Working together

Engineering Infrastructure for a sustainable future

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Our purpose

We provide essential engineering services to maintain and renew critical infrastructure networks.

Our multidisciplinary engineering services are delivered through our independently branded UK subsidiary businesses that support the day-to-day running of these infrastructure networks.

Our vision

To safely and responsibly deliver essential engineering services to the country's key infrastructure assets.

Read more online at: www.renewholdings.com

Strategic report

Financial statements

Resilience shines through

The Group delivered another record trading performance over the first six months of the financial year, despite the well-documented inflationary pressures, demonstrating the resilience and differentiated nature of our high-quality, low-risk business model, combined with the strong demand we have seen in our markets as the UK's infrastructure-led economic recovery continues.

At Renew, we are committed to delivering engineering infrastructure solutions for a sustainable future. We perform a critical role in keeping the nation's infrastructure functioning efficiently and safely as a leading provider of essential maintenance and renewals-led engineering services, operating in regulated markets with committed regulatory spending periods, including rail, highways, mobile telecommunications, civil nuclear, water and environmental.

As part of the UK Government's pledge to level up the economy and reach net zero carbon emissions by 2050, it has committed to a record £650bn[2] investment in transforming the UK's infrastructure and we are continuing to benefit from an increased focus on maintaining and renewing assets as part of this shift. Renew has a vital role to play in supporting the green and sustainable infrastructure of the future and we continue to make progress on our own sustainability agenda.

The Group again demonstrated its resilience during the first half of the financial year, successfully navigating our way through the industry-wide product shortages and inflation challenges without any material impact on trading. As a result, we delivered operating profit, margin and revenue ahead of the strong prior year comparative following the successful integration of Browne, a business we acquired in March 2021. This again highlights Renew's ability to perform through the economic cycle, thanks to the critical nature of our work and the committed, long-term, highly visible spending programmes that underpin our end markets.

After an outstanding FY21, the first six months of FY22 have further demonstrated the differentiated qualities and resilient nature of our business model. We continue to successfully manage the ongoing inflationary environment and our strong forward order book underpins our confidence in achieving further growth.

In addition, our robust balance sheet and strong cash generation gives us the firepower and flexibility to invest in growth by capitalising on value-accretive M&A opportunities to complement our organic growth ambitions.

On behalf of the Board I would like to thank all our dedicated colleagues for their outstanding work and continued commitment to providing our clients with mission critical, highly responsive services at all times.

Compelling market drivers

Our businesses are exposed to attractive long-term, non-discretionary structural growth drivers. Increasing demand for the maintenance and renewal of existing UK infrastructure is driven by a number of factors including:

- a commitment by the Government to level up the economy by investing £650bn[2] in a green infrastructure-led recovery, two-thirds of which will be in the transport and energy sectors, with fiscal stimulus measures likely to flow through to the type of lower cost infrastructure maintenance programmes where Renew excels ahead of larger, more capital-intensive enhancement schemes;
- greater focus on sustainability and climate change as part of the UK's target of reaching net zero carbon emissions by 2050, together with flood risk prevention measures and investment in decarbonisation through nuclear projects, renewables and electrification programmes;
- population growth and socio-economic trends increasing the pressure on housing, energy, water and demand for natural resources;
- technological innovation driving a shift towards digital roads, smart cities and the transformation of transport and telecommunications networks; and
- increased Government regulation to improve safety, efficiency and resilience of key infrastructure assets leading to more demanding maintenance, renewal and upgrading requirements.

Renew's strengths

Renew has a number of core strengths which provide distinct competitive advantages in our chosen markets and leave us well placed to build on our strong track record of long-term value creation:

- The health, safety and wellbeing of our people, and all stakeholders impacted by our activities, remains our number one priority and we continue to enforce strict safe working practices across all of our operations.
- We operate a differentiated, diversified, low-risk, low-capital operating model, providing critical asset maintenance and renewals services that are not dependent on large, high-risk, capital-intensive contract awards.
- Supported by the commercial terms within our frameworks, we continue to successfully manage the industry-wide material shortages and inflation challenges effectively, without any material impact on trading.
- Our directly employed workforce enables us to provide a more efficient and valuable service to our clients, reducing our exposure to sub-contractor pricing volatility and enabling us to deliver highly responsive solutions.

Renew's strengths continued

- Our businesses work in complex, challenging and highly regulated markets with significant barriers to entry, which demand a highly skilled and experienced workforce and a proven track record of safe delivery.
- We work in markets underpinned by resilient, long-term growth dynamics and highly visible, reliable, committed regulatory spending periods, providing predictable cashflows.
- We have a proven track record of sustainable value creation, reliable revenue growth and strong returns on capital thanks to our highly cash generative earnings model.
- We are committed to growing the business both organically and through selective complementary acquisitions while maintaining a disciplined approach to capital allocation and risk.
- Our high-quality model of compounding earnings through the redeployment of internally generated cashflows enables us to execute on our strategy of delivering reliable growth for all our stakeholders.
- We have strong relationships in place with all our stakeholders, from our workforce to our customers, suppliers, communities and shareholders.

