HSS Hire Group Plc

Solid performance, launching next phase of strategy

HSS Hire Group plc ("HSS" or the "Group") today announces results for the 26 week period ended 29 June 2024.

Next phase of strategy being implemented to separate the management and trading operations of HSS ProService and HSS Operations to allow each business to pursue different but complementary growth objectives to maximise shareholder value

Financial Highlights (*Unaudited*) *Continuing operations* [1]	H1 2024 *(26 weeks to 29 June 2024)*	H1 2023 *(26 weeks to 1 July 2023)*	Change
Revenue	**£170.8m**	**£165.6m**	**3.2%**
Adjusted EBITDA[2]	**£26.9m**	**£28.9m**	**£(2.0)m**
Adjusted EBITA[3]	**£7.3m**	**£10.8m**	**£(3.5)m**
Adjusted profit before tax[4]	**£1.2m**	**£5.0m**	**£(3.8)m**
Adjusted basic EPS	**0.13p**	**0.55p**	**(0.42)p**
ROCE[5]	**14.9%**	**18.0%**	**(3.1)pp**
Net debt leverage[6] - non IFRS16	**1.0x**	**1.0x[6]**	**-x**
Net debt leverage[7] - IFRS16	**1.5x**	**1.6x[7]**	**0.1x**
Operating profit (Underlying[8])	**£6.2m**	**£9.9m**	**£(3.7)m**
Profit before tax (Underlying[8])	**£1.2m**	**£5.0m**	**£(3.8)m**

Solid performance, strong balance sheet

- Solid revenue performance in challenging markets with H1 24 revenue growth +3.2%
  - HSS ProService ("ProService") marketplace business like for like growth of 3.4%, ahead of market[9], with double digit Services[10] increase somewhat offset by seasonal product[11] weakness
  - HSS Operations ("Operations") maintained utilisation at 56% through efficient fleet management

- Seasonal product weakness impacted H1 24 profitability
  - Adjusted EBITDA and EBITA excluding this impact broadly in line with H1 23
  - Targeted cost action creating operational efficiency to mitigate demand softness in certain end markets
  - Continued strong returns with ROCE above the Group's cost of capital

- Robust balance sheet with non-IFRS16 leverage[6] maintained at 1.0x (H1 23: 1.0x)
  - Net proceeds of £20m from sale of Power businesses used to reduce debt and further strengthen the Group balance sheet
  - HSS continues to deliver consistently high returns ahead of cost of capital
  - Material liquidity headroom of £75m to support ongoing strategy development

- Interim dividend maintained at 0.18 pence per share[12]

Continued strategic momentum, launching next phase of strategy

- Following legal separation of ProService and Operations in 2022 as previously announced, the commercial and operational activities of each entity will now be fully separated
- Each business will now pursue complementary growth strategies with separate management teams and greater control over resources and investment decisions

- **ProService:**
    - Digital marketplace business for building services focussed on buyer and seller acquisition across a broad range of products and services
    - Marketplace growth strategy building momentum with over 2,200 buyers having now transacted on our self-service marketplace platform, resulting in 38% average buyer revenue growth year-on-year
    - Medium term target of 7,000 buyers transacting through our marketplace

- **Operations:**
    - Well-invested asset-owning independent tool hire business in the UK and Ireland focussed on delivering a consistently high-quality service combined with unlocking ongoing efficiency gains
    - Low-cost builders merchant network expanded to 104 locations delivering 13% growth on a same stores basis[13]
    - Medium term target of over 150 trading locations

- The Board believes that this structure provides greater optionality to maximise future value for shareholders

- Capital Markets Days planned for each business during 2025 when the management teams will present their individual growth strategies and market opportunities.

Current trading

- While a continued weakness in seasonal products has led to a more challenging start to H2 2024, we are somewhat encouraged by lead macroeconomic indicators for UK construction beginning to trend in a positive direction. Both our businesses are positively positioned to capitalise on improving markets and we shortly expect to mobilise on a number of large accounts won over the summer.

Steve Ashmore, Chief Executive Officer, said:

"The Group delivered a solid first-half performance against a challenging market backdrop, with above-market growth in our ProService marketplace business and continued good utilisation in Operations.

Today we are meaningfully progressing our growth strategy with the announcement of the commercial and operational separation of ProService and Operations. This will enable each business to pursue complementary growth strategies under independent leadership teams with greater control over resources and investment decisions.

Looking ahead, we are well placed to capitalise on any change to market conditions and in the meantime have a number of new contracts mobilising in H2. However, as a result of the new Group structure and the period of transition that this will involve, the Board believes it is prudent to remove guidance until further notice.

The Board and I are excited about this next stage in the development of our strategy, which we are confident will fully unlock the growth potential of each business and provide greater optionality to maximise future value for shareholders."

H1 24 Results Presentation

HSS Hire Group Plc will host a virtual presentation for analysts at 9:00am on 24 September 2024. Analysts wishing to attend should contact FTI Consulting to register – Connie.Gibson@fticonsulting.com
An audio recording will be available on our website in due course.

Notes

1) Results for H1 24 and H1 23 are on a continuing operations basis, excluding the Power businesses which were disposed of in March 2024.
2) 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
3) Adjusted EBITA defined as Adjusted EBITDA less depreciation
4) Adjusted Profit before tax defined as profit before tax excluding amortisation of brand and customer lists and exceptional items

5) ROCE is calculated as Adjusted EBITA for the 52 weeks to 29 June 2024 divided by the average of total assets less current liabilities (excluding intangible assets, cash and debt items) over the same period
6) Non-IFRS16 leverage is calculated as closing net debt excluding non-hire equipment leases divided by adjusted EBITDA less right of use depreciation and interest on non-hire equipment for the 52 weeks to 29 June 2024 (prior year 52 weeks to 1 July 2023). Comparators on a reported basis with no pro-forma adjustments to reflect the disposal of the Power businesses.
7) IFRS16 leverage is calculated as closing net debt divided by adjusted EBITDA for the 52 weeks to 29 June 2024 (prior year 52 weeks to 1 July 2023). Comparators on a reported basis with no pro-forma adjustments to reflect the disposal of the Power businesses.
8) Performance excluding exceptional items
9) European Rental Association forecast +2.7%
10) Services relates to rehire income generated from third-party owned assets and the Training product vertical as historically presented in operating segments
11) Seasonal products include Heating and Air Conditioning assets
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 3rd October 2024, record date of 4th October 2024 and payment date of 6th November 2024.
13) Merchant locations open for comparable period in both H1 24 and H1 23

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 operates through two separate but complimentary businesses serving predominately business customers:

- HSS ProService is the leading Digital marketplace business focussed on buyer and seller acquisition. Technology driven, scalable and uniquely differentiated. Wide range of building services, including hire, resale, materials, training and more

- HSS Operations, which includes HSS Ireland, 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.

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:

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This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (together, "MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of HSS is Richard Jones, Interim Group Chief Financial Officer.

Chief Executive Officer's Report

Summary of H1 2024 Group performance

We delivered a solid performance during the first six months of 2024 despite challenging market conditions. The warmer winter and cooler early summer weather conditions have led to significantly lower demand for seasonal products. Non-seasonal product performance, while resilient, saw subdued demand driven by low levels of end-user construction activity, particularly in housing and commercial sectors, and wetter Q2 weather also having an impact on enquiry levels.

The teams across ProService, Operations and HSS Ireland have done well to drive performance, despite these challenging markets. The price and cost actions they have taken mitigated some of the market softness and the inflationary pressures that persist. Overall, our revenue growth of 3.2% was marginally ahead of the rental market[9].

Launch of the next phase of the strategy

Our strategy to create two divisions in ProService and Operations in 2022 has proved successful, with each business making material progress in recent years. The Directors believe that the ProService and Operations businesses have leading offerings independently of one another and are well positioned to take advantage of a fragmented market and to further capitalise on increasingly complex customer and supplier requirements. However, as both ProService and Operations continue to grow, the Board believes that each business, while complementary, have different growth strategies and strategic priorities.

In light of the above, the Board believes that a separation of the businesses has the potential to better unlock the value in each business and that this will provide the Board with additional optionality to maximise value for shareholders. It will also allow each business to pursue their strategic objectives independently with greater control over resources and opportunities through individually focused management teams.

As part of the new operating structure, we have established a trading agreement for Operations to provide services to ProService and maintain customer service levels during a period of transition. This is supported by a temporary services agreement to maintain continuity in back-office functions, almost all of which will sit within these respective businesses. The small Group corporate function will continue to exist, fulfilling governance and external reporting activities.

