RENEWI PLC: HALF-YEAR REPORT

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Renewi plc (RWI)
Renewi plc: Half-year report

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10 November 2022

STRONG FIRST HALF PERFORMANCE, WITH GOOD STRATEGIC PROGRESS

Renewi plc (LSE: RWI), the leading European waste-to-product business, announces its results for the six months ended 30 September 2022.

Financial Highlights

- Underlying EBIT[1] increased 16% to €75.2m (2021: €64.7m), on revenue up 4% to €952m (2021: €916m)
- EBIT margin increased to 7.9% (2021: 7.1%) supported by good margins in the Commercial and Specialities divisions
- Underlying EBITDA[1] increased to €131.9m (2021: €126.6m)
- Statutory profit of €53.4m (2021: €36.5m) as a result of increased EBIT and a net exceptional profit* of €10m
- Core net debt[#] increased to €388m (March 2022: €303m), reflecting the initial debt impact of €66m for the Paro acquisition and €16m of innovation capital investments. Net debt to EBITDA of 1.7x (March 2022: 1.4x) in line with expectations
- Main drivers of first half result included strong operational performance, balancing volume pressure with cost control, and margin management by passing inflation through to customers. Higher recyclate prices in Q1 and certain favourable one-off items supported the performance

Strategic Highlights

- Commercial Netherlands completed the acquisition of the Paro C&D business in Amsterdam in August. Site rationalisation and integration are now underway
- Renewi's first advanced sorting line in Ghent has been built and is expected to be commissioned in H2 FY23, to allow our customers to be compliant with Vlarema 8 legislation which bans recyclable materials from being incinerated
- Good progress on committed €100m+ circular innovation investments with €45m deployed to date
- Both regulation and societal pressure continue to increase demand for recycled materials and to divert more waste from landfill and incineration to recycling
- Recycling rate increased to 68.4% (March 2022: 67.2%)
- Renewi 2.0 programme and Mineralz & Water recovery plan remain on track

Outlook

- We are mindful of the current challenging macroeconomic outlook with continuing inflationary cost pressures, the movement of recyclate prices to normalised levels and ongoing pressure on volumes in the near-term. Accordingly, management's expectations for the full year are unchanged despite a stronger than anticipated first half performance
- In the medium-term we are committed to protecting our margins, offsetting inflation with price, countering volume pressure with strong cost control and benefitting from the Group's proven resilience. We remain on track to deliver the remaining €40m+ from the identified value drivers
- In the longer-term we remain confident that, with regulation driving increasing demand for recycled materials, Renewi is well positioned for growth in its markets and to serve customers profitably as the circular economy develops and the market for low carbon secondary materials evolves

[1]The definition and rationale for the use of non-IFRS measures are included in note 18.
**Including discount rate changes following central bank rate increases and inflationary impacts on long-term contracts.*
[#]Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.

Otto de Bont, Chief Executive Officer, said:

“We delivered a strong performance in the first half of FY23, ahead of our expectations. Our focus on pricing and cost control, together with high demand for recyclates, resulted in good profitability. Revenue was up 4% as a result of price increases more than offsetting lower volumes for inbound waste.

“Our strategy to grow our leading position as a waste-to-product company is proving to be increasingly relevant with a significant number of attractive investment opportunities. Strategy execution is progressing well across our three value drivers. We increased our market share with the completion of our acquisition of Paro. We recycled more of our incoming waste with the continued investment in circular innovations, we progressed on our journey to digitise our company with the Renewi 2.0 programme, and our Mineralz & Water recovery continues. Together these programmes will deliver an additional €10m of EBIT this year and are on track to deliver their full potential.

“While the Board remains suitably cautious about the challenging macroeconomic outlook in the short term, we are confident the fundamentals of our business will allow us to grow in the medium and longer term. Waste volumes have historically been resilient through cycles and the ongoing transition to increased recycling, driven by legislation, societal pressure and innovation, will continue to support our business model.

Results

	Sep 22	**Sep 21#**	**% change**
UNDERLYING NON-STATUTORY			
Revenue	€952.0m	€915.6m	+4%
Underlying EBITDA[1]	€131.9m	€126.6m	+4%
Underlying EBIT[1]	€75.2m	€64.7m	+16%
Underlying profit before tax[1]	€61.6m	€51.3m	+20%
Underlying EPS[1] (cents per share)	56c	48c	+17%
Adjusted free cash flow[1]	€21.8m	€27.6m	
Free cash flow[1]	€4.1m	€15.9m	
Core net debt*	€387.7m	€336.0m	
STATUTORY			
Revenue	€952.0m	€915.6m	
Operating profit	€83.6m	€57.4m	
Profit before tax	€71.6m	€43.9m	
Profit for the period	€53.4m	€36.5m	
Basic EPS (cents per share)	66c	45c	
Cash flow from operating activities	€82.3m	€73.8m	
Total net debt*	€696.4m	€648.4m	

[1] The definition and rationale for the use of non-IFRS measures are included in note 18.
 # Certain September 2021 values have been adjusted to reflect a prior year adjustment as referred to in note 2.
** Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.*

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Notes:
1. A copy of this announcement is available at www.renewi.com
2. Renewi will hold an analyst presentation at 9.30 a.m. GMT / 10.30 a.m. CET today. Webcast link

Today’s results presentation will also be available on the website

Chief Executive Officer’s Statement

Overview

Renewi delivered a strong performance in the first half of FY23, ahead of our expectations. Our focus on pricing and cost control, together with high demand for recyclates, resulted in good profitability. Revenue increased 4% as a result of price increases, more than offsetting lower volumes for inbound waste.

Our three value drivers – our innovation pipeline, the recovery of earnings at Mineralz & Water and the Renewi 2.0 programme – will deliver significant additional earnings over the next two years and beyond.

Our business model is essential to enable advanced economies to transition towards circularity and consequently achieve carbon reduction targets. We continue to see positive structural growth drivers, as Dutch and Belgian regional governments progressively tax carbon emitters, incentivise recycling over incineration, and promote the use of secondary materials. We therefore expect to see long-term accretive growth opportunities across our markets as we continue to assist our customers both to recycle more and to use our high-quality secondary materials.

Group financial performance

Group Summary	Revenue			Underlying EBIT		
	Sep 22 €m	Sep 21 €m	Variance %	Sep 22 €m	Sep 21 €m	Variance %
Commercial Waste	694.4	670.6	4%	68.4	64.7	6%
Mineralz & Water	93.3	93.6	0%	2.6	4.0	-35%
Specialities	186.3	168.0	11%	11.3	1.7	>100%
Group central services	-	-		(7.1)	(5.7)	-25%
Inter-segment revenue	(22.0)	(16.6)		-	-	
Total	**952.0**	**915.6**	**4%**	**75.2**	**64.7**	**16%**

The underlying figures above are reconciled to statutory measures in note 3 in the consolidated financial statements. September 2021 underlying EBIT for Group central services has been adjusted to reflect a prior year adjustment as referred to in note 2.

Group revenue was up by 4% to €952m and underlying EBIT increased by 16% to €75.2m. Underlying EBIT grew despite lower volumes, supported by ongoing cost initiatives, net price gains which offset inflation and favourable one-off items in the current year relative to adverse items in the prior year. Underlying profit before tax increased by 20% to €61.6m. Underlying earnings per share increased by 17% to 56 cents (2021: 48 cents). The Group statutory profit after tax, including all non-trading and exceptional items was €53.4m.

The business delivered a positive adjusted free cash flow of €21.8m (2021: €27.6m). There was a total cash outflow of €80.5m (2021: €1.9m) driven by the Paro acquisition. As anticipated, core net debt to EBITDA increased to 1.7x at 30 September 2022, an increase from 1.4x at the end of March 2022 following investment in acquisitions and the innovation portfolio.

Commercial Waste	Revenue		Underlying EBITDA		Underlying EBIT	
	Sep 22	Sep 21	Sep 22	Sep 21	Sep 22	Sep 21
Netherlands Commercial	459.7	442.3	65.7	71.1	40.3	43.2
Belgium Commercial	236.3	228.9	42.8	38.1	28.1	21.5
Intra-segment revenue	(1.6)	(0.6)	-	-	-	-
Total (€m)	694.4	670.6	108.5	109.2	68.4	64.7
Period on period variance %						
Netherlands Commercial	*4%*		*-8%*		*-7%*	
Belgium Commercial	*3%*		*12%*		*31%*	
Total	*4%*		*-1%*		*6%*	
	Return on operating assets		**Underlying EBITDA margin**		**Underlying EBIT margin**	
	Sep 22	**Sep 21**	**Sep 22**	**Sep 21**	**Sep 22**	**Sep 21**
Netherlands Commercial	25.5%	22.6%	14.3%	16.1%	8.8%	9.8%
Belgium Commercial	51.8%	38.5%	18.1%	16.6%	11.9%	9.4%
Total	31.1%	26.0%	15.6%	16.3%	9.9%	9.6%

The return on operating assets for Belgium excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 3 and 18 in the consolidated financial statements.

The Commercial Division increased revenues by 4% to €694m and underlying EBIT by 6% to €68.4m, representing an EBIT margin of 9.9%. Return on operating assets remained strongly accretive at 31%.

In the Netherlands, revenue increased by 4% to €459.7m with underlying EBIT declining by 7% to €40.3m. Volumes were 7% lower than the prior year, with higher commercial volumes offset by lower volumes in C&D, bulky and green waste. Inbound revenues were relatively flat and outbound revenues increased by 22%, reflecting the strength of recyclate prices, particularly in the first quarter. Since then, paper/cardboard and ferrous metal prices have reduced, whilst wood prices have significantly increased. Inflationary increases have been mitigated by the annual price increases and the increased benefits from recyclates in the first half. The Paro acquisition was completed in August and integration is ongoing to ensure common ways of working, best practice safety standards and realisation of the synergy savings.

In Belgium, revenue increased by 3% to €236.3m and underlying EBIT by 31% to €28.1m. Volumes declined by 13% compared to the prior year. Inbound revenues were 2% ahead of the prior year as a result of pricing and outbound revenues increased by 10%. Given high energy prices and overcapacity in regional incinerators, volumes have been diverted by customers from recycling to incineration. Despite this, in Belgium we have been able to pass through cost increases and offset lower volumes with additional pricing.

Mineralz & Water	**Sep 22**	**Sep 21**	**Variance**
	€m	**€m**	**%**
Revenue	93.3	93.6	0%
Underlying EBITDA	11.6	11.0	5%
Underlying EBITDA margin	*12.4%*	*11.8%*	
Underlying EBIT	2.6	4.0	-35%
Underlying EBIT margin	*2.8%*	*4.3%*	
Return on operating assets	7.3%	4.6%	

The return on operating assets excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 3 and 18 in the consolidated financial statements.

The Mineralz & Water Division saw revenues flat at €93.3m and underlying EBIT decrease to €2.6m. Whilst EBITDA increased by 5%, additional depreciation from replacement capital investments made in late 2021 impacted EBIT. The waterside business operated at capacity in the first half, with strong demand from customers leading to good pricing. As expected contaminated soil throughput was 35% (2021: 55%) of the kiln capacity, producing over 100k tonnes of gravel, sand and filler for the concrete and asphalt industries. The historical inventory of thermally clean soil remains at 0.6m tonnes with future disposal outlets under negotiation.

Specialities	**Sep 22**	**Sep 21**	**Variance**
	€m	**€m**	**%**
Revenue	186.3	168.0	11%
Underlying EBITDA	14.3	7.9	81%
Underlying EBITDA margin	*7.7%*	*4.7%*	
Underlying EBIT	11.3	1.7	>100%
Underlying EBIT margin	*6.1%*	*1.0%*	
Return on operating assets	35.8%	17.9%	

Underlying EBIT includes utilisation of €4.2m (2021: €0.5m) from onerous contract provisions. The return on operating assets excludes the UK Municipal business. The underlying figures above are reconciled to statutory measures in notes 3 and 18 in the consolidated financial statements.