Innovations

We continuously seek to develop and implement industry-leading innovations to improve operational performance including the introduction of bespoke plant-led technology to deliver cost, time and environmental improvements for routine maintenance and renewal activities for our clients.

In 2021 we deployed the Rail MegaVac, a unique Road Rail Vehicle which significantly improves the capacity and efficiency of drain management operations on the rail network. We also introduced a UK first in the form of the Vegetation Compactor, which reduces noise pollution resulting in less disturbance to wildlife and neighbouring lineside properties. Following these successful launches, in 2022 we introduced the Forwarder V2, which has a mounted Mega Chipper which can process significantly larger trees and features a metal detector in its feed bed, an industry first for this type of machine, improving reliability and efficiency.

Results overview

During the period, Group revenue increased to £414.3m (HY2021: £366.4m) with an adjusted[1] operating profit of £26.0m (HY2021: £22.0m). Adjusted[1] operating profit margin was 6.3% (2021: 6.0%). As at 31 March 2022, the Group had pre-IFRS 16 net debt of £1.2m (31 March 2021: £16.9m). The Group's order book at 31 March 2022 had strengthened to £771m (HY2021: £750m) underpinned by long-term framework positions.

During the first half of the year, the Board conducted a detailed review of the liabilities relating to Allenbuild Limited, a business that was sold in 2014 and successfully resolved the final remaining tax issues relating to Lovell America. As a consequence, we have determined that a net additional provision of £1.1m is required to enable us to deal with the known legacy contractual issues. This is shown as a loss from discontinued operations during the period in the Group Income Statement.

Amco pension buy-in

The Group is pleased to announce that on 8 April 2022, the Trustee of the Amco Group Pension Scheme ("Amco Scheme"), in consultation with the Board, entered into a "buy-in" agreement with a specialist insurer.

This transaction will ensure the security of the benefits of the Amco Scheme's pensioners and deferred members and, while the Group remains legally responsible for the scheme, the transaction has eliminated all of the Group's exposure to investment and funding risks in the Amco Scheme. The transaction also improves the long-term security of members' benefits. As a result of this buy-in, and the previous buy-in that occurred in 2013, all of the Amco Scheme's liabilities are now matched with corresponding annuities.

The "buy-in" will be completed by using Amco Scheme assets plus an additional, one off, cash contribution which is expected to be around £1.6m to purchase annuities from the specialist insurer which match corresponding pension liabilities, where the annuity policy remains an asset of the Amco Scheme.

Dividend

The Group's resilient trading performance, cash position and strong forward order book have given the Board the confidence to declare an interim dividend of 5.67p (HY2021: 4.83p) per share. This represents a 17.4 per cent increase on the last interim dividend paid. This will be paid on 13 July 2022 to shareholders on the register as at 10 June 2022, with an ex-dividend date of 9 June 2022.

Board changes

As referred to previously and confirmed in a separate announcement this morning, after almost 11 years on the Board, David Forbes has resigned as Chairman with immediate effect to pursue his other business interests. David will be replaced by David Brown, currently non-executive Director. David Brown will also assume the role as chair of the Nomination committee. At the same time Shatish Dasani has additionally assumed the responsibilities of Senior Independent Director and Stephanie Hazell has been appointed as Chair of the Remuneration Committee.

The Board continues to search for an additional Non-Executive Director to strengthen the Board.

Engineering Services

Our Engineering Services activities account for over 95 per cent of the Group's adjusted[1] operating profit and delivered revenue of £377.5m (HY2021: £327.5m) with an adjusted[1] operating profit of £26.6m (HY2021: £22.2m) resulting in an operating margin of 7.1% (HY2021: 6.8%). At 31 March 2022, the Engineering Services order book was £705m (31 March 2021: £665m). The Group's resilient performance was driven by continued positive momentum in our key Engineering Services markets.

Rail

Network Rail, a significant strategic customer for the Group, is investing £53bn[3] over the current control period (CP6), which runs to 2024. This increased focus on operational support, renewal and maintenance plays to our strengths as does the Government's commitment to its rail decarbonisation programme, including a significant investment in electrification, as part of the overall UK target to deliver net zero by 2050.

As the largest provider of multidisciplinary maintenance and renewals engineering services to Network Rail, we support the day-to-day operation of the rail network nationally, directly delivering essential asset maintenance through our long-term CP6 frameworks. The Group assists Network Rail through our mission-critical renewals and maintenance services supporting assets including bridges, embankments, tunnels, drainage systems, signalling and electrification.

During the period, we continued to add new positions under CP6 frameworks and the Group now holds in excess of 50 CP6 maintenance and renewals frameworks across all disciplines, covering the entire rail network. More recently, we worked with Network Rail around the clock on the reopening of the Cambrian Line between Shrewsbury and Newtown following the flood damage caused by Storm Franklin, an example of the Group's mission-critical role in keeping the nation's infrastructure functioning efficiently and safely. During the period we were pleased to be awarded a 2-year extension to our national Civils and Buildings Asset Management Frameworks. We were also awarded 2-year extensions to the CP6 Geotechnical Framework and the Renewals & General Enhancements Framework. These framework extensions give us good visibility going into the first two years of CP7.

