 April 2021. Proceeds of the disposal, net of transaction costs were £10.0m generating a profit on disposal of £3.2m.

All Seasons Hire Limited
All Seasons Hire Limited, a cooling and heating provider, was sold to Cross Rental Services Limited with the transaction completing on 29 September 2021. Proceeds of the disposal, net of transaction costs were £54.3m generating a profit on disposal of £38.0m.

As part of these transactions, the Group entered into commercial agreements to cross-hire equipment to ensure the broadest possible distribution of, and customer access to, each party's existing fleet.

The table below shows the results of discontinued operations for the 27 weeks ended 3 July 2021:

	£000s
Result of discontinued operations	
Revenue	**7,143**
Expenses other than finance costs, amortisation and depreciation	**(1,480)**
Depreciation	**(1,410)**
Finance costs	**(66)**
Taxation	**(17)**
Loss from discontinued operations, net of tax	**4,170**
Profit on disposal of discontinued operations	**3,180**
Profit for the period	**7,350**
Basic earnings per share	**1.06**
Diluted earnings per share	**1.02**

The revenue relating to Laois Hire Services Limited is £3.0m with a loss after tax of £0.3m. The revenue relating to All Seasons Hire Limited is £4.1m with a profit after tax of £4.5m.

Included in the results for the 27 weeks ended 3 July 2021 are profits of £3.2m realised on the sale of Laois Hire Services Limited on 7 April 2021. The table below shows how this amount arose:

	£000s
Description of assets and liabilities	
Intangible assets (incl Goodwill)	**1,695**
Property, plant and equipment	**5,200**
Right of use assets	**439**
Current assets, excluding cash	**2,509**
Cash	**504**
Current liabilities (incl lease liabilities)	**(3,241)**
Foreign exchange reserve	**(53)**
Net assets disposed of	**7,053**
Proceeds of disposal less transaction costs	**9,950**
Profit on asset sale	**283**
Less net assets disposed of	**(7,053)**
Total profit from disposal of Laois Hire Limited	**3,180**

18. Risks and uncertainties

The principal risks and uncertainties which could have a material impact upon the Group's performance over the remaining 26 weeks of the 2022 financial year have not changed significantly from those set out on pages 32 to 34 of the Group's 2021 Annual Report, which is available at https://www.hsshiregroup.com/investors-section-landing/.

These risks and uncertainties are:

1) Macroeconomic conditions;
2) Competitor challenge;
3) Strategy execution;
4) Customer service;
5) Third party reliance;
6) IT infrastructure;
7) Financial risk;
8) Inability to attract and retain personnel;
9) Legal and regulatory requirements;
10) Safety; and
11) Environment, Social and Governance (ESG).

COVID-19 and the impact of the war in Ukraine have been considered in terms of their impact on relevant principal risks and uncertainties. The risk presented by COVID-19 is considered to have reduced significantly but been replaced by the macroeconomic impacts of the war in Ukraine – namely increasing inflation and interest rates. The main risk expected to affect the Group in the remaining 26 weeks of the 2022 financial year is therefore macroeconomic conditions, which includes the impact of high inflation on energy costs, colleagues, the supply chain and on demand from new and existing customers within the numerous and diverse market sectors which HSS serves.

19. Alternative performance measures

Earnings before interest, tax, depreciation and amortisation (EBITDA) and Adjusted EBITDA, earnings before interest, tax and amortisation (EBITA) and Adjusted EBITA and Adjusted profit/(loss) before tax are alternative, non-IFRS and non-Generally Accepted Accounting Practice (GAAP), performance measures used by the Directors and management to assess the operating performance of the Group.

– EBITDA is defined as operating profit before depreciation and amortisation. For this purpose depreciation includes: depreciation charge for the year on property, plant and equipment and on right of use assets; the net book value of hire stock losses and write-offs; the net book value of other fixed asset disposals less the proceeds on those disposals; impairments of right of use assets; the net book value of right of use asset disposals, net of the associated lease liability disposed of; and the loss on disposal of sub-leases. Amortisation is calculated as the total of the amortisation charge for the year and the loss on disposal of intangible assets. Exceptional items are excluded from EBITDA to calculate Adjusted EBITDA.

– EBITA is defined by the Group as operating profit before amortisation. Exceptional items are excluded from EBITA to calculate Adjusted EBITA.

– Adjusted profit/(loss) before tax is defined by the Group as profit/(loss) before tax, amortisation of customer relationships and brands related intangibles as well as exceptional items. The way the Group calculates Adjusted profit/(loss) before tax has been modified from that included in the financial statements for the period ended 1 January 2022, to include amounts relating to amortisation of software. Comparative figures have been restated to reflect this change.

The Group discloses Adjusted EBITDA, Adjusted EBITA and Adjusted profit/(loss) before tax as supplemental non-IFRS financial performance measures because the Directors believe they are useful metrics by which to compare the performance of the business from period to period and such measures similar to Adjusted EBITDA, Adjusted EBITA and Adjusted profit/(loss) before tax are broadly used by analysts, rating agencies and investors in assessing the performance of the Group. Accordingly, the Directors believe that the presentation of Adjusted EBITDA, Adjusted EBITA and Adjusted profit/(loss) before tax provides useful information to users of the Financial Statements.

19. Alternative performance measures (continued)

As these are non-IFRS measures, Adjusted EBITDA and adjusted operating profit measures used by other entities may not be calculated in the same way and are hence not directly comparable.

Adjusted EBITDA is calculated as follows:

	26 weeks ended 2 July 2022 Continuing operations £000s	As restated[1] 27 weeks ended 3 July 2021 Continuing operations £000s
Operating profit	**10,209**	18,077
Add: Depreciation of property, plant and equipment and right of use assets	**19,359**	19,707
Add: Amortisation of intangible assets	**2,861**	2,543
EBITDA	**32,429**	40,327
Add: Exceptional items (non-finance)	**488**	(7,539)
Adjusted EBITDA	**32,917**	32,788

Adjusted EBITA is calculated as follows:

	26 weeks ended 2 July 2022 Continuing operations £000s	As restated[1] 27 weeks ended 3 July 2021 Continuing operations £000s
Operating profit/(loss)	**10,209**	18,077
Add: Amortisation of intangible assets	**2,861**	2,543
EBITA	**13,070**	20,620
Add: Exceptional items (non-finance)	**488**	(7,539)
Adjusted EBITA	**13,558**	13,081

Adjusted profit before tax is calculated as follows:

	26 weeks ended 2 July 2022 Continuing operations £000s	As restated[1] 27 weeks ended 3 July 2021 Continuing operations £000s
Profit before tax	**6,535**	6,755
Add: Amortisation of customer relationships and brands	**1,287**	1,428
Profit before tax and amortisation of customer relationships and brands	**7,822**	8,183
Add: Exceptional items (finance and non-finance)	**554**	(7,419)
Adjusted profit before tax	**8,376**	764

1. The notes supporting the income statement have been restated to disclose continuing operations (note 2).

20. Post Balance Sheet Events

Given the excellent progress made on strategy which has resulted in increased profitability and cash generation as well as strengthening the balance sheet, the Board has decided to implement a progressive dividend policy. An interim dividend of 0.17p per share was approved by the Board on 28 September, will be paid in cash during November 2022 and has an ex-dividend date of 6 October 2022.

On 23 September 2022 the Government announced that from 1 April 2023 the corporate tax rate would remain at 19% (rather than increase to 25% as previously enacted). If this legislation had been enacted at the balance sheet date the deferred tax asset would be reduced by £623,000 to £1,973,000.