The Specialities Division grew revenues by 11% to €186m and delivered an underlying EBIT of €11.3m, driven by non-recurring items relating to Municipal, as well as improvements in Coolrec and Maltha. Coolrec has continued to perform well following the installation of advanced plastic sorting processes in August 2021 leading to increased product quality and stronger commercial offtake opportunities including the recent agreement with Playmobil. Maltha is focused on performance improvement under new management and saw revenue growth and further margin improvement in the first half.

Markets and strategy

Sustainability is at the heart of what we do

Our purpose, our vision and our business strategy are all about supporting climate change mitigation and reducing total carbon emissions through reuse. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. Starting from the UN Sustainable Development Goals, Renewi is focused on its three key objectives: Enable the circular economy; Reduce carbon emissions; and Care for people.

In addition to the transition to green energy, the creation of circular economies is essential to limiting global warming. The transition to circular economies globally is still in its early stages, as illustrated by the Circularity Gap Report which calculates that the world is currently only 8.6% circular. Europe is leading the way in the circular economy transition and, within Europe, the Netherlands and Belgium are leading with national policies moving faster than EU policy generally.

In November 2021, COP26 set out the necessary steps to avoid catastrophic increases in global temperatures by the end of the century. Production of more secondary materials to reduce virgin material use and the associated carbon emissions is a key requirement to meet these goals. Becoming more circular and cutting virgin material use by 28% within nine years could lead to a reduction in global greenhouse gas emissions by 39% according to the Circularity Gap Report.

Supply of materials for recycling is stimulated by disincentivising landfill and incineration through fiscal policy and prohibitions thus creating an environment where sorting and processing to produce recyclates is economically competitive. This is already in place in the Netherlands and Belgium. The move towards recycling has been further strengthened by progressive increases to incineration taxes in both countries.

Increases in recycling will be driven by new legislation in Flanders which comes into effect in January 2023. The most recent amendment to Vlarema 8 introduces the mandatory pre-sorting of waste to remove recyclates before residues are incinerated, and this legislation is the key driver of our decision to invest in three large state-of-the-art sorting lines in Flanders. It is our expectation that the Walloon and Dutch governments will follow Flanders' lead in due course, also requiring the recovery of recyclates by sorting of residual waste before allowing the residue to be incinerated.

Investment in technology is critical to achieving the circular economy, allowing the industry to achieve better recovery of more materials for reuse, to address ever more difficult waste streams and to produce better quality low carbon secondary materials that can compete with virgin materials. This requires collaboration and partnerships between manufacturers and waste management companies to enable our low carbon materials to be incorporated into production processes and to change existing production to facilitate the eventual recycling of products used.

Several of Renewi's circular innovation investments are examples of technology and close collaboration with partners, such as the collaboration with Shell and Nordsol to build and produce bio-LNG from out-of-date food waste and our collaboration with Ikea and Ikano to recycle mattresses and to recover polyurethane to put back into reuse.

Legislators in Renewi's European markets are considering further action, including carbon taxes on incineration by including them in the EU emissions trading schemes, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will increase demand for secondary materials and accelerate recycling rates.

During the first half we have made good progress with our strategic sustainability objectives, including the following highlights:

Enable the circular economy

- Increased recycling rate to 68.4% an increase of +1.2% points since March 2022, with positive progress in particular from the Commercial and Specialities Divisions
- Renewi's first advanced sorting line in Ghent has been built and is expected to be commissioned in the second half, to allow our customers to be compliant with Vlarema 8 legislation

Reduce carbon emissions

- We are executing on our commitment to reduce our own footprint by a minimum of 50% by 2030
- We continue to increase the use of renewable electricity and the use of self-produced renewable electricity including site based solar panels and windmills. At Ghent construction of a windmill is underway and expected to complete in early 2023
- An additional 5 zero emission trucks have been ordered

Care for people

- We improved our safety performance with a 25% reduction in our lost time incident rate
- We had no major fires or environmental incidents in the first half having made significant investments in prevention and detection
- We continued improvements in SHEQ culture. For example we tripled the number of truck driver tours which promote dialogue with operations and doubled the number of site tours and SHEQ awards
- We hosted country-wide employee celebration events bringing our people together post covid
- Our diversity & inclusion committee has a programme of activity aimed at making Renewi an even more rewarding and inclusive place to work. We have further improved Board gender diversity to 38% with the appointments of Annemieke den Otter and Katleen Vandeweyer

Our strategy for long-term profitable growth

We have a clear and consistent business strategy to deliver long-term growth in both margins and volumes. To date, our strategy has been focused on margin expansion through increased recycling rates and the production of higher quality materials. While this focus continues, we are now also seeking to expand our market share both domestically and internationally. Our strategy is based on three pillars:

1. **Leader in recycling: increase our recycling rate.** Our ambitious goal, launched as "Mission75", is to increase our recycling rate to 75% from the current 68.4%, which we believe is already the highest in the industry
2. **Leader in secondary material production: Enhance the quality and value of the products we produce**. For production companies currently using primary raw materials, the easiest way to convert is by using high quality secondary raw materials that they can "drop-in" to their existing production processes. Accordingly, we are investing in advanced processing facilities to deliver materials of the necessary quality to achieve this
3. **Selectively gain market share.** Our aim is to achieve this through delivering organic growth, and by taking advantage of the consolidation opportunities in our sector both within our core markets and potentially in new territories that are suited to our waste-to-product model

Capital deployment for growth

To grow market share, we have three areas of focus:

1. **Organic circular innovation investment** opportunities at attractive returns of greater than 16% (pre-tax) return on operating assets within our innovation pipeline. These include the committed >€100m of investments and further opportunities that are being validated
2. **M&A within the Benelux**. These investments provide an opportunity to enhance our market position in attractive segments and to consolidate our position in the market such as the recent Paro transaction
3. **M&A outside of the Benelux**. These investments will take our expertise and waste-to-product model learnt in Europe's most advanced circular economies of the Netherlands and Belgium into other European jurisdictions. In the immediate term there are opportunities to expand in niche waste segments where collection is not a requirement of the business model: glass, white goods and mattresses being good examples. Longer term, we believe our model can be replicated in other advanced circular economies following the Netherlands and Belgium approach driven by EU legislation

Collectively across these three focus areas, we have committed over €175m over the last two years, including the >€100m of investment in circular innovations and €66m for the acquisition of Paro. These investments are being funded by the Group's cash flow and the Group's borrowing capacity. In each case, they provide attractive returns on investment and earnings accretion, whilst maintaining the Group leverage below 2.0x as per the Board's policy. The Board is keeping the dividend under review, taking into account the Group's ongoing investments in growth projects, current trading and longer-term outlook.

Update on the Group's value drivers

We have three specific areas of activity to grow underlying profitability in the period to FY26. These are our ongoing investments in circular innovations, the recovery of our Mineralz & Water business at ATM, and Renewi 2.0 efficiency programme. Each driver is expected to contribute €20m EBIT and €60m in total by FY26 and all are on track to achieve this.

Committed circular innovation investments

We are investing in innovative solutions to increase recycling rates and product quality, the first two pillars of our strategy to deliver an additional EBIT of €20m by FY26. Last year we announced over €100m of investments across four key areas encompassing plastics recycling, deriving value from organic waste, building materials production and advanced sorting processes in Flanders. These investments are being deployed over three years, with 40% (€45m) currently deployed. Each project will exceed our threshold for pre-tax return on operating assets of 16% as the facilities are commissioned. We have a pipeline of potential innovation projects for future investments.

Renewi 2.0 programme

We are well underway with our Renewi 2.0 programme which is focused on making the company simpler, more customer-focused, more efficient and a better place to work. As previously indicated, the programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis from FY24 for a total cash cost of €40m, of which €23m has now been deployed. Activated accounts on the MyRenewi customer platform have grown to over 80,000 albeit adoption is tracking around 20% below our target levels. Over 13,000 orders a month are now being placed electronically delivering accurate straight through processing towards the objective of reducing customer complaints, which remain at elevated levels pending the full delivery of Renewi 2.0 initiatives. We remain confident that we will achieve the targeted savings on schedule.

Mineralz & Water recovery

Recovery at ATM, our major site that cleans contaminated soil and water, is ongoing despite uncertainty by regulators on the adequacy of the current environmental regime leading to both reduced intake of contaminated soil, and difficulty obtaining necessary permits to dispose of TGG. This situation is expected to be resolved when proposed amendments to current legislation are brought forward and should bring much-needed clarity to this part of our business.

The team at Moerdijk are actively working to restore the previous profitability of the activity across several critical workstreams. Investments have been completed to transition the output production from TGG to gravel, sand and filler including the in-line sieve, gravel sorting line and the dust silos. Good progress has been made selling historical production of TGG which is down to 0.6m tonnes with a further 0.2m tonnes under negotiation for shipment during FY23. Lower historic TGG stocks are also expected to have a positive impact on soil import licencing, which is necessary to increase processing volumes. Activity is ongoing towards additional quality certifications and the target "end of waste" status for both sand and filler products to increase end markets and pricing. There is a growing interest in these secondary building materials from concrete and asphalt producers as the construction industry is converting to circularity.

ATM's profit improvement is also supported by growth in water treatment where we have potential to expand our treatment capacity. We therefore anticipate that as the regulatory environment for soil becomes clearer, as our building materials achieve their certification, and as we expand our water treatment, ATM will be able to restore margins and EBIT to €20m.

Resilience & managing macroeconomic pressure

Like all businesses, we are impacted by macroeconomic pressures. It is now clear the war in Ukraine has had profound effects on the global economy through the impact on energy markets, causing surging inflation, central bank rate increases, consumer demand falling and the real prospect of economic downturn across Europe. These macro changes also impact the value of recyclates. While reprocessing is less energy-intensive and therefore less costly, the value of recyclates is also impacted by global demand for materials. As a result, we anticipate lower recyclate pricing in the second half and lower than the prior year.

Waste volumes are typically resilient to economic cycles. In our Commercial Division, the breadth of our customer base supporting 150,000 commercial and industrial customers includes all sectors of the economy, several of which – such as utilities, healthcare and the public sector – are resilient to economic cycles. In addition, significant segments within Renewi's operations are focused on resilient waste streams with lower exposure to economic cycles such as glass, soil, water, UK municipal and electrical goods accounting for around 40% of our total Group volume. We have limited exposure to sectors, such as construction and demolition which accounts for around 6% of total Group volumes, or business to consumer sectors whose demand is affected by the cost-of-living squeeze, such as hospitality and leisure or discretionary retail.

There are continuing inflationary cost pressures across the business in the near term, However, we are more resilient than most to these macroeconomic pressures because our business model allows us to manage the headwinds of recyclate prices, energy costs, wage inflation and price inflation. We provide an essential service to our commercial and industrial customer base, who must have their waste processed and this allows us to recover appropriate inflation costs from our customers. Our larger customers are on multi-year contracts with inflation provisions and our smaller customers have an annual price rise in their contracts which replace the temporary surcharges that are already in place to reflect the higher costs of collection. We actively hedge fuel and energy costs. For diesel requirements 75% is hedged for at least 6 months and 50% for 12 months. Around 80% of our c. 260 GWh energy requirement is now fixed for 2023 calendar year, and in addition we have an offsetting production of 57 GWh from our sites. Payroll costs in Belgium are mandated by government to rise in line with annual inflation and in the Netherlands will rise according to our collective labour agreements which slightly delays the impact of inflation.