ProService

Positioning and strategy

ProService is a capital light, technology-driven marketplace which acts as a marketplace for those looking to procure and supply for the building services sector. The business is focused on leveraging its platform and first mover advantage and building on the strong momentum and growth in buyer and seller adoption.

The Board recognises the opportunities to be gained by broadening this offering, expanding the number of buyers and sellers on the platform and accessing the wider building services sector in the UK of approximately £186 billion. Our medium-term aspirations are to have a digital platform growing from the existing base of 2,200 to over 7,000 buyers using the marketplace which should allow the business to double its EBITDA margins as it benefits from operating leverage from the platform revenue growth.

ProService H1 2024 trading performance

The investment we made in our technology team during 2023 has supported material strategic and operational progress. The team delivered v2.0 of our marketplace platform, which we launched in December 2023, and during the first six months of 2024 we saw a significant acceleration in the number of buyers using this online self-service platform. To date over 2,200 buyers have registered for the marketplace and raised a contract themselves. This has been achieved primarily through promotion by our salesforce, rather than marketing spend, and is a reflection of the attractiveness of the platform offering.

26% of all contracts in H1 24 were originated through our self-serve technology platforms: ProService Marketplace and HSS.com, compared to 15% in H1 23.

The training vertical continues to perform well achieving 20% year-on-year growth. The training market continues to be supported by tightening legislative and Health & Safety drivers, supporting growth in demand from all buyer markets. Our extensive network of over 240 training sellers, offering a wide range of training solutions on our platform, complements our in-house provision of technical training, combining to offer buyers a market-leading one-stop-shop training proposition.

The two new verticals, building materials and equipment sales, that we launched in 2023 continue to show robust levels of demand despite challenging markets, with revenue in these verticals, having doubled year-on-year.

Operations

Positioning and strategy

Operations is a leading fulfilment business in the UK and Ireland focussed on service delivery, health & safety and quality, with comprehensive coverage across a wide range of tools, low-level powered access and site equipment. It has a well invested asset base and has consistently demonstrated growth ahead of the market. The business has delivered high levels of customer service whilst striving for ongoing efficiency gains, underpinned by expansion of its national network and progress on carbon reduction.

Our medium-term aspirations in the UK are to expand our network of trading locations to over 150 and to continue to deliver above market revenue growth whilst maintaining ROCE above our cost of capital.

In the Republic of Ireland, HSS is well placed to capitalise in the growth in key markets such as the construction of data centres.

Operations H1 2024 trading performance

We have continued to expand our low-cost builders merchant network, adding a further 10 locations during the first six months of 2024, bringing our total network to 98 at June 2024 (June 2023: 67). A further six have been opened since the period-end. We are pleased with the continued growth in revenues from these locations, with year-on-year growth of 13% on a same-stores like-for-like basis. We currently have plans to open a further ten locations this year and medium-term aspirations for a 150-location national network.

Our route optimisation software, Satalia, continues to optimise vehicle productivity and minimise our carbon footprint. The Digital Service Portal technology we are using in our workshops continues to improve process adherence and drive equipment quality. In addition, we are currently trialling new bar-coding technology, aimed at improving stock availability and enhancing the digital information available to customers.

Health & Safety continues to be top of the agenda amongst our operational teams. They have been promoting three basics of safety this year: following training procedures, wearing the correct PPE for the job and calling out unsafe behaviours. Colleagues have made more than 9,400 safety observations this year and our All-Injury Frequency Rate (AIFR) has reduced from 3.22 in H1 last year to 2.74 in H1 this year. Whilst the number of RIDDORS has increased from 1 to 4 over the same period, I would note that the additional incidents became RIDDORS on the basis of extended lost time, rather than on the basis of the severity of the injury.

Board and people

From the end of September, as part of the new structure, I will take the role of Executive Chairman for ProService and while I remain on the PLC Board as an Executive Director, I will no longer serve as Chief Executive Officer. Alan Peterson OBE will become non-Executive Chairman of Operations and HSS Ireland and will retain his role as non-Executive Chair of the PLC Board. Other than the impending departure of Amanda Burton from the Board announced earlier today, the Board will therefore remain unchanged.

I am also pleased to announce the appointments of Jon Overman and Tom Shorten into the roles of CEO for Operations and ProService respectively. They have each appointed CFOs and CROs for each business including both internal and external hires into these new roles. Both leadership teams are now at full strength and both businesses have strong independent ambitions.

Michael Killeen will continue to run HSS Ireland which is the market-leading rental operator in the Republic of Ireland, and which is already independently self-sufficient, with only limited support required from Group functions.

As previously announced, Paul Quested stepped down from his role as Group CFO at the end of August 2024, with Richard Jones joining as Interim CFO earlier in August.

ESG Progress

The entire Group has continued to make progress on our ESG roadmap. We have recently published our 3rd ESG Impact report, which outlines our performance against our targets. We have also completed a Biodiversity impact assessment, publishing the results in out first ever Sites Biodiversity Report. Both new reports are available at www.hsshiregroup.com. We are proud to maintain our Ecovadis Gold Sustainability Rating and look forward to our reassessment later this year. Our ProService team have enhanced our marketplace platform to provide customers with more information on the ESG credentials of different products, allowing them to make better informed choices. They have also enhanced the customer carbon reporting available via the marketplace.

Summary

We expect there to be a period of significant transition over the next 6-12 months as we implement change across the Group. Both businesses will need to settle into new team structures and adapt to new ways of working. There will also be changes to systems and processes, most notably in ProService who will be implementing a new ERP system so that it can migrate from the legacy HSS Hire systems. There will also be some optimisation of routes to market and some bedding in of the trading agreement, alongside some temporary double-running of costs and some exceptional costs.

As a result of this period of change, we believe it is prudent to remove guidance for the foreseeable future. We will regularly review the timing with which we will reinstate guidance and provide visibility of our revised expectations at the earliest opportunity. Irrespective of any recovery in market conditions I am confident the business will show further resilience, as it continues to benefit from the broad spectrum of customers we serve and the wide range of products and services we offer. The ongoing strength of our balance sheet makes us well positioned to address any ongoing market challenges, whilst also providing the opportunity to invest in a recovering market.

H1 2024 Group Financial Performance

Revenue and segmental contribution

The H1 2024 results are based on 26 weeks of trading, consistent with H1 2023. Both the current and comparator financials are presented on a continuing operations basis, excluding the Power businesses which were disposed of in March 2024. Segmental analysis is based on a consistent basis with FY 2023 but prior to the impact of the separation of the two businesses which is due to take effect from the end of September 2024.

Revenue in H1 2024 was £170.8m, an increase of £5.2m, or 3.2% higher than the previous period (H1 2023: £165.6m), a resilient trading performance given the challenging macro-environment with demand softness in certain end markets and weakness in seasonal product performance due to the mild winter and summer.

ProService revenue increased 3.4% to £156.8m (H1 2023: £151.6m) with growth primarily from rehire of third-party rental fleet and increased resale contracts, reflective of continued demand for the one-stop-shop offering. Operations UK revenues decreased 8.7% to £49.3m (H1 2023: £54.0m) impacted by softness from certain markets such as housing, RMI (repairs, maintenance and improvements) and fit-out and weak seasonal performance which declined 23% compared to H1 2023. On a consistent foreign exchange basis, HSS Ireland revenue grew 1.1% (reported basis down 1.3%). The Central segment represents the elimination of intercompany revenue between Operations and ProService.

Costs

Cost of sales increased to £94.7m during the period (H1 2023: £85.8m) driven by the growth of third party rehire and resale revenue.

Distribution costs decreased by 3.1% to £13.6m (H1 2023: £14.0m) reflecting the continuing tight control of costs and operational efficiency gains, enabling greater flexibility as volumes change, offsetting inflationary pressures.

Administrative expenses increased by £1.2m to £55.6m (H1 2023: £54.4m). In addition to labour inflation, ongoing costs were incurred relating to the operating of the ProService Marketplace Platform being expensed (£0.8m). There has been a corresponding reduction in the software capitalisation as developers increasingly focus on maintenance activities associated with the recently developed infrastructure.

Adjusted EBITDA and Adjusted EBITA

Adjusted EBITDA reduced £2.0m to £26.9m (H1 2023: £28.9m), principally due to the revenue mix, compounded by the seasonal product performance, and increased technology costs as we invest to support the long-term growth of the business.

Adjusted EBITA decreased £3.5m to £7.3m (H1 2023: £10.8m) with an increase in property right of use depreciation arising from increases as rent review negotiations are concluded.

Operating Profit

The reduction in adjusted EBITA flowed through to operating profit which decreased £3.7m to £6.2m (H1 2023: £9.9m) with the increase in the variance linked to higher amortisation associated with the investment in ProService's marketplace technology.