The Williams-Shapps Plan for Rail suggests the majority of decarbonisation is likely to be delivered through a programme of electrification to support the transition to a zero carbon railway between now and 2050. In July 2020, the Traction Decarbonisation Network Strategy estimated that the associated capital cost will be between £18bn to £26bn[4]. With the Government's rail decarbonisation programme as a key future target, the Group acquired Rail Electrification Limited ("REL") during FY21, a leading provider of specialist services and Road Rail Plant associated with the installation and commissioning of Overhead Line Electrification ("OLE"). We continue to make good progress in this new market area where our three rail brands have formed a collaborative and unique proposition for OLE delivery. During the period, we were awarded our first OLE renewals project at Morpeth on the East Coast Mainline and we are also now involved in structure reconfiguration programmes in Scotland and on the Midland Main Line as preparatory work for electrification.

The compelling maintenance-focused structural growth drivers within this sector and Renew's high quality engineering expertise leaves the Group ideally positioned to deliver long term, profitable growth in Rail particularly as we see opportunities present themselves in the current and future control periods.

Infrastructure

Highways

The Group continued to make good operational and strategic progress within the Highways segment in the first half, delivering essential asset maintenance and critical infrastructure renewals underpinned by non-discretionary regulatory requirements.

The UK Government has committed to an investment of £24bn[5] in the strategic road network over a five-year period, as part of its second Road Investment Strategy ("RIS2"), £11.9bn of this funding will be ringfenced for operations, maintenance and renewals. Renew is well positioned to continue to benefit from the increased opportunities in the sector.

We continue to deliver innovative technological solutions to support the needs of major clients such as National Highways and during the period we were awarded two lots on their Technical Survey and Testing Framework, worth £14m across a seven-year duration.

In January 2022, work commenced on the National Highways Scheme Delivery Framework ("SDF") across five lots, covering civil engineering, road restraint systems and drainage disciplines, worth £147m over six years. The road restraint lots will be delivered through a collaboration between two of the Group's subsidiary businesses, illustrating the integration and collaboration potential of our brands. Following this success, the Group continues to pursue further opportunities where it can leverage the combined expertise of its subsidiaries.

Aviation

During the period we were appointed to the 5-year Manchester Airports Group £700m Civils Framework to deliver medium-sized civil-engineering projects valued between £3m – £10m. This will support its programme of infrastructure development across its three airports namely, Manchester, East Midlands and Stansted.

Infrastructure continued

Wireless Telecoms

The UK wireless telecoms sector contains many attractive growth drivers. An estimated £30bn[6] is required to upgrade the nation's broadband networks to gigabit-capable speeds, which includes the Government's £5bn[7] investment in the roll-out of 5G, the expansion of the Shared Rural Network and the £500m[8] programme to extend 4G mobile coverage to 95% of the UK. As a leader in the wireless telecommunications infrastructure market, we have exposure to all of these opportunities, holding long-term relationships with the main UK network operators, equipment vendors and managed service providers including Virgin Media O2, 3UK, EE, Cornerstone and MBNL.

We continue to work with EE and 3UK to remove Huawei equipment from their networks by 2027. During the period, the Group was pleased to be awarded a new national framework contract with 3UK and we recently secured a major programme of design and construct work for new client Vodafone.

Energy

Nuclear

Having worked for over 80 years in civil nuclear, we provide a multidisciplinary service through our large complement of highly skilled employees who operate to demanding nuclear standards, including delivering decontamination and decommissioning services, operational support, asset care and waste retrieval in high hazard areas such as legacy storage ponds and silos.

The Government's total nuclear decommissioning provision is estimated at £124bn[9] over the next 120 years, with around 75% of the total spend allocated to Sellafield which is the largest of the Nuclear Decommissioning Authority's sites and where we remain a principal Mechanical, Electrical and Instrumentation services contractor.

We continue to operate across a number of long-term frameworks on Sellafield and are well-positioned for opportunities in the Major Projects Programme. We are collaborating with Programme and Project Partners ("PPP") to secure further growth opportunities at Sellafield. PPP is a 20-year framework for the delivery of a broad range of major projects for the site, with £7bn allocated for seven projects.

New awards include appointment to the Fuel Racks and the Pump and Valve Frameworks at Sellafield as well as the £7m Expert Support and Alternative Treatment Framework for LLW Repository Ltd. We continue to expand our specialist manufacturing capabilities which now has a record order book.

The UK Government has committed to achieve net zero emissions by 2050, and decarbonisation of our energy supply is a key step to achieve carbon neutrality. As set out in the British Energy Security Strategy Policy Paper, new nuclear is an essential component of the UK Government's plans to deliver a sustainable, low-carbon energy future.