We anticipate reversion of several recyclate prices towards long term levels and our forecasts reflect this. We have dynamic pricing on contracts for major recyclate groups including metals, paper and cardboard, wood and plastics which enables us to pass through pricing changes to our customers. Typically, these average around 60% of these materials.

Outlook

We are mindful of the current challenging macroeconomic outlook with continuing inflationary cost pressures, the movement of recyclate prices to normalised levels and ongoing pressure on volumes in the near-term. Accordingly, management's expectations for the full year are unchanged despite a stronger than anticipated first half performance.

In the medium term we are committed to protecting our margins, offsetting inflation with price, countering volume pressure with strong cost control, and benefitting from the Group's proven resilience. We remain on track to deliver the remaining €40m+ from the identified value drivers.

In the longer term we remain confident that, with regulation driving increasing demand for recycled materials, Renewi is well positioned for growth in its markets and to serve customers profitably as the circular economy develops and the market for low carbon secondary materials evolves.

FINANCE REVIEW

Financial Performance	**Sep 22 €m**	**Sep 21 €m**	**Variance %**
Revenue	952.0	915.6	4%
Underlying EBITDA	131.9	126.6	4%
Underlying EBIT	75.2	64.7	16%
Operating profit	83.6	57.4	46%
Underlying profit before tax	61.6	51.3	20%
Non-trading & exceptional items	10.0	(7.4)	
Profit before tax	71.6	43.9	
Total tax charge for the period	(18.2)	(7.4)	
Profit for the period	53.4	36.5	

The underlying figures above are reconciled to statutory measures in notes 3 and 18 in the consolidated financial statements. September 2021 underlying EBIT has been adjusted to reflect a prior year adjustment as referred to in note 2.

Renewi delivered a good performance in the first half of FY23, with revenues and underlying EBIT up 4% and 16% respectively. Underlying EBIT was €10.5m higher than the prior half year despite the €11.3m impact of lower volumes. Ongoing cost initiatives, including Renewi 2.0 contributed €4.2m. Favourable one-off items in the current year of €10.7m (2021: €7.5m adverse impact from one-off items) resulted from settlements with incinerators, property disposals, IAS 37 amendment implementation and other items. Underlying EBITDA increased by 4%, whereas underlying EBIT increased by 16% as the depreciation charge remained stable period-on-period and a number of impairments in the prior year were not repeated in FY23. Interest charges and share of results from associates and joint ventures were comparable to last year. The level of exceptional and non-trading items in the current year was a credit of €10m as described below, resulting in a statutory profit for the period of €53.4m compared to €36.5m last year.

As reported with the FY22 results, we reviewed our accounting policy with regard to the treatment of costs associated with the configuration and customisation incurred in cloud computing or Software as a Service (SaaS) arrangements. In line with the March 2022 assessment, €1.7m of costs capitalised in the six-month period to September 2021 have been recorded as a prior year restatement as they no longer met the criteria for recognition as an asset. Further details are provided in note 2 to the consolidated interim financial statements.

The amendment to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract, effective from 1 April 2022, clarifies that the costs of fulfilling a contract should include an allocation of other costs that relate directly to fulfilling the contract in addition to the incremental costs. The Group assessed the impact of this amendment which resulted in an increase to the onerous contract provisions of €53.2m. The cumulative effect of initially applying the amendment has been recognised as an adjustment to the opening balance of retained earnings as at 1 April 2022. The impact has resulted in annual costs of €5m now being utilised against the provision rather than recorded as part of underlying EBIT. As permitted by the amendment, the Group has not restated the comparative information.

Non-trading and exceptional items excluded from pre-tax underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying profit before tax due to their size, nature or incidence. Total non-trading and exceptional items excluding tax were a credit of €10.0m in the period (2021: charge €7.4m as adjusted for the change in accounting policy restatement). As previously reported, we have accounted for the cost of the Renewi 2.0 programme as exceptional due to its size and nature. The cost of the programme is still expected to be €40m and is forecast to deliver cost benefits at an annualised run rate of €20m once completed. Benefits of €4.6m were secured in the half with cash spend of €2.0m which was slightly lower than expected. Following on from recent developments in Government bond yields, discount rates used for long-term landfill and onerous contract provisions have been increased, resulting in a non-cash credit of €15.3m. Given the current high inflationary environment the assumptions on inflation in the UK Municipal onerous contract provisions for the next two years have been reassessed resulting in a €8.9m increase in provisions. Both of these items are recorded as non-trading and exceptional due to size and nature in line with our policy. Further details are provided in note 5 to the consolidated interim financial statements.

Operating profit after taking account of all non-trading and exceptional items was €83.6m (2021: €57.4m as adjusted for the change in accounting policy restatement).

Net finance costs

Net finance costs excluding exceptional items decreased €0.1m to €13.6m (2021: €13.7m), with savings on core borrowings due to lower rates net of increased costs for discount unwind given the 1 April IAS 37 amendment which increased onerous contract provisions by €53.2m. Further details are provided in note 6 to the consolidated interim financial statements.

Taxation

Total taxation for the period was a charge of €18.2m (2021: €7.4m as adjusted for the change in accounting policy restatement). The effective tax rate on underlying profits at 26.5% is based on the estimate of the full year effective tax rate. A tax charge of €1.9m is attributable to the non-trading and exceptional items of €10.0m as a number of items are not subject to tax.

The Group statutory profit after tax, including all non-trading and exceptional items, was €53.4m (2021: €36.5m as adjusted for the change in accounting policy restatement).

Earnings per share (EPS)

Underlying EPS excluding non-trading and exceptional items was 56 cents per share, an increase of 8 cents. Basic EPS was 66 cents per share compared to 45 cents per share in the prior year.

CASH FLOW PERFORMANCE

The funds flow performance table is derived from the statutory cash flow statement and reconciliations are included in note 18 in the consolidated financial statements.

The table shows the cash flows from an adjusted free cash flow to total cash flow. The adjusted free cash flow measure focuses on the cash generation excluding the impact of historic liabilities relating to Covid-19 tax deferrals, settlement of ATM soil liabilities and spend relating to the UK PPP onerous contracts.

Funds flow performance	Sep 22 €m	Sep 21 €m

EBITDA	131.9	126.6
Working capital movement	(26.0)	(36.0)
Movement in provisions and other	(3.9)	(0.2)
Net replacement capital expenditure	(35.0)	(28.0)
Repayments of obligations under lease liabilities	(23.2)	(21.9)
Interest, loan fees and tax	(22.0)	(12.9)
Adjusted free cash flow	**21.8**	**27.6**
Deferred Covid taxes	(9.9)	(0.4)
Offtake of ATM soil	(1.1)	(3.4)
UK Municipal contracts	(6.7)	(7.9)
Free cash flow	**4.1**	**15.9**
Growth capital expenditure	(16.0)	(7.5)
Renewi 2.0 and other exceptional spend	(2.3)	(7.7)
Acquisitions net of disposals	(60.1)	-
Other	(6.2)	(2.6)
Total cash flow	**(80.5)**	**(1.9)**
Free cash flow conversion	**5%**	**25%**

Free cash flow conversion is free cash flow as a percentage of underlying EBIT. The non-IFRS measures above are reconciled to statutory measures in note 18 in the consolidated financial statements. Certain September 2021 values have been adjusted to reflect a prior year adjustment as referred to in note 2.

Adjusted free cash flow was lower at €21.8m despite the EBITDA improvement. The outflow on working capital in the period was mostly driven by a further reduction in payables together with limited increases in inventory and receivables. Days sales outstanding have increased slightly since March but still remain lower than the pre-Covid averages.

Replacement capital spend at €35.0m was ahead of last year in line with expectations and including catch-up from the prior two years. In addition, €16.7m of new leases have been entered into which are reported as right-of-use assets with a corresponding lease liability. These leases include the continuation of the truck replacement programme, property lease renewals or extensions and other assets. Growth capital spend of €16.0m includes further spend on the Vlarema 8 advanced sorting investments in Belgium and plastics sorting at Acht in the Netherlands.

Interest payments were higher this year due to annual payments for three retail bonds following on from the July 2021 new issue. Tax payments were also €6.5m higher in the current period as certain annual tax settlements fell into the second half last year and some end of year settlements fell into April rather than March.

Looking at the three components that are shown below adjusted free cash flow, there has been a further €9.9m repayment on Dutch Covid-19 tax deferrals as forecast. The remaining balance of €40m will be settled over the next 24 months. Cash spend for placement of TGG soil stocks was limited in the first six months. The balance of the liability of €15m is expected to be placed in the market over the next 12 to 24 months. Cash outflow on UK PPP contracts was €6.7m, slightly lower than the prior year.

The acquisitions net of disposals outflow is principally €60.5m for the Paro acquisition representing the cash paid of €53.5m and the repayment of loans acquired. Further details are provided in note 12 to the consolidated interim financial statements.

Other cash flows include the additional injection of €1.5m into the investment in RetourMatras, funding for the closed UK defined benefit scheme and the funding of the Renewi Employee Share trust net of sundry dividend income from other investments.

Net cash inflow from operating activities increased from €72.4m in the prior period to €74.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 18 in the consolidated interim financial statements.

We continue to pay significant attention to cash, taking into account the future investment needs of the business alongside the ongoing replacement capital and the medium term repayment of the Covid taxes.

INVESTMENT PROJECTS

Expenditure in FY23

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY23 full year replacement capital spend is expected to be around €70m which includes some catch-up from the prior two years and some one-offs for compliance in Commercial, the Green Gas project and jetty and pyro improvements at ATM. In addition, up to €40m of IFRS 16 lease investments are expected for the full year, primarily in replacement trucks, although production delays are ongoing given supply chain challenges.

Expenditure on the circular innovation pipeline will continue to increase as the advanced sorting investments in Belgium for Vlarema 8 and expansion in plastics sorting at Acht in the Netherlands progress through the construction phases. Timing of the investment spend has slipped slightly with the FY23 full year spend now expected to be around €45m.

Return on assets

The Group return on operating assets excluding debt, tax and goodwill increased to 44.7% at September 2022 from 42.6% at March 2022. The Group post-tax return on capital employed at September 2022 was 12.2% up from 11.6% at March 2022.

TREASURY AND CASH MANAGEMENT

Core net debt and leverage ratios

Core net debt excludes IFRS 16 lease liabilities and the net debt relating to the UK PPP contracts which is non-recourse to the Group and secured over the assets of the special purpose vehicles. Core net debt was in line with management expectations at €388m (March 2022: €303m) which resulted in a net debt to EBITDA ratio of 1.7x, comfortably within our covenant limit of 3.50x. Liquidity headroom including core cash and undrawn facilities remains strong at €247m, a reduction from March as a result of the repayment of €100m retail bonds on maturity in addition to the increase in net debt.

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long-term. In the year to March 2022 the Group's main banking facility was extended with most commitments now maturing in May 2025. All our core borrowings of bonds and loans are green financed.

Debt Structure	**Sep 22** **€m**	**Mar 22** **€m**	**Variance** **€m**
€100m Belgian Green retail bonds	-	(100.0)	100.0
€75m Belgian Green retail bonds	(75.0)	(75.0)	-
€125m Belgian Green retail bonds	(125.0)	(125.0)	-
€400m Green RCF	(192.5)	(15.0)	(177.5)
Green EUPP	(25.0)	(25.0)	-
Gross borrowings before lease liabilities	(417.5)	(340.0)	(77.5)
Historical IAS 17 lease liabilities and other	(11.9)	(8.7)	(3.2)
Loan fees	2.5	3.2	(0.7)
Core cash and money market funds	39.2	42.5	(3.3)
Core net debt (as per covenant definitions)	(387.7)	(303.0)	(84.7)
IFRS 16 lease liabilities	(237.1)	(221.9)	(15.2)
Net debt excluding UK PPP net debt	(624.8)	(524.9)	(99.9)
UK PPP restricted cash balances	19.7	21.1	(1.4)
UK PPP non-recourse debt	(91.3)	(100.2)	8.9
Total net debt	(696.4)	(604.0)	(92.4)

In November 2022, the Group signed new fixed rate facilities totalling €55m in addition to the existing €200m of fixed rate bonds. The new borrowings include a €45m 7-year European Private Placement at 4.676%, and a €10m 5-year loan at 4.22%.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at September 2022 was €80m (March 2022: €81m).