This resulted in adjusted basic earnings per share (on a continuing basis) decreasing to 0.13p in H1 24 from 0.55p in the prior period. The change in the continuing basic earnings per share was 0.87p, to a loss per share of 0.21p.

Net finance expenses

Net finance expenses were £5.0m, in line with H1 2023, with the impact of increased charges due to UK base rate changes offset by a £12.5m senior facility prepayment in March 2024, utilising the proceeds from the Power businesses sale.

Exceptional items

Total exceptional items of £3.1m have been recognised in H1 2024 principally linked to the formal separation of the commercial and operational activities of ProService and Operations (£2.2m) and the financial impact of the Power businesses disposal (£0.9m).

Return on Capital Employed

ROCE on a continuing basis decreased to 14.9% from 18.0% in the prior year with the impact of seasonal product weakness resulting in an adverse impact of around 3 percentage points.

Net debt

Net debt on 29 June 2024 was £88.3m, a £22.6m reduction compared to H1 2023 (£111.6m). This reduction has been primarily driven by the sale of the Power businesses in March 2024 which realised net proceeds of £20.1m alongside the removal of related hire purchase and lease liabilities. The reduction in net debt and continued strong working capital management has resulted in IFRS16 leverage decreasing to 1.5x (H1 2023: 1.6x, FY 2023: 1.7x). Non-IFRS16 leverage remained at 1.0x (H1 2023: 1.0x)

The debt facilities consist of a £57.5m senior finance facility and an undrawn revolving credit and overdraft facility of £25.0m, both maturing in November 2025. Including cash balances of £38.2m and unutilised finance lines for the expansion of hire fleet of £11.3m, the Group had liquidity headroom of £74.5m at 29 June 2024.

Dividend

The Board has decided to maintain the dividend at 0.18 pence per share despite the reduction in H1 2023 Earnings Per Share, demonstrating confidence in the company's strong balance sheet position

Going concern

At 29 June 2024, the Group's financing arrangements consisted of a drawn senior finance facility of £57.5m, an undrawn revolving credit facility of £19.0m and undrawn overdraft facilities of £6.0m. Cash at 29 June was £38.2m, providing liquidity headroom of £74.5m. 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. Since the 2023 year end, the Group has been in a position to make repayments against the senior finance facility of £12.5m and the Group has begun discussions to renew the financing, with the Directors confident that this will be achieved well in advance of the expiration date of the facility.

The Directors continue to model via a number of scenarios current macroeconomic factors such as increasing inflation. At 24 September 2024 the Group had sufficient liquidity to operate within banking covenants for the period to 30 September 2025 even under a 'reasonable worst case' scenario. The reasonable worst case scenario models lower underlying revenue performance, lowers product margins, and increases 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 2024 financial year have not changed significantly from those described in the Group's 2023 Annual Report and are summarised in note 18 of this interim report.

Macroeconomic and strategy execution, given the scale of organisational change, have been identified as the most material risks that could impact performance and will continue to be closely monitored to ensure that appropriate actions can be taken as required.

Steve Ashmore

Director
24 September 2024

HSS Hire Group plc

Unaudited condensed consolidated income statement

	Note	26 weeks ended 29 June 2024 Underlying	Exceptional items (note 5)	Total	26 weeks ended[1] 1 July 2023 Underlying	Exceptional items (note 5)	Total
		£000s	**£000s**	**£000s**	£000s	£000s	£000s
Revenue	3	**170,769**	**-**	**170,769**	165,553	-	165,553
Cost of sales		**(94,708)**	**-**	**(94,708)**	(85,817)	-	(85,817)
							-
Gross profit		**76,061**	**-**	**76,061**	79,736	-	79,736
Distribution costs		**(13,557)**	**-**	**(13,557)**	(13,990)	-	(13,990)
Administrative expenses		**(55,585)**	**(2,298)**	**(57,883)**	(54,408)	(209)	(54,617)
Impairment loss on trade receivables and contract assets		**(870)**	**-**	**(870)**	(1,422)	-	(1,422)
Other operating income	4	**148**	**-**	**148**	-	112	112
Operating profit		**6,197**	**(2,298)**	**3,899**	9,916	(97)	9,819
Net finance expense	7	**(5,002)**	**(154)**	**(5,156)**	(4,905)	(187)	(5,092)
(Loss)/profit on continuing operations before tax		**1,195**	**(2,452)**	**(1,257)**	5,011	(284)	4,727
Income tax charge		**(228)**	**-**	**(228)**	(50)	-	(50)
(Loss)/profit from continuing operations		**967**	**(2,452)**	**(1,485)**	4,961	(284)	4,677
(Loss)/profit from discontinued operations, net of tax	17	**(230)**	**(642)**	**(872)**	817	-	817
(Loss)/profit for the financial period		**737**	**(3,094)**	**(2,357)**	5,778	(284)	5,494

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Alternative performance measures £000s		
Adjusted EBITDA (note 19)	**26,875**	28,928
Adjusted EBITA (note 19)	**7,289**	10,810
Adjusted profit before tax (note 19)	**1,195**	5,011
Earnings per share for continuing operations (pence)		
Adjusted basic earnings per share (note 8)	**0.13**	0.55
Adjusted diluted earnings per share (note 8)	**0.13**	0.54
Basic (loss)/earnings per share (note 8)	**(0.21)**	0.66
Diluted (loss)/earnings per share (note 8)	**(0.20)**	0.64
Continuing and discontinued operations (pence)		
Basic (loss)/earnings per share (note 8)	**(0.33)**	0.78
Diltuted (loss)/earnings per share (note 8)	**(0.32)**	0.76

The notes form part of these condensed consolidated financial statements.

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

Unaudited condensed consolidated statement of comprehensive income

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
	£000s	£000s
(Loss)/profit for the financial period	**(2,357)**	5,494
Items that may be reclassified to profit or loss:		
Foreign currency translation differences arising on consolidation of foreign operations	**(340)**	(368)
Other comprehensive loss for the period	**(340)**	(368)
Total comprehensive (loss)/profit for the period	**(2,697)**	5,126
Attributable to owners of the Group	**(2,697)**	5,126

The notes form part of these condensed consolidated financial statements.

HSS Hire Group plc

Unaudited condensed consolidated statement of financial position

	Note	**At 29 June 2024 £000s**	At 30 December 2023 £000s
ASSETS			
Non-current assets			
Intangible assets	9	**147,426**	152,982
Property, plant and equipment			
- Hire equipment	10	**72,535**	81,191
- Non-hire assets	10	**10,825**	11,992
Right of use assets			
- Hire equipment	11	**2,281**	2,592
- Non-hire assets	11	**45,623**	49,219
Deferred tax asset		**2,012**	2,012
		280,702	299,988
Current assets			
Inventories		**3,066**	3,823
Trade and other receivables	12	**79,887**	93,441
Cash		**38,201**	31,931
		121,154	129,195
Total assets		**401,856**	429,183
LIABILITIES			
Current liabilities			
Trade and other payables	13	**82,860**	85,317
Lease liabilities	14	**12,891**	14,548
Borrowings	15	**5,047**	5,545
Provisions	16	**5,015**	4,816
		105,813	110,226
Non-current liabilities			
Lease liabilities	14	**39,774**	42,822
Borrowings	15	**67,518**	79,015
Provisions	16	**10,678**	13,753
Deferred tax liabilities		**26**	182
		117,996	135,772
Total liabilities		**223,809**	245,998
Net assets		**178,047**	183,185
EQUITY			
Share capital		**7,108**	7,050
Share premium		**45,552**	45,552
Merger reserve		**97,780**	97,780
Foreign exchange translation reserve		**(993)**	(653)
Retained earnings		**28,600**	33,456
Total equity		**178,047**	183,185

The notes form part of these condensed consolidated financial statements.