Outside of Sellafield, we continue to build on our relationship with Rolls Royce to secure further opportunities since our appointment to the Diesel Generator Programme at Hinkley Point "C". We continue to deliver operational support and decommissioning activities at Springfield and seek further opportunities with the Dounreay Decommissioning Services Framework. We have also been appointed to engineering services frameworks at AWE Aldermaston during the period.

Thermal Power, Networks and Distribution

Our essential engineering maintenance services continue at pace in a number of the UK's thermal power stations. We are progressing delivery of our work on the Minor Works Framework with National Grid and our Minor Civils Framework with Western Power Distribution.

We remain well placed to seize the attractive growth and market share opportunities with increased spending forecast over the next ten years in the electric vehicle charging market. The Group is investing to take advantage of these opportunities including development of an Independent Connection Provider ("ICP") capability to support electric vehicle charging infrastructure installations.

Environmental

Water

In Water, we continue to benefit from the UK Government's commitment to spend £51bn[10] over AMP7 into 2025 with increased expenditure on capital maintenance, asset optimisation and supply resilience including dam safety and infrastructure refurbishment schemes. The market is underpinned by committed regulatory spend and long-term growth opportunities.

Our offer of mains renewal, scheduled repairs and maintenance as well as extensive 24/7 emergency reactive works remains one of our key strengths, providing specialised, mission-critical services for clients around the UK. Looking ahead, we anticipate Year 3 of the current AMP cycle will see an increasing accelerated programme of regulatory spend, given the lower level of expenditure in the early part of the AMP cycle.

Browne integrated into our business seamlessly in 2021 and the acquisition has further strengthened our position in a key attractive infrastructure sector. The business continues to trade well and is performing ahead of management expectations. Following the acquisition, work for Thames Water and Southern Water continues to gather momentum and we have recently been awarded a new Below Ground Asset Delivery Framework for Affinity Water.

Our Water client base has grown and the Group is now engaged across 11 UK water regions. We continue to strengthen relationships with our existing market-leading clients. The Group continues to develop our strategy for AMP8 ahead of the anticipated start of procurement in 2024.

We continue to see long-term opportunities with existing clients, Environment Agency and Canal and River Trust, where we have national framework positions.

Specialist Restoration

We are progressing well with works at the Palace of Westminster on the new flat roofs phase at the site through a five-year conservation framework and we have experienced increased demand for our specialist capabilities in this area.

Specialist Building

Our Specialist Building business focuses on the High Quality Residential and Science markets in London and the Home Counties.

Revenue for the first half was £36.9m (HY2021: £38.9m). We reported operating profit of £0.6m (HY2021: £0.8m) and a margin of 1.6% (HY2021: 2.1%). The order book was £66.0m (HY2021: £85.0m), providing strong visibility for the second half.

We continue to make good progress on critical science schemes for Defra and the Medical Research Council.

ESG

We are pleased to report good progress across our sustainability targets in the first half. We continue to advance our ESG strategy, measuring progress across five key areas:

- customer value;
- climate action;
- operating responsibly;
- engaging our people; and
- supporting our local communities.

Environmental

It is well recognised that investment into low carbon infrastructure will be fundamental in delivering the Government's Green Industrial Revolution and getting to net zero emissions in the UK by 2050. From the rail network and digitally assisted roads to high-speed telecoms and clean energy, Renew has a key enabling role to play on the frontline of efforts to decarbonise the economy.

Our long-term approach to sustainability is more relevant now than ever before. In recognition of this, we introduced, in May 2021, quantitative targets to embed our own ESG strategy within our wider business operations and to continuously monitor the progress. Furthermore, it is the Board's ambition that the Group will achieve net zero by no later than 2040.

Leveraging our innovative capabilities, we have implemented a number of Group-wide initiatives to reduce our environmental footprint. These include the use of Hydrotreated Vegetable Oil, 'F' pod fuel storage and battery storage units as an alternative to diesel and gas oil in our commercial fleet. We have also adopted aggregate in compound setups, graphene in concrete and carbon modelling. Our STONEmaster solution has received a Green Apple award, which recognises environmental best practice around the world, for its filter drain recycling process and we continue to introduce a number of waste management initiatives.

Renew reports under the Streamlined Energy and Carbon Reporting regulations and our core objectives are closely aligned to the United Nations Sustainable Development Goals, prioritising our people, communities, environment and innovation.

We are proud holders of the London Stock Exchange's Green Economy Mark, which recognises companies that derive 50% or more of their total annual revenue from products and services that contribute to the global Green Economy.

Social value

We are committed to adding value and contributing to the communities in which we operate. During the period, the business has engaged with local schools and education providers as well as participating in a range of charity events and contributing to local communities.

We are committed to help grow the future of the industry, investing in young talent through a variety of schemes including a graduate scheme to support the development of talent within rail construction.

We work with local and national partners to develop the talent pipeline, providing opportunities and insight into our different sectors. Initiatives include a green labour employability programme and STEM ambassador programmes. A number of our businesses have also signed up to the Women in Rail EDI Charter, demonstrating their dedication to advancing female careers in the sector.