The introduction of IFRS 16 on 1 April 2019 brought additional lease liabilities onto the balance sheet with an associated increase in assets. Covenants on our main bank facilities remain on a frozen GAAP basis and exclude IFRS 16 lease liabilities.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates on PPP borrowings were fixed by means of interest rate swaps at contract inception. At September 2022 this net debt amounted to €72m (March 2022: €79m).

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with the onerous contract provisions against the PPP contracts being utilised over 20 years and landfill provisions for many decades longer. As noted previously, the application of the amendment to IAS 37, Onerous Contracts – Costs of Fulfilling a Contract has resulted in a 1 April 2022 increase of €53m to the onerous contract provisions. The provisions balance classified as due within one year amounts to €40m, including €2m for restructuring, €12m for onerous contracts, €13m for landfill related spend and €13m for environmental, legal and others. Further details are provided in note 13 to the consolidated interim financial statements.

The position on the alleged Belgian State Aid claim remains unchanged since March, with a gross potential liability of €63m against which we have provided for €15m. We expect a ruling from the European Commission during FY23 but no monies would likely become payable until FY24. Details of contingent liabilities are set out in note 16 of the financial statements.

Retirement benefits

The Group has a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002 and was closed to future benefit accrual from December 2019. At September 2022, the scheme remained in surplus at €4.5m (March 2022: €8.6m).

The movement in the period was due to an increase in discount rate assumption on scheme liabilities net of lower asset returns. There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €4.6m at September 2022, a reduction from €6.3m at March 2022 as a result of increased discount rate assumptions on scheme liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES

Renewi operates a risk management framework to identify, assess and control the most serious risks facing the Group. The 2022 Annual Report (pages 90 to 99) provides a discussion of the Group's principal risks and uncertainties. The Board believes that the key risks and associated mitigation strategies have not changed in the period.

Renewi continues to monitor inflationary pressures including energy costs, cost of labour, recyclate prices and the risk of recession driven in part by the disruptive events in Ukraine. Cyber crime is an increasing risk for all businesses and we have been investing to further strengthen our capabilities. All of these potential risks are actively reviewed and managed at the Board and in our executive management teams.

GOING CONCERN

The Directors have adopted the going concern basis in preparing these consolidated interim financial statements after assessing the Group's principal risks. Further details of the modelling and scenarios prepared are set out in note 2 of the financial statements. Having considered all the elements of the financial projections and applying appropriate sensitivities, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet its covenants.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted for use in the UK, and that the interim management report includes a fair review of the information required by DTR 4.2.7 R and DTR 4.2.8 R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

A list of current Directors is maintained on the Renewi plc website: www.renewi.com.

By order of the Board

Otto de Bont
Chief Executive Officer
9 November 2022

Annemieke den Otter
Chief Financial Officer
9 November 2022

FORWARD-LOOKING STATEMENTS
Certain statements in this announcement constitute "forward-looking statements". Forward-looking statements may sometimes, but not always, be identified by words such as "will", "may", "should", "continue", "believes", "expects", "intends" or similar expressions. These forward-looking statements are subject to risks, uncertainties and other factors which, as a result, could cause Renewi plc's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this announcement and, except to the extent legally required, Renewi plc undertakes no obligation to revise or update such forward-looking statements.

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2022

		First half 2022/23			First half 2021/22		
	Note	**Underlying €m**	**Non-trading & exceptional items €m**	**Total €m**	Restated* Underlying €m	Restated* Non-trading & exceptional items €m	Restated* Total €m
Revenue	3,4	**952.0**	**-**	**952.0**	915.6	-	915.6
Cost of sales	5	**(766.2)**	**4.9**	**(761.3)**	(740.0)	(1.8)	(741.8)
Gross profit (loss)		**185.8**	**4.9**	**190.7**	175.6	(1.8)	173.8
Administrative expenses	5	**(110.6)**	**3.5**	**(107.1)**	(110.9)	(5.5)	(116.4)
Operating profit (loss)	3	**75.2**	**8.4**	**83.6**	64.7	(7.3)	57.4
Finance income	5,6	**4.9**	**1.6**	**6.5**	4.7	-	4.7
Finance charges	5,6	**(18.5)**	**-**	**(18.5)**	(18.4)	(0.1)	(18.5)
Share of results from associates and joint ventures		**-**	**-**	**-**	0.3	-	0.3
Profit (loss) before taxation	3	**61.6**	**10.0**	**71.6**	51.3	(7.4)	43.9
Taxation	5,7	**(16.3)**	**(1.9)**	**(18.2)**	(12.8)	5.4	(7.4)

Profit (loss) for the period	**45.3**	**8.1**	**53.4**	38.5	(2.0)	36.5
Attributable to:						
Owners of the parent	**44.3**	**8.1**	**52.4**	38.0	(2.0)	36.0
Non-controlling interests	**1.0**	**-**	**1.0**	0.5	-	0.5
	45.3	**8.1**	**53.4**	38.5	(2.0)	36.5

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Earnings per share	Note	**First half 2022/23 cents**	Restated* First half 2021/22 cents
Basic	8	**66**	45
Diluted	8	**66**	45
Underlying basic	8	**56**	48
Underlying diluted	8	**56**	48

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2022

	First half 2022/23 €m	Restated* First half 2021/22 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**2.4**	0.5
Fair value movement on cash flow hedges	**13.4**	5.3
Deferred tax on fair value movement on cash flow hedges	**(1.8)**	(0.3)
Share of other comprehensive income of investments accounted for using the equity method	**0.4**	0.3
	14.4	5.8
Items that will not be reclassified to profit or loss:		
Actuarial (loss) gain on defined benefit pension schemes	**(4.0)**	8.0
Deferred tax on actuarial (loss) gain on defined benefit pension schemes	**1.0**	(1.8)
	(3.0)	6.2
Other comprehensive income for the period, net of tax	**11.4**	12.0
Profit for the period	**53.4**	36.5
Total comprehensive income for the period	**64.8**	48.5
Attributable to:		
Owners of the parent	**63.8**	48.0
Non-controlling interests	**1.0**	0.5
Total comprehensive income for the period	**64.8**	48.5

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2022

	Note	**30 September 2022 €m**	Restated* 30 September 2021 €m	31 March 2022 €m
Assets				
Non-current assets				
Goodwill and intangible assets	10	**635.3**	595.1	592.8
Property, plant and equipment	10	**580.1**	546.9	553.6
Right-of-use assets	10	**232.9**	227.0	213.8
Investments		**15.5**	14.7	14.3
Loans to associates and joint ventures		**0.2**	-	-
Financial assets relating to PPP contracts		**127.2**	137.3	135.7
Derivative financial instruments	15	**4.4**	0.2	0.4
Defined benefit pension scheme surplus	14	**4.5**	5.9	8.6
Other receivables		**4.3**	4.0	5.1
Deferred tax assets		**35.0**	48.3	41.6
		1,639.4	1,579.4	1,565.9
Current assets				
Inventories		**26.7**	22.5	22.5
Investments		**10.7**	11.5	11.1
Loans to associates and joint ventures		**0.6**	0.9	0.9
Financial assets relating to PPP contracts		**7.7**	7.1	7.7
Trade and other receivables		**290.0**	253.4	269.3
Derivative financial instruments	15	**4.3**	3.4	6.6
Current tax receivable		**0.9**	1.6	0.9
Cash and cash equivalents – including restricted cash	11	**58.9**	100.3	63.6
		399.8	400.7	382.6

Assets classified as held for sale	10	**1.5**	-	3.3
		401.3	400.7	385.9
Total assets		**2,040.7**	1,980.1	1,951.8
Liabilities				
Non-current liabilities				
Borrowings	11	**(705.3)**	(600.9)	(518.7)
Derivative financial instruments	15	**(0.3)**	(22.3)	(14.6)
Other non-current liabilities		**(25.3)**	(44.4)	(36.2)
Defined benefit pension schemes deficit	14	**(4.6)**	(7.4)	(6.3)
Provisions	13	**(282.9)**	(254.4)	(258.1)
Deferred tax liabilities		**(46.4)**	(48.6)	(47.0)
		(1,064.8)	(978.0)	(880.9)
Current liabilities				
Borrowings	11	**(50.0)**	(147.8)	(148.9)
Derivative financial instruments	15	**(0.6)**	-	(0.1)
Trade and other payables		**(507.3)**	(509.8)	(528.4)
Current tax payable		**(31.5)**	(22.3)	(24.2)
Provisions	13	**(39.6)**	(34.9)	(31.1)
		(629.0)	(714.8)	(732.7)
Total liabilities		**(1,693.8)**	(1,692.8)	(1,613.6)
Net assets		**346.9**	287.3	338.2
Issued capital and reserves attributable to the owners of the parent				
Share capital		**99.5**	99.5	99.5
Share premium		**473.8**	473.6	473.8
Exchange reserve		**(12.4)**	(14.3)	(15.0)
Retained earnings		**(222.0)**	(278.1)	(227.1)
		338.9	280.7	331.2
Non-controlling interests		**8.0**	6.6	7.0
Total equity		**346.9**	287.3	338.2

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2022

	Share capital €m	Share premium €m	Exchange reserve €m	Restated* Retained earnings €m	Non-controlling interests €m	Restated* Total equity €m
Balance at 31 March 2022	**99.5**	**473.8**	**(15.0)**	**(227.1)**	**7.0**	**338.2**
Impact of adopting amendments to IAS 37 (note 2)	**-**	**-**	**0.2**	**(53.4)**	**-**	**(53.2)**
Balance at 1 April 2022	**99.5**	**473.8**	**(14.8)**	**(280.5)**	**7.0**	**285.0**
Profit for the period	**-**	**-**	**-**	**52.4**	**1.0**	**53.4**
Other comprehensive income:						
Exchange gain on translation of foreign subsidiaries	**-**	**-**	**2.4**	**-**	**-**	**2.4**
Fair value movement on cash flow hedges	**-**	**-**	**-**	**13.4**	**-**	**13.4**
Actuarial loss on defined benefit pension schemes	**-**	**-**	**-**	**(4.0)**	**-**	**(4.0)**
Tax in respect of other comprehensive income items	**-**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Share of other comprehensive income of investments accounted for using the equity method	**-**	**-**	**-**	**0.4**	**-**	**0.4**
Total comprehensive income for the period	**-**	**-**	**2.4**	**61.4**	**1.0**	**64.8**
Share-based compensation	**-**	**-**	**-**	**1.2**	**-**	**1.2**
Movement on tax arising on share-based compensation	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Own shares purchased by the Employee Share Trust	**-**	**-**	**-**	**(3.5)**	**-**	**(3.5)**
Balance as at 30 September 2022	**99.5**	**473.8**	**(12.4)**	**(222.0)**	**8.0**	**346.9**
Balance at 1 April 2021 – restated*	99.5	473.6	(14.8)	(326.8)	6.1	237.6
Profit for the year	-	-	-	74.5	0.9	75.4
Other comprehensive (loss) income:						
Exchange loss on translation of foreign subsidiaries	-	-	(0.2)	-	-	(0.2)
Fair value movement on cash flow hedges	-	-	-	16.5	-	16.5
Actuarial gain on defined benefit pension schemes	-	-	-	10.5	-	10.5
Tax in respect of other comprehensive income items	-	-	-	(4.3)	-	(4.3)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.5	-	0.5
Total comprehensive (loss) income for the year	-	-	(0.2)	97.7	0.9	98.4
Share-based compensation	-	-	-	2.5	-	2.5
Movement on tax arising on share-based compensation	-	-	-	1.3	-	1.3
Proceeds from exercise of employee options	-	0.2	-	-	-	0.2
Own shares purchased by the Employee Share Trust	-	-	-	(1.8)	-	(1.8)
Balance as at 31 March 2022	99.5	473.8	(15.0)	(227.1)	7.0	338.2
Balance at 1 April 2021 – restated*	99.5	473.6	(14.8)	(326.8)	6.1	237.6
Profit for the period – restated*	-	-	-	36.0	0.5	36.5
Other comprehensive income:						