Unaudited condensed consolidated statement of changes in equity

	Share capital £000s	Share premium £000s	Merger reserve £000s	Foreign exchange translation reserve £000s	Retained earnings £000s	Total equity £000s
At 30 December 2023	**7,050**	**45,552**	**97,780**	**(653)**	**33,456**	**183,185**
Loss for the period	**-**	**-**	**-**	**-**	**(2,357)**	**(2,357)**
Foreign currency translation differences arising on consolidation of foreign operations	**-**	**-**	**-**	**(340)**	**-**	**(340)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(340)**	**(2,357)**	**(2,697)**
Transactions with owners recorded directly in equity						
Share-based payment charge	**-**	**-**	**-**	**-**	**239**	**239**
Issue of shares	**58**	**-**	**-**	**-**	**(58)**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**(2,680)**	**(2,680)**
At 29 June 2024	**7,108**	**45,552**	**97,780**	**(993)**	**28,600**	**178,047**

	Share capital £000s	Share premium £000s	Merger reserve £000s	Foreign exchange translation reserve £000s	Retained earnings £000s	Total equity £000s
At 1 January 2023	7,050	45,552	97,780	(422)	32,503	182,463
Profit for the period	-	-	-	-	5,494	5,494
Foreign currency translation differences arising on consolidation of foreign operations	-	-	-	(368)	-	(368)
Total comprehensive profit/(loss) for the period	-	-	-	(368)	5,494	5,126
Transactions with owners recorded directly in equity						
Share-based payment charge	-	-	-	-	82	82
At 1 July 2023	7,050	45,552	97,780	(790)	38,079	187,671

The notes form part of these condensed consolidated financial statements.

HSS Hire Group plc

Unaudited condensed consolidated statement of cash flows

	Note	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
		£000s	£000s
(Loss)/profit for the financial period		**(2,357)**	5,494
Adjustments for:			
– Tax		**228**	45
– Amortisation	6	**1,092**	956
– Depreciation	6	**16,903**	17,881
– Accelerated depreciation relating to hire stock customer losses and hire stock write offs	6	**2,536**	2,808
– Lease Disposals	6	**(815)**	-
– Profit/(loss) on disposal of property, plant and equipment and right of use assets	6	**1,001**	(438)
– Capital element of net investment in sublease receipts		**80**	-
– Share-based payment charge		**239**	82
– Loss on disposal of discontinued operations		**872**	-
– Foreign exchange gains on operating activities		**(586)**	(161)
– Net finance expense	7	**5,156**	5,222
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):			
– Inventories		**(151)**	(241)
– Trade and other receivables	12	**9,199**	617
– Trade and other payables	13	**(1,676)**	(9,994)
– Provisions	16	**(2,537)**	(1,772)
Cash flows from operating activities before purchase of hire equipment		**29,184**	20,499
Purchase of hire equipment	10	**(10,324)**	(14,163)
Cash generated from operating activities		**18,860**	6,336
Net interest paid		**(4,842)**	(4,471)
Income tax received/(paid)		**753**	(614)
Net cash generated from operating activities		**14,771**	1,251
Cash flows from investing activities			
Proceeds on disposal of business, net of cash disposed of		**20,321**	-
Purchases of non-hire property, plant, equipment and software	10,11	**(3,891)**	(5,147)
Proceeds on disposal of non-hire property, plant and equipment	6	**-**	315
Net cash generated from/(used in) investing activities		**16,430**	(4,832)
Cash flows from financing activities			
Repayment of borrowings		**(12,500)**	-
Capital element of lease liability payments	14	**(8,343)**	(7,506)
Capital element of hire purchase arrangements		**(4,298)**	-
Net cash paid in financing activities		**(25,141)**	(7,506)
Net increase/(decrease) in cash		**6,060**	(11,087)
Net effects of foreign exchange on cash and cash equivalents		**210**	-
Cash at the start of the period		**31,931**	47,709
Cash at the end of the period		**38,201**	36,622

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 29 June 2024.

The Group is primarily involved in providing tool and equipment hire and related services in the United Kingdom and the Republic of Ireland, details of the developments in the period, along with the effects of seasonality, can be found in the Chief Executive Officer's Report and Group Financial Performance.

The condensed consolidated financial statements were approved for issue by the Board on 24 September 2024.

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 30 December 2023 were approved by the Board on 30 April 2024 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 29 June 2024 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 30 December 2023, which were prepared in accordance with IFRS as adopted by the UK (IFRS).

Under the requirements of IFRS5, the group has restated certain income statement disclosures to present the comparative figures on a continuing operations basis. For details of the discontinued operation please see note 17 business disposals.

Accounting policies are consistent with those in the Statutory Accounts for the year ended 30 December 2023.

Going concern

At 29 June 2024, the Group's financing arrangements consisted of a drawn senior finance facility of £57.5m, an undrawn revolving credit facility of £19.0m, undrawn overdraft facilities of £6.0m and finance lines to fund hire fleet of £11.3m. Cash at 29 June was £38.2m, providing liquidity headroom of £74.5m. 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. Since the year end, the Group has been in a position to make repayments against the senior finance facility of £12.5m and the Group has begun discussions to renew the financing, with the Directors confident that this will be achieved well in advance of the expiration date of the facility.

The Directors continue to model via a number of scenarios current macroeconomic factors such as increasing inflation. At 24 September 2024 the Group had sufficient liquidity to operate within banking covenants for the period to 30 September 2025 even under a 'reasonable worst case' scenario. The reasonable worst case scenario models lower underlying revenue performance, lowers product margins, and increases 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.

3. Segmental reporting

In the previous year, the Group's Operating Segments were amended after restructuring during 2022 had changed the internal Board Reporting and by extension, the Operating and Reportable Segments. In the previous interim financial statements, the Group had included the original and revised segmental information as a transitional disclosure arrangement because it was not possible to restate the comparative period under the new Segments. These interim financial statements present both periods using only the revised segments for the first time.

As discussed more fully in note 17, the Group disposed of the 'Power' segment during the period (comprising ABird Limited, ABird Superior Limited and Apex Generators Limited). As a result of this transaction, the Group has restated the comparative income statement disclosures on a continuing operations basis. The Power companies were previously presented within the 'Operations – UK' Segment.

The largest customer of the Power companies was and continues to be the ProService business. This relationship means that the elimination of transactions between trading segments included within Central have also been restated as a result of the continuing operations basis of preparation. The relationship between ProService and the Power companies continues under commercial terms reached during the sale and are discussed in note 17.

The Group continues to present separately costs relating to central management within the "Central" heading in the disclosures below, which, also includes the elimination of revenue between trading segments. 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 29 June 2024 (26 weeks ending 1 July 2023: None).

	26 weeks ending 29 June 2024				
	ProService £000s	**Operations - UK £000s**	**HSS Ireland £000s**	**Central £000s**	**Total £000s**
Equipment hire and related revenue	**130,320**	**47,026**	**11,772**	**(47,127)**	**141,990**
Sale of goods and related service	**15,136**	**2,290**	**1,580**	**(1,557)**	**17,450**
Other services rendered	**11,318**	**-**	**11**	**-**	**11,329**
Total revenue (including intergroup)	**156,774**	**49,316**	**13,363**	**(48,684)**	**170,769**
Adjusted EBITDA (continuing basis)	**9,213**	**21,968**	**3,565**	**(7,871)**	**26,875**
Less: Depreciation	(941)	(16,749)	(1,664)	(232)	(19,586)
Adjusted EBITA (continuing basis)	**8,272**	**5,219**	**1,901**	**(8,103)**	**7,289**
Less: Exceptional items (non-finance)					(2,298)
Less: Amortisation					(1,092)
Operating profit (continuing basis)					**3,899**
Net finance expenses					(5,156)
Loss before tax (continuing basis)					**(1,257)**

3. Segmental reporting (*continued*)

	26 weeks ending 1 July 2023				
	ProService £000s	Operations - UK £000s	HSS Ireland £000s	Central £000s	Total £000s
Equipment hire and related revenue	130,431	51,234	11,435	(51,234)	141,866
Sale of goods and related service	11,789	2,772	2,103	(2,400)	14,264
Other services rendered	9,420	-	3	-	9,423
Total revenue (including intergroup)	151,640	54,006	13,541	(53,634)	165,553
Adjusted EBITDA (continuing basis)	9,746	24,341	3,678	(8,838)	28,928
Less: Depreciation	(801)	(15,849)	(1,371)	(97)	(18,118)
Adjusted EBITA (continuing basis)	8,945	8,492	2,307	(8,935)	10,810
Less: Exceptional items (non-finance)					(97)
Less: Amortisation					(894)
Operating profit (continuing basis)					9,819
Net finance expenses					(5,093)
Profit before tax (continuing basis)					4,726

	As at 29 June 2024				
	ProService £000s	**Operations - UK £000s**	**HSS Ireland £000s**	**Central £000s**	**Total £000s**
Additions to non-current assets					
Property, plant and equipment	**185**	**13,510**	**1,361**	**-**	**15,056**
Right of use assets	**1,419**	**6,142**	**1,049**	**166**	**8,776**
Intangible assets	**1,340**	**590**	**-**	**-**	**1,930**
Non-current assets net book value					
Property, plant and equipment	**658**	**72,197**	**10,505**	**-**	**83,360**
Right of use assets	**4,976**	**39,335**	**3,064**	**529**	**47,904**
Intangible assets	**72,203**	**67,713**	**7,510**	**-**	**147,426**
Other non-current assets				**2,012**	**2,012**
Current assets				**121,154**	**121,154**
Current liabilities				**(105,813)**	**(105,813)**
Non-current liabilities				**(117,996)**	**(117,996)**
Net assets					**178,047**