ESG continued

Social value

Our businesses have sponsored award events including the Social Inclusion category of the Team Awards at the Women in Rail Awards 2022. Our subsidiary achievements include social value certification and recognition as Disability Confident Committed Employers, reflecting inclusive hiring practices.

In the period, we launched culture programmes and have progressed collaborative working schemes with local councils including with Redcar & Cleveland Borough Council shaping their 'Building Our Future' primary school programme.

Governance

The Board is responsible for overseeing the effective application of high levels of governance across the Group businesses, whilst pursuing what is in the best interest of all our stakeholders. The Board is also responsible for risk management.

In line with the Group's commitment to the highest standards of governance, the Group is compliant with the QCA Corporate Governance Code.

Outlook

As the UK Government makes progress on its plans to invest in infrastructure and reach net zero by 2050 the structural growth drivers in our end markets have never been more attractive. One of the unique strengths of Renew is that the spending plans of our clients are underpinned by strategic national needs and regulatory commitments.

Trading has started well in the second half of the year and we remain confident of achieving our full year expectations. We continue to successfully manage the industry-wide challenges around staff retention, material shortages and inflation, without any material impact on trading.

Our strong market positions across key infrastructure sectors with visible, long-term, non-discretionary spending cycles, from rail to nuclear energy, gives us confidence in the Group's prospects.

Paul Scott
Chief Executive Officer
17 May 2022

References

1 Renew uses a range of statutory performance measures and alternative performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in Note 30 of the 2021 Annual Report & Accounts.

2 Infrastructure and Projects Authority, Analysis of the National Infrastructure and Construction Pipeline 2021, August 2021.

3 Network Rail Delivery Plan, Control Period 6, High Level Summary, 26 March 2020.

4 Network Rail Traction Decarbonisation Network Strategy, September 2020.

5 HM Treasury, Autumn budget and spending review 2021, October 2021.

6 Department for Digital, Culture, Media & Sport, Delivering a gigabit-capable UK: Gigabit Infrastructure Subsidy, 1 June 2021.

7 Department for Digital, Culture, Media & Sport, Project Gigabit, Phase One Delivery Plan, 19 March 2021.

8 Gov.uk press release, Government breakthrough on £500 million support package to boost rural mobile coverage, 11 March 2021.

9 Nuclear Decommissioning Authority, Nuclear Provision: the cost of cleaning up Britain's historic nuclear sites, 4 July 2019.

10 Ofwat PR19 final determinations, December 2019.

Condensed consolidated income statement

for the six months ended 31 March 2022

	Note	Before exceptional items and amortisation of intangible assets 2022 Unaudited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2022 Unaudited £000	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021* Unaudited £000	Before exceptional items and amortisation of intangible assets 2021 Audited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2021 Audited £000	Year ended 30 September 2021 Audited £000
Revenue: Group including share of joint ventures	2	**414,343**	**—**	**414,343**	366,411	790,995	—	790,995
Less share of joint ventures' revenue		**(15,228)**	**—**	**(15,228)**	—	(15,356)	—	(15,356)
Group revenue from continuing activities	2	**399,115**	**—**	**399,115**	366,411	775,639	—	775,639
Cost of sales		**(342,373)**	**—**	**(342,373)**	(316,127)	(666,454)	—	(666,454)
Gross profit		**56,742**	**—**	**56,742**	50,284	109,185	—	109,185
Administrative expenses		**(32,663)**	**(3,896)**	**(36,559)**	(31,763)	(57,985)	(10,070)	(68,055)
Other operating income		**1,665**	**—**	**1,665**	—	—	—	—
Share of post-tax result of joint ventures		**250**	**—**	**250**	—	11	—	11
Operating profit	2	**25,994**	**(3,896)**	**22,098**	18,521	51,211	(10,070)	41,141
Finance income		**3**	**—**	**3**	13	19	—	19
Finance costs		**(329)**	**—**	**(329)**	(478)	(836)	—	(836)
Other finance income – defined benefit pension schemes		**—**	**—**	**—**	—	428	—	428
Profit before income tax	2	**25,668**	**(3,896)**	**21,772**	18,056	50,822	(10,070)	40,752
Income tax expense	5	**(5,048)**	**890**	**(4,158)**	(3,029)	(11,096)	2,427	(8,669)
Profit for the period from continuing activities		**20,620**	**(3,006)**	**17,614**	15,027	39,726	(7,643)	32,083
Loss for the period from discontinued operations	4			**(1,103)**	—			(1,620)
Profit for the period attributable to equity holders of the parent company				**16,511**	15,027			30,463
Basic earnings per share from continuing operations	6	**26.19p**	**(3.82p)**	**22.37p**	19.12p	50.51p	(9.72p)	40.79p
Diluted earnings per share from continuing operations	6	**26.02p**	**(3.79p)**	**22.23p**	18.98p	50.09p	(9.63p)	40.46p
Basic earnings per share	6	**26.19p**	**(5.22p)**	**20.97p**	19.12p	50.51p	(11.78p)	38.73p
Diluted earnings per share	6	**26.02p**	**(5.18p)**	**20.84p**	18.98p	50.09p	(11.68p)	38.41p
Proposed dividend	7			**5.67p**	4.83p			16.00p

* Operating profit for the six months ended 31 March 2021 is stated after charging £2,810,000 of amortisation cost and £669,000 acquisition cost (see Note 3).