Exchange gain on translation of foreign subsidiaries	-	-	0.5	-	-	0.5
Fair value movement on cash flow hedges	-	-	-	5.3	-	5.3
Actuarial gain on defined benefit pension schemes	-	-	-	8.0	-	8.0
Tax in respect of other comprehensive income items	-	-	-	(2.1)	-	(2.1)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.3	-	0.3
Total comprehensive income for the period	-	-	0.5	47.5	0.5	48.5
Share-based compensation	-	-	-	0.8	-	0.8
Movement on tax arising on share-based compensation	-	-	-	0.4	-	0.4
Balance as at 30 September 2021 – restated*	99.5	473.6	(14.3)	(278.1)	6.6	287.3

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2022

	First half 2022/23 €m	Restated* First half 2021/22 €m
Profit before tax	**71.6**	43.9
Finance income	**(6.5)**	(4.7)
Finance charges	**18.5**	18.5
Share of results from associates and joint ventures	**-**	(0.3)
Operating profit	**83.6**	57.4
Amortisation and impairment of intangible assets	**4.0**	3.9
Depreciation and impairment of property, plant and equipment	**34.1**	35.5
Depreciation and impairment of right-of-use assets	**23.3**	22.8
Impairment of investment in associate	**-**	1.9
Net gain on disposal of property, plant and equipment, intangible assets and subsidiaries	**(2.6)**	(0.6)
Net decrease in provisions	**(10.8)**	(4.4)
Portfolio management and provision non-trading and exceptional items	**(11.9)**	-
Payment related to committed funding of the defined benefit pension schemes	**(1.8)**	(1.8)
Share-based compensation	**1.2**	0.8
Operating cash flows before movement in working capital	**119.1**	115.5
Increase in inventories	**(4.0)**	(1.9)
Increase in receivables	**(11.7)**	(6.0)
Decrease in payables	**(21.1)**	(33.8)
Cash flows from operating activities	**82.3**	73.8
Income tax paid	**(7.9)**	(1.4)
Net cash inflow from operating activities	**74.4**	72.4
Investing activities		
Purchases of intangible assets	**(6.1)**	(4.9)
Purchases of property, plant and equipment	**(49.6)**	(32.7)
Proceeds from disposals of property, plant and equipment	**4.7**	2.1
Acquisition of subsidiary, net of cash acquired	**(53.5)**	-
Disposals of subsidiary and business assets net of acquisition of business assets	**0.4**	0.2
Net movements in associates and joint ventures	**(1.0)**	1.2
Purchase of other short-term investments	**-**	(2.2)
Outflows in respect of PPP arrangements under the financial asset model net of capital received	**2.9**	2.8
Finance income	**5.3**	5.0
Net cash outflow from investing activities	**(96.9)**	(28.5)
Financing activities		
Finance charges and loan fees paid	**(19.4)**	(16.5)
Investment in own shares by the Employee Share Trust	**(3.5)**	-
Proceeds from retail bonds	**-**	125.0
Repayment of retail bonds	**(100.0)**	-
Proceeds from bank borrowings	**303.2**	126.6
Repayment of bank borrowings	**(132.6)**	(228.9)
Settlement of cross-currency interest rate swaps	**-**	6.4
Repayment of PPP debt	**(5.4)**	(3.5)
Repayment of obligations under lease liabilities	**(23.2)**	(21.9)
Net cash inflow (outflow) from financing activities	**19.1**	(12.8)
Net (decrease) increase in cash and cash equivalents	**(3.4)**	31.1
Effect of foreign exchange rate changes	**(1.3)**	0.4
Cash and cash equivalents at the beginning of the period	**63.6**	68.8
Cash and cash equivalents at the end of the period	**58.9**	100.3

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Notes to the Consolidated Financial Statements

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is 16 Charlotte Square, Edinburgh, EH2 4DF. The nature of the Group's operations and its principal activities are set out in note 3.

2. Basis of preparation

This condensed set of consolidated interim financial statements for the six months ended 30 September 2022 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted for use in the UK. They should be read in conjunction with the 2022 Annual Report and Accounts, which have been prepared in accordance with UK adopted accounting standards in conformity with the requirements of the Companies Act 2006. The 2022 Annual Report and Accounts are available from the Company's website www.renewi.com.

These primary statements and selected notes comprise the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2022 and 2021, together with the audited results for the year ended 31 March 2022. These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures as at 31 March 2022 have been extracted from the Group's statutory Annual Report and Accounts for that financial year, but do not constitute those accounts. Those statutory accounts for the year ended 31 March 2022 were approved by the Board of Directors on 24 May 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The Board of Directors approved, on 9 November 2022, these consolidated interim financial statements which have been reviewed by BDO LLP but not been audited.

Going concern

The Directors have adopted the going concern basis in preparing these consolidated interim financial statements after assessing the Group's principal risks including an assessment of the impact of the ongoing high inflationary environment and economic uncertainty arising from the invasion of Ukraine.

The Directors have carried out a comprehensive assessment of the Group's ability to continue as a going concern. This assessment has involved the review of medium-term cash flow and covenant modelling over an 18-month period to 31 March 2024. This includes expectations on the future economic environment as well as other principal risks associated with the Group's ongoing operations. The assessment includes a base case scenario setting out the Directors' current expectations of future trading and a plausible but severe downside scenario after applying mitigating actions to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the level of economic disruption primarily caused by recent geopolitical events.

The downside scenario includes significantly weaker macroeconomic conditions leading to a volume decline below the forecast economic outlook in all our territories in the remaining months of FY23 and FY24. Other downsides include a significant decline in recyclate prices from the current levels to well below long-term averages and a settlement of the provision arising from the European Commission investigation into alleged state aid in Belgium. These factors reduce FY24 EBIT by 29% compared to the base case. Appropriate cash mitigating actions such as deferral of uncommitted capital expenditure and other working capital actions have been applied to our downside modelling to arrive at a plausible and mitigated downside position.

In the base case and plausible downside scenarios the Group has sufficient liquidity and headroom in its existing facilities and no covenants are breached at any of the forecast testing dates.

In addition, a reverse stress test calculation has been undertaken to consider the points at which the covenants may be breached. Underlying EBIT in FY24 would need to reduce by 48% compared to the base case without considering any mitigating cost actions. In the opinion of the Directors there is no plausible scenario or combination of scenarios that we consider to be remotely likely that would generate this result.

Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet all banking covenants.

2. Basis of preparation – continued

Restatement following the change in accounting policy in relation to configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements

In the second half of the year ended 31 March 2022 the Group revised its accounting policy in relation to Software as a Service (SaaS) arrangements and related configuration and customisation costs following the publication in April 2021 of an IFRS Interpretations Committee (IFRIC) agenda item which clarified the accounting. As a result of the revised accounting policy we identified costs incurred and capitalised as software intangible assets which no longer met the criteria for recognition under IAS 38 Intangible assets. The change in accounting policy was applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors resulting in a restatement of prior year financial statements. In the six month period to 30 September 2021 €1.7m of costs were capitalised and €0.9m of amortisation was charged in relation to intangibles which did not meet the criteria under the revised accounting policy. The €1.7m intangible cost net of related tax credit is considered to be a non-trading and exceptional administrative item consistent with the treatment in March 2022. The €0.9m amortisation charge net of tax was an adjustment to underlying profit. The prior period Income Statement, Balance Sheet, Statement of Cash Flows and earnings per share as at 30 September 2021 have been restated with the details shown below. The 31 March 2021 restatements were disclosed in the March 2022 Annual Report and Accounts.

The impact of the above restatement on the Interim Consolidated Income Statement for the period ended 30 September 2021 is as follows:

Income statement extract	30 September 2021 (previously reported) €m	Restatement 6 months to 30 September 2021 €m	30 September 2021 (restated) €m
Underlying operating profit	63.8	0.9	64.7
Non-trading and exceptional items	(5.6)	(1.7)	(7.3)
Operating profit	58.2	(0.8)	57.4
Profit before taxation	44.7	(0.8)	43.9
Taxation	(7.6)	0.2	(7.4)
Profit for the period	**37.1**	**(0.6)**	**36.5**

The impact of the above restatement on the Interim Consolidated Balance Sheet as at 30 September 2021 is as follows:

Balance Sheet extract	30 September 2021 (previously reported) €m	Restatement 12 months to 30 March 2021 €m	Restatement 6 months to 30 September 2021 €m	30 September 2021 (restated) €m
Goodwill and intangible assets	603.2	(7.3)	(0.8)	595.1
Deferred tax assets	46.3	1.8	0.2	48.3
Non-current assets	1,585.5	(5.5)	(0.6)	1,579.4
Current assets	400.7	-	-	400.7
Total assets	1,986.2	(5.5)	(0.6)	1,980.1
Non-current liabilities	(978.0)	-	-	(978.0)
Current liabilities	(714.8)	-	-	(714.8)
Total liabilities	(1,692.8)	-	-	(1,692.8)
Net assets	**293.4**	**(5.5)**	**(0.6)**	**287.3**
Issued capital and reserves attributable to the owners of the parent				
Retained earnings	(272.0)	(5.5)	(0.6)	(278.1)
Other equity	558.8	-	-	558.8
	286.8	(5.5)	(0.6)	280.7
Non-controlling interests	6.6	-	-	6.6
Total equity	**293.4**	**(5.5)**	**(0.6)**	**287.3**

The impact of the above restatement on the Interim Consolidated Statement of Cash Flows for the period ended 30 September 2021 is as follows:

Statement of Cash Flows extract	30 September 2021 (previously reported) €m	Restatement 6 months to 30 September 2021 €m	30 September 2021 (restated) €m
Net cash flows from operating activities	74.1	(1.7)	72.4
Net cash flows from investing activities	(30.2)	1.7	(28.5)
Net cash flows from financing activities	(12.8)	-	(12.8)
Net increase in cash and cash equivalents	31.1	-	31.1
Effect of foreign exchange rate changes	0.4	-	0.4
Cash and cash equivalents at 30 September 2020	68.8	-	68.8
Cash and cash equivalents at 30 September 2021	**100.3**	-	**100.3**

2. Basis of preparation – continued

The impact of the above restatement on basic and diluted earnings per share for the period ended 30 September 2021 is as follows:

	30 September 2021 (previously reported) cents	Restatement 6 months to 30 September 2021 cents	30 September 2021 (restated) cents
Basic	46	(1)	45
Diluted	46	(1)	45
Underlying basic	47	1	48
Underlying diluted	47	1	48

Adoption of new and revised accounting standards

The amendment to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract, effective from 1 April 2022, clarifies that the costs of fulfilling a contract should include an allocation of other costs that relate directly to fulfilling the contract in addition to the incremental costs. As required by the pre-amended IAS 37, the Group's accounting policy previously only included incremental direct costs when measuring the costs to fulfil a contract. The Group assessed the impact of this amendment which resulted in an increase to the onerous contract provisions of €53.2m. A deferred tax asset has not been recognised on the increase in the provision due to the uncertainty of future profit streams in the UK. The cumulative effect of initially applying the amendment has been recognised as an adjustment to the opening balance of retained earnings as at 1 April 2022 as shown in the Statement of Changes in Equity. As permitted by the amendment, the Group has not restated the comparative information.