	As at 30 December 2023				
	ProService £000s	Operations - UK £000s	HSS Ireland £000s	Central £000s	Total £000s
Additions to non-current assets					
Property, plant and equipment	458	26,081	5,539	-	32,078
Right of use assets	3,037	15,100	741	309	19,187
Intangible assets	5,718	1,340	-	-	7,058
Non-current assets net book value					
Property, plant and equipment	649	82,242	10,292	-	93,183
Right of use assets	4,477	44,311	2,601	422	51,811
Intangible assets	71,613	73,859	7,510	-	152,982
Other non-current assets				2,012	2,012
Current assets				129,195	129,195
Current liabilities				(110,226)	(110,226)
Non-current liabilities				(135,772)	(135,772)
Net assets					183,185

4. Other operating income

	26 weeks ended 29 June 2024 £000s	26 weeks ended 1 July 2023 £000s
Sublease rental and service charge income	**148**	112

During the period sub-let rental income of £0.1m (26 weeks ended 1 July 2023: £0.1m) was received on properties no longer used by the Group for trading purposes.

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. During the 26 weeks ended 29 June 2024 the Group has recognised exceptional items as follows:

	Included in administrative expenses £000s	**Included in finance expense £000s**	**Included in loss on disposal £000s**	**Total 26 weeks ended 29 June 2024 £000s**
Onerous property costs/(credits)	**(209)**	**29**	**-**	**(180)**
Costs relating to group restructuring	**2,507**	**-**	**-**	**2,507**
Onerous contract	**-**	**125**	**-**	**125**
Exceptional items from continuing operations	**2,298**	**154**	**-**	**2,452**
Loss arising from business divestiture - discontinued operations	**-**	**-**	**642**	**642**
Total	**2,298**	**154**	**642**	**3,094**

During the 26 weeks ended 1 July 2023, the Group recognised exceptional items analysed as follows:

	Included in administrative expenses £000s	Included in other operating income £000s	Included in finance expense £000s	Included in loss on disposal £000s	Total 26 weeks ended 1 July 2023 £000s
Onerous property costs/(credits)	10	(112)	18	-	(84)
Costs relating to group restructuring	208	-	-	-	208
Onerous contract	(9)	-	169	-	160
Exceptional items from continuing operations	209	(112)	187	-	284

Costs related to onerous properties: branch and office closures (incurred in 2024 and 2023)
In the 26 weeks ended 1 July 2023 an exceptional credit of £0.1m has been recognised within other operating income, this mainly relates to sublease income on vacant stores.

Cost relating to restructuring (incurred in 2024 and 2023)
Following the changes made to its operating network in Q4 2020 and the roll-out of HSS Pro in Q1 2021, the Group finalised the restructuring exercise in the prior period. This related primarily to third party legal and professional expenses in connect with the legal separation of the HSS Operations and HSS Pro Service divisions into distinct entities, with the legal separation completed on 3 July 2022.

5. Exceptional items (continued)

In the current period, £2.2m of these costs principally relate to the formal separation of the commercial and operational activities of ProService and Operations.

Discontinued operations (incurred in 2024 and 2023)
Included within exceptional items is the loss on disposal of the Group's power companies. This has been classified as exceptional to ensure that the results of the Group can be clearly distinguished from all discontinued amounts in the income statement, more detail on the disposal of the Power businesses is provided in note 17.

6. Depreciation and amortisation expense

	26 weeks ended 29 June 2024 £000s	26 weeks ended 1 July 2023 £000s
Amortisation	**1,092**	894
Depreciation	**19,586**	18,118

Amounts charged in respect of depreciation:	**26 weeks ending 29 June 2024**			26 weeks ending 1 July 2023		
	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)	**9,427**	**8,300**	**17,727**	9,897	7,984	17,881
Accelerated depreciation relating to hire stock lost by customers or written off (notes 10,11)	**2,438**	**98**	**2,536**	2,680	128	2,808
Loss on disposal of non-hire PPE before proceeds (notes 10,11)	**77**	**924**	**1,001**	259	115	374
Total depreciation per notes 10,11	**11,942**	**9,322**	**21,264**	12,836	8,227	21,063
Proceeds on disposal of non-hire property, plant and equipment	**-**	**-**	**-**	(315)	-	(315)
Profit on surrender of leases	**(163)**	**(815)**	**(978)**	(167)	(340)	(507)
Total depreciation per income statement and statement of cash flows	**11,779**	**8,507**	**20,286**	12,354	7,887	20,241
Less depreciation from discontinued operations	**(677)**	**(170)**	**(847)**	(1,919)	(214)	(2,133)
Less depreciation included within exceptional items	**(33)**	**180**	**147**	10	-	10
Total depreciation used in calculating adjusted performance measures	**11,069**	**8,517**	**19,586**	10,445	7,673	18,118

Amounts charged in respect of amortisation:

	26 weeks ended 29 June 2024 £000s	26 weeks ended 1 July 2023 £000s
Intangible assets		
Amortisation (note 9)	**1,110**	935
Loss on disposal	**-**	21
Total amortisation per notes	**1,110**	956
Amortisation included in discontinued operations	**(18)**	(62)
Total from continuing operations and used in calculating adjusted performance measures	**1,092**	894

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

7. Net finance expense

	26 weeks ended 29 June 2024 £000s	26 weeks ended 1 July 2023 £000s
Interest on senior finance facility	**2,548**	2,462
Amortisation of debt issue costs	**254**	254
Interest on lease liabilities	**1,678**	1,630
Interest on hire purchase arrangements	**466**	345
Interest unwind on discounted provisions	**298**	347
Interest on revolving credit facility, including commitment fees	**148**	108
Other interest received	**(236)**	(54)
Net finance expense	**5,156**	5,092
Finance expense from discontinued operations	**119**	130
Total finance expense for statement of cash flows	**5,275**	5,222

8. Earnings per share

Basic earnings per share:

	(Loss)/profit after tax from total operations £000s	**(Loss)/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 29 June 2024	**(2,357)**	**(1,485)**	**705,788**	**(0.33)**	**(0.21)**
26 weeks ended 1 July 2023	5,494	4,677	704,988	0.78	0.66

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:

	(Loss)/profit after tax from total operations £000s	**(Loss)/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 29 June 2024	**(2,357)**	**(1,485)**	**728,141**	**(0.32)**	**(0.20)**
26 weeks ended 1 July 2023	5,494	4,677	726,283	0.76	0.64

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 (26 weeks ending 1 July 2023: all equity derivative securities were dilutive).

8. Earnings per share (continued)

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

	26 weeks ended 29 June 2024		As restated[1] 26 weeks ended 1 July 2023	
	Total operations	**Continuing operations**	Total operations	Continuing operations
	pence	**pence**	pence	pence
Basic earnings per share	**(0.33)**	**(0.21)**	0.78	0.66
Add back:				
Exceptional items per share	**0.44**	**0.35**	0.04	0.04
Tax per share	**0.02**	**0.03**	0.01	0.01
Charge:				
Tax charge at prevailing rate	**(0.03)**	**(0.04)**	(0.18)	(0.16)
Adjusted basic earnings per share	**0.10**	**0.13**	0.65	0.55

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

	26 weeks ended 29 June 2024		As restated[1] 26 weeks ended 1 July 2023	
	Total operations	**Continuing operations**	Total operations	Continuing operations
	pence	**pence**	pence	pence
Diluted earnings per share	**(0.32)**	**(0.20)**	0.76	0.64
Add back:				
Exceptional items per share	**0.42**	**0.34**	0.04	0.04
Tax per share	**0.02**	**0.03**	0.01	0.01
Charge:				
Tax charge at prevailing rate	**(0.03)**	**(0.04)**	(0.18)	(0.15)
Adjusted diluted earnings per share	**0.09**	**0.13**	0.63	0.54

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

	26 weeks ended 29 June 2024 Weighted average number of shares 000s	26 weeks ended 1 July 2023 Weighted average number of shares 000s
Basic	**705,788**	704,988
LTIP share options	**2,564**	3,003
Restricted stock grant	**19,712**	18,209
CSOP options	**77**	83
Diluted	**728,141**	726,283