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2022

	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021 Unaudited £000	Year ended 30 September 2021 Audited £000
Profit for the period attributable to equity holders of the parent company	**16,511**	15,027	30,463
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	**—**	(27,337)	(25,672)
Movement on deferred tax relating to the defined benefit pension schemes	**—**	9,568	9,026
Total items that will not be reclassified to profit or loss	**—**	(17,769)	(16,646)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves	**1**	(30)	(8)
Total items that are or may be reclassified subsequently to profit or loss	**1**	(30)	(8)
Total comprehensive income for the period attributable to equity holders of the parent company	**16,512**	(2,772)	13,809

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2022

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity Unaudited £000
At 1 October 2020	7,856	66,378	3,896	1,316	821	40,180	120,447
Transfer from income statement for the period						15,027	15,027
Dividends paid						(6,554)	(6,554)
New shares issued	12	647					659
Recognition of share based payments					(30)		(30)
Exchange differences				(30)			(30)
Actuarial movement recognised in the pension schemes						(27,337)	(27,337)
Movement on deferred tax relating to the pension schemes						9,568	9,568
At 31 March 2021	7,868	67,025	3,896	1,286	791	30,884	111,750
Transfer from income statement for the period						15,436	15,436
Share premium cost reclassification		(647)				647	—
Dividends paid						(3,800)	(3,800)
Recognition of share based payments					288		288
Exchange differences				22			22
Actuarial movement recognised in the pension schemes						1,665	1,665
Movement on deferred tax relating to the pension schemes						(542)	(542)
At 30 September 2021	7,868	66,378	3,896	1,308	1,079	44,290	124,819
Transfer from income statement for the period						16,511	16,511
Dividends paid						(8,809)	(8,809)
New shares issued	18					1,451	1,469
Recognition of share based payments					(32)		(32)
Exchange differences				1			1
Cumulative translation reclassification				(1,309)		1,309	—
At 31 March 2022	**7,886**	**66,378**	**3,896**	**—**	**1,047**	**54,752**	**133,959**

Condensed consolidated balance sheet

at 31 March 2022

	31 March 2022 Unaudited £000	31 March 2021 Unaudited £000	30 September 2021 Audited £000
Non-current assets			
Intangible assets – goodwill	**139,698**	139,479	139,698
– other	**25,814**	34,394	29,241
Property, plant and equipment	**15,154**	15,324	16,254
Right of use assets	**16,037**	17,940	17,247
Investment in joint ventures	**5,560**	586	5,708
Retirement benefit assets	**761**	974	661
Deferred tax assets	**1,861**	2,233	2,301
	204,885	210,930	211,110
Current assets			
Inventories	**2,061**	1,699	2,078
Assets held for resale	**1,250**	1,500	1,250
Trade and other receivables	**166,812**	150,640	157,416
Current tax assets	**1,316**	911	1,382
Cash and cash equivalents	**—**	1,836	881
	171,439	156,586	163,007
Total assets	**376,324**	367,516	374,117
Non-current liabilities			
Lease liabilities	**(8,542)**	(9,740)	(9,421)
Retirement benefit obligations	**—**	—	(152)
Deferred tax liabilities	**(8,219)**	(6,925)	(8,067)
Provisions	**(441)**	(441)	(441)
	(17,202)	(17,106)	(18,081)
Current liabilities			
Borrowings	**(1,211)**	(18,750)	(14,609)
Trade and other payables	**(215,320)**	(210,728)	(207,667)
Lease liabilities	**(5,871)**	(6,421)	(6,180)
Provisions	**(2,761)**	(2,761)	(2,761)
	(225,163)	(238,660)	(231,217)
Total liabilities	**(242,365)**	(255,766)	(249,298)
Net assets	**133,959**	111,750	124,819
Share capital	**7,886**	7,868	7,868
Share premium account	**66,378**	67,025	66,378
Capital redemption reserve	**3,896**	3,896	3,896
Cumulative translation adjustment	**—**	1,286	1,308
Share based payments reserve	**1,047**	791	1,079
Retained earnings	**54,752**	30,884	44,290
Total equity	**133,959**	111,750	124,819