No other accounting standards, amendments or revisions to existing standards or interpretations have been effective which had a significant impact on the Group's condensed consolidated financial statements.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). At the date of approval of these financial statements there were no new IFRSs or IFRS Interpretation Committee interpretations which were early adopted by the Group.

There are a number of new standards and amendments effective for the period beginning 1 April 2023 however the Group does not expect a significant impact.

Exchange Rates

In addition to the Group's presentational currency of Euros, the most significant currency for the Group is Sterling with the closing rate on 30 September 2022 of €1:£0.877 (30 September 2021: €1:£0.859) and an average rate for the period ended 30 September 2022 of €1:£0.852 (30 September 2021: €1:£0.858).

Consideration of climate change

As set out in the Task Force on Climate-related Financial Disclosures (TCFD) on pages 66 to 73 of the Annual Report and Accounts 2022, the Group has considered the impact of climate change. A TCFD roadmap which will lead to quantifying the business impact of material climate related risks and opportunities is underway. Physical climate change poses risk to our operations and supply chain however mitigation measures are either already in place or are in the process of being further developed therefore no medium-term impact is expected from climate change. As a waste-to-product company, Renewi is in the business of sustainability. Waste management is an essential component of climate change mitigation through the creation of circular economies, with significant opportunities as well as risks associated with climate change itself. In preparing these condensed consolidated financial statements, the Directors have continued to consider the impact of climate change. There have been no material impacts identified on the financial reporting judgements and estimates in line with the year ended 31 March 2022.

2. Basis of preparation – continued

Critical accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. In preparing these condensed consolidated interim financial statements, management have reviewed the nature of the significant judgements in applying the Group's accounting policies and the key sources of estimation uncertainty, as set out on pages 179 to 181 of the 2022 Annual Report and Accounts. It has been determined that there have been no significant changes in methodology in relation to these key estimates. In light of recent macroeconomic events we have undertaken an assessment of all key inputs relating to onerous contract and landfill related provisions as explained below.

- Onerous contract provisions – These principally relate to UK Municipal PPP contracts. The nominal discount rate applied has been assessed and increased by 1% in line with recent movements in Government bond yields. We have also considered the impact of the current high inflationary environment. All anticipated inflationary increases are not expected to be recovered by permitted contractual price increases resulting in an increase to the provision. As set out in note 13 the combined impact of both discount rate and inflationary changes is a net increase of €0.6m.
- Landfill related provisions – These are principally located in the Netherlands and Belgium. The nominal discount rate applied has been assessed and increased by 0.5% in line with recent movements in Government bond yields in those territories. We have undertaken a review of the future cash flows in light of the current high inflationary environment. We have determined that due to the nature of the costs which are principally for capping and covering of the landfill and mineral extraction sites there is no requirement to increase the provision at this time. As set out in note 13 the impact of the discount rate change is a decrease of €7.0m.

New source of estimation

On 1 August 2022 the Group acquired 100% of the share capital of GMP Exploitatie B.V. and its subsidiaries (subsequently renamed Renewi Westpoort Holding B.V.). Details of the acquisition are set out in note 12. The accounting for the acquisition is in accordance with IFRS 3 Business Combinations and the key estimations relate to identifying and determining the fair values of the balance sheet items. At 30 September 2022 the opening balance sheet is considered provisional as permitted by IFRS 3 and external specialists have been engaged to assist with determining the final position.

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of

Directors, in order for it to allocate the Group's resources and to monitor the performance of the Group. These segments are unchanged from March 2022 and are set out below:

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Mineralz & Water	Decontamination, stabilisation and re-use of highly contaminated materials to produce certified secondary products for the construction industry in the Netherlands and Belgium.
Specialities	Processing plants focusing on recycling and diverting specific waste streams. The operations are in the UK, the Netherlands, Belgium, France and Portugal.
Group central services	Head office corporate function.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer. Those entities acquired with the acquisition of GMP Exploitatie B.V, as detailed in note 12, are included within the Netherlands Commercial Waste operating segment.

Revenue	**First half 2022/23 €m**	First half 2021/22 €m
Netherlands Commercial Waste	**459.7**	442.3
Belgium Commercial Waste	**236.3**	228.9
Intra-segment	**(1.6)**	(0.6)
Commercial Waste	**694.4**	670.6
Mineralz & Water	**93.3**	93.6
Specialities	**186.3**	168.0
Inter-segment revenue	**(22.0)**	(16.6)
Revenue	**952.0**	915.6

3. Segmental reporting - continued

Results	**First half 2022/23 €m**	Restated* First half 2021/22 €m
Netherlands Commercial Waste	**40.3**	43.2
Belgium Commercial Waste	**28.1**	21.5
Commercial Waste	**68.4**	64.7
Mineralz & Water	**2.6**	4.0
Specialities	**11.3**	1.7
Group central services	**(7.1)**	(5.7)
Underlying EBIT	**75.2**	64.7
Non-trading and exceptional items (note 5)	**8.4**	(7.3)
Operating profit	**83.6**	57.4
Finance income	**4.9**	4.7
Finance charges	**(18.5)**	(18.4)
Finance income – non trading and exceptional items	**1.6**	-
Finance charges – non trading and exceptional items	-	(0.1)
Share of results from associates and joint ventures	-	0.3
Profit before taxation	**71.6**	43.9

*The comparatives for Group central services underlying EBIT and non-trading and exceptional items have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Net assets	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Tax, net debt and derivatives €m	**Total €m**
30 September 2022						
Gross non-current assets	**1,106.0**	**252.7**	**207.5**	**33.8**	**39.4**	**1,639.4**
Gross current assets	**207.9**	**35.5**	**79.0**	**14.8**	**64.1**	**401.3**
Gross liabilities	**(368.6)**	**(197.6)**	**(222.8)**	**(70.7)**	**(834.1)**	**(1,693.8)**
Net assets (liabilities)	**945.3**	**90.6**	**63.7**	**(22.1)**	**(730.6)**	**346.9**
31 March 2022						
Gross non-current assets	1,010.8	257.5	219.3	36.3	42.0	1,565.9
Gross current assets	192.0	37.9	67.7	17.2	71.1	385.9
Gross liabilities	(399.3)	(206.4)	(174.7)	(79.7)	(753.5)	(1,613.6)
Net assets (liabilities)	803.5	89.0	112.3	(26.2)	(640.4)	338.2

4. Revenue

The following tables show the Group's revenue by type of service delivered and by primary geographical market.

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Total €m**
30 September 2022					

Inbound	**538.4**	**77.6**	**118.3**	**(20.2)**	**714.1**
Outbound	**115.3**	**15.7**	**67.2**	**(1.7)**	**196.5**
On-Site	**31.6**	-	-	**(0.1)**	**31.5**
Other	**9.1**	-	**0.8**	-	**9.9**
Total revenue	**694.4**	**93.3**	**186.3**	**(22.0)**	**952.0**
30 September 2021					
Inbound	535.6	70.0	111.8	(14.9)	702.5
Outbound	97.8	23.6	55.7	(1.6)	175.5
On-Site	25.7	-	-	(0.1)	25.6
Other	11.5	-	0.5	-	12.0
Total revenue	670.6	93.6	168.0	(16.6)	915.6

By geographical market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	Total €m
30 September 2022					
Netherlands	**459.3**	**79.7**	**31.7**	**(20.9)**	**549.8**
Belgium	**235.1**	**13.6**	**23.1**	**(1.1)**	**270.7**
UK	-	-	**110.0**	-	**110.0**
France	-	-	**13.5**	-	**13.5**
Other	-	-	**8.0**	-	**8.0**
Total revenue	**694.4**	**93.3**	**186.3**	**(22.0)**	**952.0**
30 September 2021					
Netherlands	442.0	73.1	22.6	(15.7)	522.0
Belgium	228.6	20.5	16.2	(0.9)	264.4
UK	-	-	113.2	-	113.2
France	-	-	10.9	-	10.9
Other	-	-	5.1	-	5.1
Total revenue	670.6	93.6	168.0	(16.6)	915.6

Revenue recognised at a point in time amounted to €841.1m (2021/22: €861.7m) with the remainder recognised over time. The majority of the Commercial Waste and Specialities revenue is recognised at a point in time, whereas for Mineralz & Water 65% of revenue (2021/22: 61%) is recognised over time.

5. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items.

	First half 2022/23 €m	Restated* First half 2021/22 €m
Renewi 2.0 improvement programme	**2.0**	4.0
Portfolio management activity:		
Prior year disposals	**(1.7)**	-
Disposal of business assets in the Mineralz & Water division	**(3.8)**	-
	(5.5)	-
Other items:		
Inflationary increase reassessment in UK Municipal onerous contract provisions	**8.9**	-
Changes in long-term provisions due to increase in discount rates	**(15.3)**	-
Configuration or customisation costs in cloud computing, Software as a Service arrangements	-	1.7
	(6.4)	1.7
Amortisation of acquisition intangibles	**1.5**	1.6
Ineffectiveness and impact of termination of cash flow hedges	**(1.6)**	0.1
Non-trading and exceptional items in profit before tax	**(10.0)**	7.4
Tax on non-trading and exceptional items	**1.9**	(1.7)
Exceptional tax credit	-	(3.7)
Total non-trading and exceptional items in profit after tax	**(8.1)**	2.0

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Renewi 2.0 improvement programme

Renewi 2.0 improvement programme is a significant one-off business improvement project with expected capital and one-off costs of €40m over a three-year period and as a result is considered to be exceptional. Following the transformational merger five years ago, the goal of the Renewi 2.0 programme is to make the Group more streamlined and more efficient and improve customer experience and increase employee engagement. This is the third year of the programme with total costs of €2.0m (2021/22: €4.0m) of which €nil (2021/22: €0.2m) are recorded in cost of sales and €2.0m (2021/22: €3.8m) are recorded in administrative expenses.

Portfolio management activity

The prior year disposals credit of €1.7m (2021/22: €nil) relates to ongoing insurance claim recovery in relation to prior disposals and during the period certain business assets in the Mineralz & Water division were sold generating a profit of €3.8m (2021/22: €nil). The €5.5m credit is all recorded in administrative expenses.

Other items

The charge of €8.9m in relation to the reassessment of UK Municipal onerous contract provisions is due to the expectation of increases in future costs as a result of the current high inflationary environment. Full recovery of all anticipated inflationary increases are not expected to be recovered by permitted price increases across the already onerous contract provisions.

The credit for changes in long-term provisions of €15.3m relates to the increase in discount rates as a result of increased Government bond yields which has impacted landfill related and onerous contract provisions.

Configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements, relate to the Group updating its accounting policy on when software can be capitalised following the IFRIC interpretation as documented in the 2022 Annual Report and Accounts. This guidance clarified the criteria under IAS 38 Intangible assets in relation to SaaS arrangements as explained in note 2 Basis of preparation. In line with the March 2022 assessment, €1.7m of costs capitalised in the six month period to 30 September 2021 have been expensed as a prior year restatement as they do not meet the criteria for recognition as an asset. The costs have been expensed as a non-trading and exceptional item due to the size, nature and incidence as they are not reflective of underlying performance which is in line with the approach taken in the year ended 31 March 2022 .