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

9. Intangible assets

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Cost					
At 31 December 2023	**115,855**	**25,400**	**22,585**	**39,462**	**203,302**
Additions	**-**	**-**	**-**	**1,931**	**1,931**
Disposed of on business divestiture	**(6,053)**	**(900)**	**(685)**	**-**	**(7,638)**
Disposals	**-**	**-**	**-**	**-**	**-**
At 29 June 2024	**109,802**	**24,500**	**21,900**	**41,393**	**197,595**
Amortisation					
At 31 December 2023	**-**	**25,382**	**361**	**24,577**	**50,320**
Charge for the period	**-**	**13**	**5**	**1,092**	**1,110**
Disposed of on business divestiture	**-**	**(895)**	**(366)**	**-**	**(1,261)**
Disposals	**-**	**-**	**-**	**-**	**-**
At 29 June 2024	**-**	**24,500**	**-**	**25,669**	**50,169**
Net book value					
At 29 June 2024	**109,802**	**-**	**21,900**	**15,724**	**147,426**

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 January 2023	115,855	25,400	22,585	32,764	196,604
Additions	-	-	-	4,246	4,826
Disposals	-	-	-	(3,827)	(3,827)
At 1 July 2023	115,855	25,400	22,585	33,183	197,023
Amortisation					
At 1 January 2023	-	25,291	327	23,119	48,737
Charge for the period	-	45	17	873	935
	-	-	-	(3,827)	(3,827)
At 1 July 2023	-	25,336	344	20,165	45,845
Net book value					
At 1 July 2023	115,855	64	22,241	13,018	151,178

	Goodwill	Customer relationships	Brands	Software	Total
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 January 2023	115,855	25,400	22,585	32,764	196,604
Additions	-	-	-	7,058	7,058
Disposals	-	-	-	(360)	(360)
At 30 December 2023	115,855	25,400	22,585	39,462	203,302
Amortisation					
At 1 January 2023	-	25,291	327	23,119	48,737
Charge for the period	-	91	34	1,818	1,943
Disposals	-	-	-	(360)	(360)
At 30 December 2023	-	25,382	361	24,577	50,320
Net book value					
At 30 December 2023	115,855	18	22,224	14,885	152,982

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 31 December 2023	**35,759**	**21,912**	**181,054**	**238,725**
Transferred from right of use assets	**-**	**-**	**193**	**193**
Additions	**662**	**431**	**13,963**	**15,056**
Disposals	**(912)**	**(2)**	**(10,306)**	**(11,220)**
Disposed on business divestiture	**(1,414)**	**(1,291)**	**(39,277)**	**(41,982)**
Foreign exchange differences	**(24)**	**(5)**	**(8)**	**(37)**
At 29 June 2024	**34,071**	**21,045**	**145,619**	**200,735**
Accumulated depreciation				
At 31 December 2023	**26,539**	**19,140**	**99,863**	**145,542**
Transferred from right of use assets	**-**	**-**	**145**	**145**
Charge for the period	**1,160**	**517**	**7,750**	**9,427**
Disposals	**(835)**	**(2)**	**(7,869)**	**(8,706)**
Disposed on business divestiture	**(1,007)**	**(1,210)**	**(26,756)**	**(28,973)**
Foreign exchange differences	**(9)**	**(2)**	**(49)**	**(60)**
At 29 June 2024	**25,848**	**18,443**	**73,084**	**117,375**
Net book value				
At 29 June 2024	**8,223**	**2,602**	**72,535**	**83,360**

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 1 January 2023	35,045	29,196	174,508	238,749
Transferred from right of use assets	-	-	242	242
Additions	575	405	17,788	18,768
Disposals	(360)	(40)	(9,958)	(10.358)
Foreign exchange differences	(32)	(3)	(302)	(337)
At 1 July 2023	35,228	29,558	182,278	247,064
Accumulated depreciation				
At 1 January 2023	23,957	26,122	100,895	150,974
Transferred from right of use assets	-	-	169	169
Charge for the year	1,278	666	7,953	9,897
Disposals	(102)	(40)	(7,278)	(7,420)
Foreign exchange differences	(3)	-	-	(3)
At 1 July 2023	25,130	26,748	101,739	153,617
Net book value				
At 1 July 2023	10,098	2,810	80,539	93,447

10. Property, plant and equipment (*continued*)

	Land & buildings £000s	Plant & machinery £000s	Materials & equipment held for hire £000s	Total £000s
Cost				
At 1 January 2023	35,045	29,196	174,508	238,749
Transferred from right of use assets	-	-	372	272
Transferred to right of use assets	-	-	(483)	(483)
Additions	1,680	847	29,551	32,078
Disposals	(724)	(8,128)	(22,753)	(31,605)
Remeasurement	(216)	-	-	(216)
Foreign exchange differences	(26)	(3)	(141)	(170)
At 30 December 2023	35,759	21,912	181,054	238,725
Accumulated depreciation				
At 1 January 2023	23,957	26,122	100,895	150,974
Transferred from right of use assets	-	-	323	323
Transferred to right of use assets	-	-	(380)	(380)
Charge for the year	2,531	1,248	15,296	19,075
Disposals	(444)	(8,124)	(16,382)	(24,950)
Accelerated depreciation on exit of trading locations	507	9	-	516
Foreign exchange differences	(12)	-	(4)	(16)
Transfers	-	(115)	115	-
At 30 December 2023	26,539	19,140	99,863	145,542
Net book value				
At 30 December 2023	9,220	2,772	81,191	93,183

11. Right of use assets

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment for hire £000s	Total £000s
Cost					
At 31 December 2023	**52,935**	**27,908**	**-**	**4,134**	**84,977**
Additions	**2,615**	**5,773**	**150**	**237**	**8,775**
Remeasurements	**(321)**	**-**	**-**	**-**	**(321)**
Transferred to property, plant and equipment	**-**	**-**	**-**	**(193)**	**(193)**
Disposals	**(1,107)**	**(2,303)**	**-**	**(174)**	**(3,584)**
Disposed of with business divestiture	**(3,779)**	**(1,801)**	**(30)**	**-**	**(5,610)**
Foreign exchange differences	**(56)**	**(47)**	**-**	**-**	**(103)**
At 29 June 2024	**50,287**	**29,530**	**120**	**4,004**	**83,941**
Accumulated depreciation					
At 31 December 2023	**21,321**	**10,303**	**-**	**1,542**	**33,166**
Charge for the period	**4,511**	**3,373**	**14**	**402**	**8,300**
Transferred to property, plant and equipment	**-**	**-**	**-**	**(145)**	**(145)**
Disposals	**(746)**	**(1,740)**	**-**	**(76)**	**(2,562)**
Disposed of with business divestiture	**(1,942)**	**(748)**	**-**	**-**	**(2,690)**
Foreign exchange differences	**(14)**	**(18)**	**-**	**-**	**(32)**
At 29 June 2024	**23,130**	**11,170**	**14**	**1,723**	**36,037**
Net book value					
At 29 June 2024	**27,157**	**18,360**	**106**	**2,281**	**47,904**

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 1 January 2023	56,895	31,613	520	3,606	92,634
Additions	2,152	7,462	-	1,012	10,626
Transferred to property, plant and equipment	-	-	-	(242)	(242)
Disposals	(4)	(547)	(200)	(179)	(930)
Foreign exchange differences	(64)	(35)	-	-	(99)
At 1 July 2023	58,979	38,493	320	4,197	101,989
Accumulated depreciation					
At 1 January 2023	20,540	18,909	502	870	40,821
Charge for the period	4,028	3,453	17	486	7,984
Transferred to property, plant and equipment	-	-	-	(169)	(169)
Disposals	(4)	(432)	(200)	(51)	(687)
Foreign exchange differences	(5)	(9)	-	-	(14)
At 1 July 2023	24,559	21,921	319	1,136	47,935
Net book value					
At 1 July 2023	34,420	16,572	1	3,061	54,054

	Property £000s	Vehicles £000s	Equipment for internal use £000s	Equipment for hire £000s	Total £000s
Cost					
At 1 January 2023	56,895	31,613	520	3,606	92,634
Additions	5,243	12,882	-	1,062	19,187
Re-measurements	(608)	-		-	(608)
Transferred to property, plant and equipment	-	-	-	(372)	(372)
Transferred from property, plant and equipment	-	-		483	483
Disposals	(8,558)	(16,573)	(520)	(645)	(26,296)
Foreign exchange differences	(37)	(14)	-	-	(51)
At 30 December 2023	52,935	27,908	-	4,134	84,977
Accumulated depreciation					
At 1 January 2023	20,540	18,909	502	870	40,821
Transfers to property, plant and equipment	-	-	-	(323)	(323)
Transferred from property, plant and equipment	-	-	-	380	380
Charge for the year	6,625	6,976	18	979	14,598
Accelerated depreciation on exit of trading locations	943	-	-	-	943
Disposals	(6,787)	(15,582)	(520)	(364)	(23,253)
At 30 December 2023	21,321	10,303	-	1,542	33,166
Net book value					
At 30 December 2023	31,614	17,605	-	2,592	51,811

Disclosures relating to lease liabilities are included in note 14.