Condensed consolidated cashflow statement

for the six months ended 31 March 2022

	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021 Unaudited £000	Year ended 30 September 2021 Audited £000
Profit for the period from continuing operating activities	**17,614**	15,027	32,083
Share of post-tax trading result of joint ventures	**(250)**	—	(11)
Amortisation of intangible assets	**3,561**	2,810	6,463
Defined benefit pension scheme G.M.P. equalisation/past service deficit	**—**	—	2,805
Depreciation	**4,978**	4,799	10,504
Profit on sale of property, plant and equipment	**(561)**	(80)	(649)
Decrease/(increase) in inventories	**17**	(45)	(405)
Increase in receivables	**(9,637)**	(8,560)	(15,289)
Increase in payables	**7,191**	9,565	3,996
Current and past service cost in respect of defined benefit pension scheme	**25**	25	61
Cash contribution to defined benefit pension schemes	**(252)**	(252)	(560)
(Credit)/charge in respect of share options	**(32)**	(30)	258
Finance income	**(3)**	(13)	(19)
Finance expense	**329**	478	408
Interest paid	**(329)**	(478)	(836)
Income taxes paid	**(3,500)**	(2,862)	(7,335)
Income tax expense	**4,158**	3,029	8,669
Net cash inflow from continuing operating activities	**23,309**	23,413	40,143
Net cash outflow from discontinued operating activities	**(424)**	(1,111)	(976)
Net cash inflow from operating activities	**22,885**	22,302	39,167
Investing activities			
Interest received	**3**	13	19
Dividend received from joint ventures	**264**	—	60
Proceeds on disposal of property, plant and equipment	**1,116**	483	1,263
Purchases of property, plant and equipment	**(814)**	(1,327)	(4,042)
Acquisition of subsidiaries net of cash acquired	**—**	(29,206)	(33,343)
Net cash inflow/(outflow) from investing activities	**569**	(30,037)	(36,043)
Financing activities			
Dividends paid	**(8,809)**	(6,554)	(10,354)
Issue of Ordinary Shares	**1,469**	659	659
New loan	**18,000**	10,000	10,000
Loan repayments	**(22,375)**	(4,375)	(18,752)
Repayment of obligations under finance leases	**(3,598)**	(3,528)	(7,410)
Net cash outflow from financing activities	**(15,313)**	(3,798)	(25,857)
Net increase/(decrease) in continuing cash and cash equivalents	**8,565**	(10,422)	(21,757)
Net decrease in discontinued cash and cash equivalents	**(424)**	(1,111)	(976)
Net increase/(decrease) in cash and cash equivalents	**8,141**	(11,533)	(22,733)
Cash and cash equivalents at beginning of period	**(9,355)**	13,396	13,396
Effect of foreign exchange rate changes on cash and cash equivalents	**3**	(27)	(18)
Cash and cash equivalents at end of period	**(1,211)**	1,836	(9,355)
Bank balances and cash	**—**	1,836	881
Bank overdraft	**(1,211)**	—	(10,236)
Cash and cash equivalents at end of period	**(1,211)**	1,836	(9,355)

1 Basis of preparation

(a) The condensed consolidated interim financial report for the six months ended 31 March 2022 and the equivalent period in 2021 has not been audited or reviewed by the Group's auditor. It does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. It has been prepared under the historical cost convention and on a going concern basis in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). The report does not comply with IAS 34 "Interim Financial Reporting" which is not currently required to be applied for AIM companies and it was approved by the Directors on 17 May 2022.

(b) The accounts for the year ended 30 September 2021 were prepared under IFRS and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Sections 498 (2) or (3) of the Companies Act 2006. In this report, the comparative figures for the year ended 30 September 2021 have been audited. The comparative figures for the period ended 31 March 2021 are unaudited.

(c) The accounting policies applied in preparing the condensed consolidated interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 30 September 2021 as described in those financial statements.

(d) The principal risks and uncertainties affecting the Group are unchanged from those set out in the Group's Accounts for the year ended 30 September 2021. The Directors have reviewed financial forecasts and are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the condensed consolidated interim financial report.

This condensed consolidated interim financial report is being sent to all shareholders and is also available upon request from the Company Secretary, Renew Holdings plc, 3175 Century Way, Thorpe Park, Leeds LS15 8ZB, or via the website, www.renewholdings.com.

2 Segmental analysis

Operating segments have been identified based on the internal reporting information provided to the Group's Chief Operating Decision Maker. From such information, Engineering Services and Specialist Building have been determined to represent operating segments.

	Group including share of joint ventures 2022 Unaudited £000	**Less share of joint ventures 2022 Unaudited £000**	**Group revenue from continuing activities Six months ended 31 March 2022 Unaudited £000**	Group revenue from continuing activities Six months ended 31 March 2021 Unaudited (restated)* £000	Group including share of joint ventures 2021 Audited (restated)* £000	Less share of joint ventures 2021 Audited £000	Group revenue from continuing activities Year ended 30 September 2021 Audited (restated)* £000
Analysis of revenue							
Engineering Services	**377,460**	**(15,228)**	**362,232**	327,514	706,563	(15,356)	691,207
Specialist Building	**36,882**	**—**	**36,882**	38,897	84,425	—	84,425
Segment revenue	**414,342**	**(15,228)**	**399,114**	366,411	790,988	(15,356)	775,632
Central activities	**1**	**—**	**1**	—	7	—	7
Group revenue from continuing operations	**414,343**	**(15,228)**	**399,115**	366,411	790,995	(15,356)	775,639

* Comparatives for the six months ended 31 March 2021 and year ended 30 September 2021 have been restated to remove inter-segmental revenue disclosure.