The total credit of €6.4m has been recorded in cost of sales and the 2021/2022 charge of €1.7m was recorded in administrative expenses.

Amortisation of acquisition intangibles
Amortisation of intangible assets acquired in business combinations of €1.5m (2021/22: €1.6m) is all recorded in cost of sales.

Items recorded in finance income and finance charges
The €1.6m credit (2021/22: €0.1m charge) relates to ineffectiveness of the Cumbria PPP project interest rate swaps.

Exceptional tax credit
The prior year exceptional tax credit of €3.7m related to changes in UK tax rates.

6. Net finance charges

	First half 2022/23 €m	First half 2021/22 €m
Finance charges		
Interest payable on borrowings	**5.8**	6.5
Interest payable on PPP non-recourse debt	**3.4**	3.7
Lease liabilities interest	**3.8**	3.6
Unwinding of discount on provisions (note 13)	**3.9**	3.2
Interest charge on the defined benefit pension schemes	**-**	0.1
Amortisation of loan fees	**0.6**	0.8
Other finance costs	**1.0**	0.5
Total finance charges before non-trading and exceptional items	**18.5**	18.4
Non-trading and exceptional finance charges:		
Charge as a result of the termination of cash flow hedges	**-**	0.1
Total finance charges	**18.5**	18.5
Finance income		
Interest receivable on financial assets relating to PPP contracts	**(4.3)**	(4.5)
Unwinding of discount on deferred consideration receivable	**-**	(0.1)
Interest income on the defined benefit pension schemes	**(0.1)**	-
Other finance income	**(0.5)**	(0.1)
Total finance income before non-trading and exceptional items	**(4.9)**	(4.7)
Non-trading and exceptional finance income:		
Ineffectiveness income on cash flow hedges	**(1.6)**	-
Total finance income	**(6.5)**	(4.7)
Net finance charges	**12.0**	13.8

7. Taxation

The tax charge based on the profit for the period is made up as follows:

	First half 2022/23 €m	Restated* First half 2021/22 €m
Current tax		
UK corporation tax		
- Current year	**0.4**	0.7
Overseas tax		
- Current year	**14.8**	7.8
- Adjustment in respect of the prior year	-	0.2
Total current tax charge	**15.2**	8.7
Deferred tax		
- Origination and reversal of temporary differences in the current period	**3.0**	2.4
- Exceptional tax credit	-	(3.7)
Total deferred tax charge (credit)	**3.0**	(1.3)
Total tax charge for the period	**18.2**	7.4

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Tax expense is recognised based on management's best estimate of the full year effective tax rate on expected full year profits to March 2023. The estimated average underlying annual tax rate for the year to 31 March 2023 is 26.5% (2021/22: 25.0%).

In October 2021 the Dutch government announced an increase in the tax rate to 25.8% for the period ending 31 March 2023 and subsequent periods which was enacted in December 2021. In addition, a tightening of the general interest deduction rule (also referred to as the EBITDA rule) by lowering the 30% EBITDA threshold to 20% was also enacted. As a result, Dutch deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse.

In the UK Chancellor's Budget of 3 March 2021 it was announced that the UK corporation tax rate would increase to 25% with effect from 1 April 2023. This measure was substantively enacted on 24 May 2021. As a result, the UK deferred tax position has been calculated based on the substantively enacted rates of 19% and 25% (2021/22: 19% and 25%). This resulted in an exceptional tax credit of €3.7m in the prior year.

8. Earnings per share

Underlying basic and diluted earnings per share excludes non-trading and exceptional items net of related tax. Non-trading and exceptional items are those items that are disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business is managed and measured on a day to day basis.

	First half 2022/23			First half 2021/22 restated*		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**79.4**	**0.4**	**79.8**	79.7	0.3	80.0
Profit after tax (€m)	**53.4**	**-**	**53.4**	36.5	-	36.5
Non-controlling interests (€m)	**(1.0)**	**-**	**(1.0)**	(0.5)	-	(0.5)
Profit after tax attributable to ordinary shareholders (€m)	**52.4**	**-**	**52.4**	36.0	-	36.0
Basic earnings per share (cents)	**66**	**-**	**66**	45	-	45

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

The reconciliation between underlying earnings per share and basic earnings per share is as follows:

	First half 2022/23		First half 2021/22 restated*	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**56**	**44.3**	48	38.0
Adjustments:				
Non-trading and exceptional items	**13**	**10.0**	(10)	(7.4)
Tax on non-trading and exceptional items	**(3)**	**(1.9)**	2	1.7
Exceptional tax	**-**	**-**	5	3.7
Basic earnings per share/Earnings after tax attributable to ordinary shareholders	**66**	**52.4**	45	36.0
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**56**	**44.3**	48	38.0
Diluted basic earnings per share/Earnings after tax attributable to ordinary shareholders	**66**	**52.4**	45	36.0

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

The weighted average number of shares takes into account the movements in the Renewi Employee Share Trust, The Trust owns 578,722 (2021/22: 315,851) £1 shares of the issued share capital of the Company in trust for the benefit of employees of the Group. During the period 426,468 £1 shares were purchased by the Trust at a cost of €3.5m and 380,447 £1 shares were transferred to individuals under the LTIP and DAB schemes.

9. Dividends

The Directors do not recommend an interim dividend for the current year (2021/22: nil per share). The Directors did not recommend a final dividend for the year ended March 2022 (2021: nil per share).

10. Goodwill, intangible assets, property, plant and equipment, right-of-use assets and assets held for sale

	Goodwill €m	Intangible Assets* €m	Property, plant and equipment €m	Right-of-use assets €m	Total €m
Net book value at 1 April 2021	551.6	43.3	560.7	233.8	1,389.4
Additions/modifications	-	9.3	73.3	27.1	109.7
Acquisitions through business combinations	-	0.3	0.2	-	0.5
Disposals	-	(0.2)	(3.7)	(1.6)	(5.5)
Transferred to Assets held for sale	-	-	(2.6)	-	(2.6)
Reclassifications	-	(0.4)	0.4	-	-
Amortisation and depreciation charge	-	(8.8)	(69.3)	(44.8)	(122.9)
Impairment charge	-	(2.3)	(5.4)	(0.7)	(8.4)
Net book value at 31 March 2022	551.6	41.2	553.6	213.8	1,360.2
Additions/modifications	-	4.5	44.3	16.6	65.4
Acquisitions through business combinations	41.4	0.6	18.9	27.5	88.4
Disposals	-	-	(3.4)	(0.7)	(4.1)
Transferred to Assets held for sale	-	-	(0.2)	-	(0.2)
Transfer from right-of-use assets to property, plant and equipment	-	-	1.0	(1.0)	-
Amortisation and depreciation charge	-	(4.0)	(34.1)	(22.7)	(60.8)
Impairment charge	-	-	-	(0.6)	(0.6)
Net book value at 30 September 2022	**593.0**	**42.3**	**580.1**	**232.9**	**1,448.3**

*The intangible assets at 1 April 2021 have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

The goodwill acquisition through business combinations of €41.4m is provisional as permitted by IFRS 3 and includes amounts which may subsequently be reclassified to either other acquisition assets or separately identified intangibles with further details set out in note 12.

At 30 September 2022, the Group had property, plant and equipment commitments of €39.3m (2021/22: €25.7m), right-of-use asset commitments of €31.9m (2021/22: €15.0m) and intangible asset commitments of €1.7m (2021/22: €2.0m).

Assets held for sale
The Group had €1.5m assets classified as held for sale at 30 September 2022. The assets include €0.6m land and buildings, €0.2m plant and machinery and €0.7m investment in a joint venture in the Belgium Commercial Division. All these assets are expected to be sold within the next 12 months.

11. Cash and borrowings

Cash and cash equivalents are analysed as follows:

	30 September 2022 €m	30 September 2021 €m	31 March 2022 €m
Cash at bank and in hand - core	**39.2**	49.8	42.5
Money market funds - core	-	29.4	-
Total core cash	**39.2**	79.2	42.5
Cash at bank - restricted relating to PPP contracts	**19.7**	21.1	21.1
Total cash and cash equivalents	**58.9**	100.3	63.6

11. Cash and borrowings continued

Borrowings are analysed as follows:

	30 September 2022 €m	30 September 2021 €m	31 March 2022 €m
Non-current borrowings			
Retail bonds	**199.4**	199.2	199.2
European private placements	**24.9**	24.8	24.8
Revolving credit facility and term loan	**190.7**	80.4	12.8
Lease liabilities	**204.2**	200.1	187.3
Bank loans	**-**	0.6	-
PPP non-recourse debt	**86.1**	95.8	94.6
	705.3	600.9	518.7
Current borrowings			
Retail bonds	**-**	99.9	100.0
Lease liabilities	**43.4**	41.5	42.0
Bank loans and overdrafts	**1.4**	1.5	1.3
PPP non-recourse debt	**5.2**	4.9	5.6
	50.0	147.8	148.9

On 16 June 2022 the €100m green retail bonds with an annual gross coupon of 3.65% were repaid on maturity.

Movement in total net debt

	At 1 April 2022 €m	Cash flows €m	Acquired (Note 12) €m	Other non-cash changes €m	Exchange movements €m	**At 30 September 2022 €m**
Bank loans and overdrafts	(14.1)	(170.6)	(7.0)	(0.3)	(0.1)	**(192.1)**
European private placements	(24.8)	-	-	(0.1)	-	**(24.9)**
Retail bonds	(299.2)	100.0	-	(0.2)	-	**(199.4)**
Lease liabilities	(229.3)	23.2	(26.1)	(16.0)	0.6	**(247.6)**
Debt excluding PPP non-recourse debt	(567.4)	(47.4)	(33.1)	(16.6)	0.5	**(664.0)**
PPP non-recourse debt	(100.2)	5.4	-	-	3.5	**(91.3)**
Total debt	(667.6)	(42.0)	(33.1)	(16.6)	4.0	**(755.3)**
Cash and cash equivalents – core	42.5	(2.9)	-	-	(0.4)	**39.2**
Cash and cash equivalents – restricted relating to PPP contracts	21.1	(0.5)	-	-	(0.9)	**19.7**
Total net debt	(604.0)	(45.4)	(33.1)	(16.6)	2.7	**(696.4)**
Analysis of total net debt:						
Net debt excluding PPP non-recourse net debt	(524.9)	(50.3)	(33.1)	(16.6)	0.1	**(624.8)**
PPP non-recourse net debt	(79.1)	4.9	-	-	2.6	**(71.6)**
Total net debt	(604.0)	(45.4)	(33.1)	(16.6)	2.7	**(696.4)**

At 30 September 2022 the balance of interest accrued relating to borrowing was €2.0m (2021/22: €2.6m) and was included in trade and other payables. This balance was after finance charges of €13.5m (2021/2022: €14.3m) net of a cash outflow of €19.4m (2021/2022: €16.5m) excluding loan fees.

Analysis of movement in total net debt

	First half 2022/23 €m	First half 2021/22 €m	Full year 2021/22 €m
Net (decrease) increase in cash and cash equivalents	**(3.4)**	31.1	(6.2)
Net (increase) decrease in borrowings and lease liabilities	**(42.0)**	2.7	95.5
Total cash flows in net debt	**(45.4)**	33.8	89.3
Bank loans and lease liabilities acquired through a business combination	**(33.1)**	-	-
Lease liabilities entered into during the period	**(16.7)**	(16.5)	(27.1)
Lease liabilities cancelled during the period	**0.7**	0.6	1.5
Capitalisation of loan fees	-	0.5	1.6
Amortisation of loan fees	**(0.6)**	(0.8)	(1.9)
Exchange gain	**2.7**	2.1	0.7
Movement in net debt	**(92.4)**	19.7	64.1
Total net debt at beginning of period	**(604.0)**	(668.1)	(668.1)
Total net debt at end of period	**(696.4)**	(648.4)	(604.0)

12. Acquisitions and Disposals

Acquisitions

On 1 August 2022 the Group acquired 100% of the share capital of GMP Exploitatie B.V. ("Paro") and its subsidiaries (subsequently renamed Renewi Westpoort Holding B.V.) for a cash consideration of €53.5m.