12. Trade and other receivables

	26 week period ended 29 June 2024			
	Gross	**Provision for impairment**	**Provision for credit notes**	**Net of provision**
	£000s	**£000s**	**£000s**	**£000s**
Trade receivables	**62,106**	**(3,350)**	**(4,909)**	**53,847**
Accrued income	**14,389**	**(115)**	**-**	**14,274**
Trade receivables and contract assets	**76,495**	**(3,465)**	**(4,909)**	**68,121**
Net investment in sublease	**217**	**-**	**-**	**217**
Other debtors	**4,232**	**-**	**-**	**4,232**
Prepayments	**7,317**	**-**	**-**	**7,317**
Total trade and other receivables	**88,261**	**(3,465)**	**(4,909)**	**79,887**

	Year ended 30 December 2023			
	Gross	Provision for impairment	Provision for credit notes	Net of provision
	£000s	£000s	£000s	£000s
Trade receivables	76,620	(3,607)	(5,528)	67,485
Accrued income	13,318	(103)	-	13,215
Trade receivables and contract assets	89,938	(3,710)	(5,528)	80,700
Net investment in sublease	569	-	-	569
Other debtors	5,846	-	-	5,846
Prepayments	6,326	-	-	6,326
Total trade and other receivables	102,679	(3,710)	(5,528)	93,441

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

	26-week period ended 29 June 2024		Year ended 30 December 2023	
	Provision for impairment	**Provision for credit notes**	Provision for impairment	Provision for credit notes
	£000s	**£000s**	£000s	£000s
Balance at the beginning of the period	**(3,710)**	**(5,528)**	(3,449)	(5,554)
Increase in provision	**(870)**	**(3,631)**	(2,183)	(4,166)
Utilisation	**1,070**	**4,187**	1,922	4,192
Disposed of with business divestiture	**45**	**63**	-	-
Balance at the end of the period	**(3,465)**	**(4,909)**	(3,710)	(5,528)

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:

At 29 June 2024	**Current**	**0-60 days past due**	**61-365 days past due**	**1-2 years past due**	**Total**
Trade receivables and contract assets	**59,816**	**7,256**	**7,621**	**1,802**	**76,495**
Expected loss rate	**0.7%**	**2.3%**	**20.6%**	**74.2%**	**4.5%**
Provision for impairment charge	**392**	**169**	**1,567**	**1,337**	**3,465**

At 30 December 2023	Current	0-60 days past due	61-365 days past due	1-2 years past due	Total
Trade receivables and contract assets	73,810	7,594	7,031	1,503	89,938
Expected loss rate	0.6%	2.4%	24.1%	90.6%	4.1%
Provision for impairment charge	469	184	1,696	1,361	3,710

Contract assets consist of accrued income.

The provision for impairment 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 macroeconomic uncertainty leading to pressures on businesses facing staff and material shortages and, more latterly, increased inflation. At the balance sheet date, similar to 2023, the Group considers that historical losses are not a reliable predictor of future failures and has exercised judgement in the expected loss rates across all categories of debt. In so doing the Group has applied an adjusted risk factor of 1.125x (2023: 1.25x) to reflect the increased risk of future insolvency. 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.

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 12.3% of trade receivables and contract assets at 29 June 2024 (30 December 2023: 11.4%).

13. Trade and other payables

	29 June 2024 £000s	30 December 2023 £000s
Current		
Trade payables	**48,272**	50,410
Other taxes and social security costs	**4,049**	4,631
Other creditors	**4,144**	1,020
Accrued interest on borrowings	**589**	716
Accruals	**24,464**	27,204
Deferred income	**1,342**	1,336
	82,860	85,317

14. Lease liabilities

	29 June 2024 £000s	30 December 2023 £000s
Current		
Lease liabilities	**12,891**	14,548
Non-current		
Lease liabilities	**39,774**	42,822
	52,665	57,370

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

		29 June 2024	30 December 2023
Equipment for hire	Fixed	**10.6 to 19.1%**	10.6 to 19.1%
Other	Fixed	**6.3 to 7.7%**	5.7 to 6.1%

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

	29 June 2024	30 December 2023
Lease liabilities	**6.5%**	6.4%

The Group's leases have the following maturity profile:

	29 June 2024 £000s	30 December 2023 £000s
Less than one year	**15,953**	17,735
Two to five years	**35,455**	37,765
More than five years	**12,207**	13,375
	63,615	68,875
Less interest cash flows:	**(10,950)**	(11,505)
Total principal cash flows	**52,665**	57,370

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

	29 June 2024 £000s	30 December 2023 £000s
Less than one year	**12,891**	14,548
Two to five years	**29,627**	31,737
More than five years	**10,147**	11,085
	52,665	57,370

14. Lease liabilities (continued)

The lease liability movements are detailed below:

	Property	**Vehicles**	**Equipment for hire and internal use**	**Total**
	£000s	**£000s**	**£000s**	**£000s**
At 31 December 2023	**35,940**	**18,158**	**3,272**	**57,370**
Additions	**2,150**	**5,775**	**266**	**8,191**
Re-measurements	**(321)**	**-**	**-**	**(321)**
Discount unwind	**1,056**	**539**	**198**	**1,793**
Payments (including interest)	**(4,865)**	**(3,810)**	**(1,462)**	**(10,137)**
Disposals	**(472)**	**(615)**	**-**	**(1,087)**
Disposed of with business divestiture	**(2,020)**	**(1,028)**	**(26)**	**(3,074)**
Foreign exchange differences	**(45)**	**(25)**	**-**	**(70)**
At 29 June 2024	**31,423**	**18,994**	**2,248**	**52,665**

	Property	Vehicles	Equipment for hire and internal use	Total
	£000s	£000s	£000s	£000s
At 1 January 2023	39,268	13,472	3,552	56,292
Additions	5,167	12,955	1,126	19,248
Re-measurements	(720)	-	-	(720)
Discount unwind	2,320	764	536	3,620
Payments (including interest)	(9,483)	(7,924)	(1,942)	(19,349)
Disposals	(584)	(1,091)	-	(1,675)
Foreign exchange differences	(28)	(18)	-	(46)
At 30 December 2023	35,940	18,158	3,272	57,370

15. Borrowings

	29 June 2024 £000s	30 December 2023 £000s
Current		
Hire purchase arrangements	**5,047**	5,545
Non-current		
Hire purchase arrangements	**10,679**	9,930
Senior finance facility	**56,839**	69,085
	67,518	79,015

The senior finance facility is stated net of transaction fees of £0.7m (30 December 2023: £0.9m) which are being amortised over the loan period.

15. Borrowings (continued)

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

	29 June 2024 £000s	30 December 2023 £000s
Hire purchase arrangements	**15,726**	15,475
Senior finance facility	**57,500**	70,000
	73,226	85,475

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

			29 June 2024	30 December 2023
Hire purchase arrangements	Floating	% above NatWest base rate	**2.2 to 2.5%**	2.2 to 2.5%
Revolving credit facility	Floating	% above SONIA	**3.0%**	3.0%
Senior finance facility	Floating	% above SONIA	**3.0%**	3.0%

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

			29 June 2024	30 December 2023
Hire purchase arrangements	Floating	% above NatWest base rate	**7.7%**	7.7%
Revolving credit facility	Floating	% above SONIA	**8.2%**	8.2%
Senior finance facility	Floating	% above SONIA	**8.2%**	8.2%

The Group had undrawn committed borrowing facilities of £36.3m at 29 June 2024 (2023: £36.3m), including £11.3m (2022: £11.3m) of finance lines to fund hire fleet capital expenditure not yet utilised. Including net cash balances, the Group had access to £74.5m of combined liquidity from available cash and undrawn committed borrowing facilities at 29 June 2024 (2023: £68.2m).