2 Segmental analysis continued

	Before exceptional items and amortisation of intangible assets 2022 Unaudited £000	Exceptional items and amortisation of intangible assets 2022 Unaudited £000	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021* Unaudited £000	Before exceptional items and amortisation of intangible assets 2021 Audited £000	Exceptional items and amortisation of intangible assets 2021 Audited £000	Year ended 30 September 2021 Audited £000
Analysis of operating profit							
Engineering Services	**26,623**	**(3,561)**	**23,062**	18,739	51,526	(9,070)	42,456
Specialist Building	**585**	**—**	**585**	786	1,613	—	1,613
Segment operating profit	**27,208**	**(3,561)**	**23,647**	19,525	53,139	(9,070)	44,069
Central activities	**(1,214)**	**(335)**	**(1,549)**	(1,004)	(1,928)	(1,000)	(2,928)
Operating profit	**25,994**	**(3,896)**	**22,098**	18,521	51,211	(10,070)	41,141
Net financing expense	**(326)**	**—**	**(326)**	(465)	(389)	—	(389)
Profit before income tax	**25,668**	**(3,896)**	**21,772**	18,056	50,822	(10,070)	40,752

* Operating profit for the six months ended 31 March 2021 is stated after charging £2,810,000 of amortisation cost and £669,000 acquisition cost (see Note 3).

3 Exceptional items and amortisation of intangible assets

	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021 Unaudited £000	Year ended 30 September 2021 Audited £000
Defined benefit pension scheme guaranteed minimum pension equalisation	**—**	—	1,107
Amco defined benefit scheme past service cost deficit	**—**	—	1,698
Aborted acquisition costs/acquisition costs	**335**	669	802
Total losses arising from exceptional items	**335**	669	3,607
Amortisation of intangible assets	**3,561**	2,810	6,463
Total exceptional items and amortisation charge before income tax	**3,896**	3,479	10,070
Taxation credit on exceptional items and amortisation	**(890)**	(538)	(2,427)
Total exceptional items and amortisation charge	**3,006**	2,941	7,643

During the period the Company incurred £335,000 on an unsuccessful acquisition opportunity.

4 Loss for the period from discontinued operations

	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021 Unaudited £000	Year ended 30 September 2021 Audited £000
Revenue	**—**	—	—
Expenses	**(1,103)**	—	(1,620)
Loss before income tax	**(1,103)**	—	(1,620)
Income tax charge	**—**	—	—
Loss for the period from discontinued operations	**(1,103)**	—	(1,620)

The Group has increased accruals as a result of the settlement of Allenbuild Ltd historic claims during the period and an internal reassessment of the likely costs required to settle other known contractual disputes.

5 Income tax expense

	Six months ended 31 March 2022 Unaudited £000	Six months ended 31 March 2021 Unaudited £000	Year ended 30 September 2021 Audited £000
Current tax:			
UK corporation tax on profit for the period	**(3,566)**	(4,075)	(8,719)
Adjustments in respect of previous periods	**—**	531	25
Total current tax	**(3,566)**	(3,544)	(8,694)
Deferred tax	**(592)**	515	25
Income tax expense	**(4,158)**	(3,029)	(8,669)

6 Earnings per share

	Six months ended 31 March 2022			Six months ended 31 March 2021			Year ended 30 September 2021		
	Unaudited			Unaudited			Audited		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation	**20,620**	**26.19**	**26.02**	17,968	22.86	22.70	39,726	50.51	50.09
Exceptional items and amortisation	**(3,006)**	**(3.82)**	**(3.79)**	(2,941)	(3.74)	(3.72)	(7,643)	(9.72)	(9.63)
Basic earnings per share – continuing activities	**17,614**	**22.37**	**22.23**	15,027	19.12	18.98	32,083	40.79	40.46
Loss for the period from discontinued operations	**(1,103)**	**(1.40)**	**(1.39)**	—	—	—	(1,620)	(2.06)	(2.05)
Basic earnings per share	**16,511**	**20.97**	**20.84**	15,027	19.12	18.98	30,463	38.73	38.41
Weighted average number of shares		**78,727**	**79,234**		78,587	79,166		78,655	79,304

The dilutive effect of share options is to increase the number of shares by 507,000 (March 2021: 579,000; September 2021: 649,000) and reduce basic earnings per share by 0.13p (March 2021: 0.14p; September 2021: 0.32p).

7 Dividends

The proposed interim dividend is 5.67p (2021: 4.83p) per share. This will be paid out of the Company's available distributable reserves to shareholders on the register on 10 June 2022, payable on 13 July 2022. The ex-dividend date will be 9 June 2022. In accordance with IAS 1 "Presentation of Financial Statements", dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the income statement.

Directors, officers and advisors

Directors

D A Brown	(Non-executive Chairman)
P Scott	(Chief Executive Officer)
S C Wyndham-Quin	(Chief Financial Officer)
S D Dasani	(Independent non-executive)
S A Hazell	(Independent non-executive)
A P Liebenberg	(Executive Director)

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