The Group's borrowings have the following maturity profile:

	29 June 2024		30 December 2023	
	Hire purchase arrangements £000s	**Senior finance facility £000s**	Hire purchase arrangements £000s	Senior finance facility £000s
Less than one year	**5,964**	**4,715**	6,333	5,733
Two to five years	**11,789**	**59,307**	10,805	75,096
	17,753	**64,022**	17,138	80,829
Less interest cash flows:	**(2,027)**	**(6,522)**	(1,663)	(10,829)
Total principal cash flows	**15,726**	**57,500**	15,475	70,000

16. Provisions

	Onerous property costs £000s	**Dilapidations £000s**	**Onerous contracts £000s**	**Total £000s**
At 30 December 2023	**554**	**11,215**	**6,800**	**18,569**
Additions	**-**	**99**	**-**	**99**
Utilised during the period	**(149)**	**(519)**	**(1,644)**	**(2,312)**
Unwind of provision	**10**	**166**	**125**	**301**
Impact of change in discount rate	**-**	**-**	**-**	**-**
Releases	**(198)**	**(126)**	**-**	**(324)**
Foreign exchange	**-**	**(19)**	**-**	**(19)**
Disposed of with business divestiture	**-**	**(621)**	**-**	**(621)**
At 29 June 2024	**217**	**10,195**	**5,281**	**15,693**
Of which:				
Current	**112**	**1,775**	**3,128**	**5,015**
Non-current	**105**	**8,420**	**2,153**	**10,678**
	217	**10,195**	**5,281**	**15,693**

	Onerous property costs £000s	Dilapidations £000s	Onerous contracts £000s	Total £000s
At 1 January 2023	117	11,380	9,806	21,303
Additions	492	230	-	722
Utilised during the period	(60)	(508)	(3,289)	(3,857)
Unwind of provision	5	377	311	693
Impact of change in discount rate	-	907	(28)	879
Releases	-	(1,153)	-	(1,153)
Foreign exchange	-	(18)	-	(18)
At 30 December 2023	554	11,215	6,800	18,569
Of which:				
Current	271	1,477	3,068	4,816
Non-current	283	9,738	3,732	13,753
	554	11,215	6,800	18,569

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.

Dilapidations
The timing and amounts of future cash flows related to lease dilapidations are subject to uncertainty. The provision recognised is based on management's experience and understanding of the commercial retail property market and third-party surveyors' reports commissioned for specific properties in order to best estimate the future outflow of funds, requiring the exercise of judgement applied to existing facts and circumstances, which can be subject to change. Utilisation of provisions during the period led to a £0.5m decrease in the provision (2023: £0.5m), driven by the exit of properties associated with the branch network restructure discussed in the Group's 2023 annual report. Provisions of £0.6m were disposed of in the period in association with the disposal of the Power companies, see note 17 for more details.

17. Business disposals

During the current period, on 7 March 2024, the Group announced the sale of ABird Limited, ABird Superior Limited and Apex Generators Limited (together the 'Power' Companies) to CES Global. The sale was undertaken as part of a strategic decision to focus on the core business and growth of the ProService and Operations businesses. The consideration for the sale was entirely settled in cash.

As discussed more fully in Note 3, the results of the Power businesses were previously reported within the Group's 'Operations – UK' reporting segment, with a significant element of revenues recorded through the ProService business.

As part of this transaction, HSS has entered into a commercial agreement with CES for the cross-hire of power generators and related services to ensure the broadest possible distribution of, and customer access to, both parties' existing fleets. The Board expects this commercial arrangement to ensure that even post-disposal, the sales in respect of the Power hire stock will continue through HSS ProService under the new commercial agreement.

Shortly after the disposal, the Group utilised £12.5m of the proceeds to repay borrowings and further strengthen the Group's balance sheet position.

The Group have restated comparative figures for the income statement throughout the financial statements in accordance with IFRS 5. The table below shows the details results of discontinued operations:

Result of discontinued operations	**26 weeks ended 29 June 2024 £000s**	26 weeks ended 1 July 2023 £000s
Revenue	**4,052**	14,893
Expenses other than finance costs, amortisation and depreciation	**(3,402)**	(11,756)
Depreciation	**(847)**	(2,133)
Amortisation	**(18)**	(62)
Net finance expenses	**(119)**	(130)
Taxation	**104**	5
(Loss)/profit from trade within discontinued operations, net of tax	**(230)**	817
Loss on disposal of discontinued operations	**(642)**	-
(Loss)/profit from discontinued operations, net of tax	**(872)**	817
Basic earnings/(loss) per share (p) from discontinued operations	**(0.12)**	0.12
Diluted earnings/(loss) per share (p) from discontinued operations	**(0.12)**	0.12
Weighted average number of shares (000s)	**705,788**	704,988
Weighted average number of diluted shares (000s)	**728,141**	726,283

17. **Business disposals (*continued*)**

Below is a detailed breakdown of the result on disposal:

	£000s
Description of assets and liabilities	
Goodwill	6,053
Brand and customer lists	324
Property, plant and equipment	13,009
Right of use assets	2,920
Deferred tax assets	56
Inventories	908
Trade and other receivables	3,018
Cash	369
Trade and other payables	(2,148)
Provisions	(621)
Deferred tax liabilities	(108)
Lease liabilities	(3,074)
Net assets disposed of	**20,706**
Total consideration	**20,690**
Less: costs of disposal	(626)
Less: net assets disposed of	(20,706)
Total loss on disposal	**(642)**
Cash consideration received	**20,690**
Cash disposed of	(369)
Net cash inflow on disposal of discontinued operations	**20,321**

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 2023 financial year have not changed significantly from those set out on pages 48 to 54 of the Group's 2023 Annual Report, which is available at https://www.https://www.hsshiregroup.com/investor-relations/financial-results/.

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').

The Group continues to identify Macroeconomic Conditions as the main risk expected to affect the Group in the remaining 26 weeks for the financial year.

The Group continues to monitor the impact of inflationary pressures and interest rates at their current levels. In addition, wider macroeconomic factors like increased global conflict and the change in UK Government shortly after the balance sheet date are all taken into consideration by the Board.

19. Alternative performance measures

Earnings before interest, taxation, depreciation and amortisation (EBITDA) and Adjusted EBITDA, earnings before interest, tax and amortisation (EBITA) and Adjusted EBITA and Adjusted profit 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 before tax is defined by the Group as profit before tax, amortisation of customer relationships and brand related intangibles as well as exceptional items.

The Group discloses Adjusted EBITDA, Adjusted EBITA and Adjusted profit 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 like Adjusted EBITDA, Adjusted EBITA and Adjusted profit 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 before tax provides useful information to users of the financial statements.

As these are non-IFRS measures, other entities may not calculate the measures in the same way and hence are not directly comparable.

Adjusted EBITDA is calculated as follows:

	26 weeks ended 29 June 2024 Continuing £000s	**26 weeks ended 29 June 2024 Total £000s**	26 weeks ended 1 July 2023 Continuing £000s	26 weeks ended 1 July 2023 Total £000s
Operating profit	**3,899**	**3,684**	9,819	10,761
Add: Depreciation of property, plant and equipment and right of use assets	**19,586**	**20,433**	18,118	20,251
Add: Amortisation of intangible assets	**1,092**	**1,110**	894	956
EBITDA	**24,577**	**25,227**	28,831	31,968
Add: Exceptional items (non-finance) from continuing operations	**2,298**	**2,298**	97	97
Adjusted EBITDA	**26,875**	**27,525**	28,928	32,065

19. Alternative performance measures (*continued*)

Adjusted EBITA is calculated as follows:

	26 weeks ended 29 June 2024 Continuing £000s	26 weeks ended 29 June 2024 Total £000s	26 weeks ended 1 July 2023 Continuing £000s	26 weeks ended 1 July 2023 Total £000s
Operating profit	**3,899**	**3,684**	9,819	10,761
Add: Amortisation of intangible assets	**1,092**	**1,110**	894	956
EBITA	**4,991**	**4,794**	10,713	11,717
Add: Exceptional items (non-finance) from continuing operations	**2,298**	**2,298**	97	97
Adjusted EBITA	**7,289**	**7,092**	10,810	11,814

Adjusted profit before tax is calculated as follows:

	26 weeks ended 29 June 2024 Continuing £000s	26 weeks ended 29 June 2024 Total £000s	26 weeks ended 1 July 2023 Continuing £000s	26 weeks ended 1 July 2023 Total £000s
Profit before tax	**(1,257)**	**(2,233)**	4,727	5,539
Add: Amortisation of customer relationships and brands	**-**	**18**	-	62
Profit before tax and amortisation	**(1,257)**	**(2,215)**	4,727	5,601
Add: Exceptional items (finance and non-finance)	**2,452**	**3,094**	284	284
Adjusted profit before tax	**1,195**	**879**	5,011	5,885

20. Post Balance-sheet events

Dividends

Subsequent to the half end, on 23 August 2024, an interim dividend of 0.18p per share was approved by the Board. This will be paid on 6th November 2024 and has an ex-dividend date of 3rd October 2024.