The business operates from a large and well permitted processing facility located in the port area of Amsterdam. The site of 130,000m^2 has excellent road and water access operating two advanced sorting lines for processing mixed construction and demolition waste as well as household waste. In addition, a minerals classification and washing installation produces secondary construction materials from construction and demolition waste. The acquisition will deliver synergies from site rationalisation, route and waste flow optimisation and other operational benefits as part of the Group's Netherlands Commercial Waste division.

Given the short period of time since the completion of the transaction, the asset identification and fair value allocation processes have not been completed and the table below shows provisional values. External specialists have been engaged to assist with determining the final balance sheet and specifically with regard to intangible assets acquired. The Group expects to separately identify customer relationships and permits as acquisition related intangibles but no value has yet been allocated. The goodwill arising on the acquisition as noted below is attributable to management's expectations of synergies to be achieved post acquisition and will most likely reduce on completion of the purchase price allocation. None of the goodwill on this acquisition is expected to be deductible for tax, however there will be deferred tax recognised on acquisition intangibles as required under IAS 12 Income Taxes and this will be determined as part of the final purchase price allocation.

	Provisional fair value acquired €m
Intangible assets – Computer software	0.3
Property, plant and equipment	17.9
Right-of-use assets	27.5
Trade and other receivables	9.4
Inventories	0.3
	55.4
Trade and other payables	(8.9)
Provisions	(0.1)
Deferred tax liabilities	(0.9)
Borrowings – Bank loan	(7.0)
Borrowings – Lease liabilities	(26.1)
	(43.0)
Net identifiable assets acquired	12.4
Add: Goodwill arising on acquisition	41.1
Net assets acquired	53.5

Purchase consideration	Total €m
Cash consideration	53.5
Less: Cash balances acquired	-
Net cash outflow – investing activities	53.5

In the period from the acquisition to 30 September 2022 the business contributed €6.9m to the Group's revenue and a loss of €0.9m to the Group's profit before tax. If the acquisition had been completed on the first day of the financial year, the business would have contributed €28.5m to the Group's revenue and a loss of €0.9m to the Group's profit before tax.

In addition during September 2022 the Netherlands Commercial division completed a business assets acquisition for cash consideration of €1.6m. The assets acquired were €1.0m of plant and machinery with €0.3m allocated to an acquisition related intangible for customer lists and the balance of €0.3m to goodwill.

Disposals

On 27 June 2022 the Mineralz & Water division disposed of net liabilities totalling €3.6m in relation to its North Business for a cash consideration of €0.2m generating a profit on sale of €3.8m which has been recorded as a non-trading and exceptional item in line with the Group's policy due to the significant value of the profit.

On 5 August 2022 the Specialities division sold its Maltha Hungary entity. Net liabilities of €0.8m were sold for a cash consideration net of cash sold of €0.1m which generated a profit on sale of €0.9m. The profit on sale which included the impact of a recycled cumulative currency translation has been recorded in underlying EBIT.

13. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 31 March 2022	156.9	79.9	23.1	4.0	25.3	289.2
Impact of adopting amendments to IAS 37 (note 2)	-	53.2	-	-	-	53.2
At 1 April 2022	156.9	133.1	23.1	4.0	25.3	342.4
Acquisition through business combinations	-	-	-	-	0.1	0.1
Provided in the period	0.2	-	-	0.1	3.0	3.3
Released in the period	-	-	-	(0.8)	(0.8)	(1.6)
Disposed of in the period	-	-	-	-	(1.8)	(1.8)
Finance charges – unwinding of discount	1.9	1.9	-	-	0.1	3.9
Utilised in the period	(3.0)	(6.0)	(0.7)	(1.7)	(1.1)	(12.5)
Exceptional impact of increase in discount rates and reassessment of UK Municipal contracts (note 5)	(7.0)	0.6	-	-	-	(6.4)
Exchange rate changes	(0.2)	(4.6)	(0.1)	-	-	(4.9)
At 30 September 2022	**148.8**	**125.0**	**22.3**	**1.6**	**24.8**	**322.5**
Within one year	**12.9**	**12.0**	**4.0**	**1.6**	**9.1**	**39.6**
Between one and five years	**47.9**	**59.3**	**15.6**	-	**5.0**	**127.8**
Between five and ten years	**43.2**	**37.1**	**0.5**	-	**3.4**	**84.2**
Over ten years	**44.8**	**16.6**	**2.2**	-	**7.3**	**70.9**
At 30 September 2022	**148.8**	**125.0**	**22.3**	**1.6**	**24.8**	**322.5**
Within one year	5.7	9.2	4.7	4.0	7.5	31.1
Between one and five years	49.3	23.4	15.6	-	5.4	93.7
Between five and ten years	50.8	23.1	0.5	-	3.4	77.8
Over ten years	51.1	24.2	2.3	-	9.0	86.6
At 31 March 2022	156.9	79.9	23.1	4.0	25.3	289.2

Site restoration and aftercare
The site restoration provisions at 30 September 2022 relate to the cost of final capping and covering of the landfill and mineral extraction sites. These site restoration costs are expected to be paid over a period of up to 30 years from the balance sheet date. Aftercare provisions cover post-closure costs of landfill sites which include such items as monitoring, gas and leachate management and licensing. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site. All site restoration and aftercare costs have been estimated by management based on current best practice and technology available and may be impacted by a number of factors including changes in legislation and technology.

Onerous contracts
Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. They are provided for at the lower of the net present value of either exiting the contracts or fulfilling our obligations under the contracts. As a result of the amendment to IAS 37 for Onerous contracts, from 1 April 2022 provisions for onerous contracts have increased by

€53.2m as the amendment now requires that costs of fulfilling a contract consist of both the incremental cost of fulfilling that contract and an allocation of other costs that related directly to fulfilling contracts. Prior to this amendment the Group only included incremental direct costs with an allocation of the central overheads now included. The provisions have been calculated on the best estimate of likely future cash flows over the contract term based on the latest expectations including assumptions on inflationary increases, tonnage inputs, plant performance with efficiency improvements, off-take availability and recyclates pricing. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040.

Legal and warranty
Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements. The Group considers each warranty provision based on the nature of the business disposed of and the type of warranties provided with judgement used to determine the most likely obligation.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and a provision of €15.1m has been recognised in both the current year and the prior year as non-current as timing of any cash flow is expected to be after 12 months from the balance sheet date. The matter remains ongoing and based on legal advice management consider this value to be their best estimate of the potential exposure based on the most likely outcome. Further contingent liability information is provided in note 16.

13. Provisions continued

Restructuring
The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 30 September 2022 the provision is expected to be spent in the following twelve months as affected employees leave the business.

Other
Other provisions includes dilapidations €7.2m (March 2022: €9.1m), long-service employee awards €7.3m (March 2022: €7.0m) and other environmental liabilities €10.3m (March 2022: €9.2m). The dilapidations provisions are determined on a site by site basis using internal expertise and experience and are calculated as the most likely cash outflow at the end of the contracted obligation. The provisions will be utilised over the period up to 2071.

14. Defined benefit pension schemes

The Group has the legacy Shanks UK defined benefit scheme which provides pension benefits for pensioners, deferred members and eligible UK employees which is closed to new entrants and to future benefit accrual. In addition there are a number of defined benefit pension schemes eligible for certain employees in both the Netherlands and Belgium.

The amounts recognised in the Income Statement were as follows:

	First half 2022/23 €m	First half 2021/22 €m
Current service cost	**0.9**	0.7
Interest (income) expense on scheme net liabilities	**(0.1)**	0.1
Net defined benefit pension schemes charge before tax	**0.8**	0.8

The amounts recognised in the balance sheet were as follows:

	30 September 2022 €m	30 September 2021 €m	31 March 2022 €m
Present value of funded obligations	**(188.5)**	(296.6)	(275.7)
Fair value of plan assets	**188.4**	295.1	278.0
Defined benefit pension schemes net (deficit) asset	**(0.1)**	(1.5)	2.3
Related deferred tax asset	**-**	0.4	(0.5)
Net defined pension schemes (liability) asset	**(0.1)**	(1.1)	1.8
Classified as:			
Defined benefit scheme surplus - included in non-current assets	**4.5**	5.9	8.6
Defined benefit pension schemes deficit - included in non-current liabilities	**(4.6)**	(7.4)	(6.3)
Defined benefit pension schemes net (deficit) asset	**(0.1)**	(1.5)	2.3

The legacy Shanks UK defined benefit scheme moved by €4.1m from an asset of €8.6m at 31 March 2022 to an asset of €4.5m at 30 September 2022. This was due to an increase in the discount rate assumption on scheme liabilities from 2.8% at 31 March 2022 to 5.2% at 30 September 2022 which was partially offset by asset returns which underperformed the expected discount rate. The deficit for the overseas defined benefit schemes reduced by €1.7m to €4.6m as a result of increased discount rate assumptions on scheme liabilities.

15. Financial instruments at fair value

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

During the period ended 30 September 2022, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

Valuation techniques used to derive level 2 fair values:

- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Short-term investment valuations are provided by the fund manager
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of the European private placements are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of retail bonds is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at fair values. The Group considers that the fair value of all other financial assets and financial liabilities are not materially different to their carrying value.

	30 September 2022		30 September 2021		31 March 2022	
	Level 1 €m	**Level 2 €m**	Level 1 €m	Level 2 €m	Level 1 €m	Level 2 €m
Assets						
Money market funds	-	-	29.4	-	-	-
Unlisted non-current investments	-	**4.6**	-	4.6	-	4.6
Short-term investments	-	**10.7**	-	11.5	-	11.1

Derivative financial instruments	-	**8.7**	-	3.6	-	7.0
	-	**24.0**	29.4	19.7	-	22.7
Liabilities						
Derivative financial instruments	-	**0.9**	-	22.3	-	14.7
European private placements	-	**24.8**	-	26.4	-	25.7
Retail bonds	-	**195.6**	-	307.9	-	300.2
	-	**221.3**	-	356.6	-	340.6

On 5 March 2021, the UK's Financial Conduct Authority (FCA) formally announced the cessation of all GBP London Interbank Offered Rate (LIBOR) benchmark settings published by ICE Benchmark Administration (IBA) after 31 December 2021. In response, work has been undertaken by the Group with the providers of the PPP non-recourse borrowings and interest rate swaps to amend the benchmark rate referenced in the loan agreements and derivative hedging instruments from GBP LIBOR to GBP SONIA (Sterling Overnight Index Average) including a credit adjustment spread on the debt to compensate for the basis differential between the two benchmarks. In the six months to 30 September 2022 all amendments have been completed and the non-recourse borrowings and interest rate swaps are now referenced to SONIA. This did not result in any accounting implications.

16. Contingent liabilities

As referenced in note 13, there is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which represents management's best estimate of the most likely outcome. It is noted that the potential maximum claim is €58m (excluding compound interest currently amounting to €5m), and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence. A ruling from the European Commission has not been received and is expected during FY23 but no monies would likely become payable until FY24 should the European Commission conclude Renewi did receive state aid.

The criminal investigation into the production of thermally cleaned soil at ATM has been closed without any prosecution. It is noted that there are discussions ongoing on the application of thermally cleaned soil in certain areas in the Netherlands and it cannot be ruled out that this could result in liability for damages resulting from third party claims in the future.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to businesses sold in prior periods. Different warranty periods are in existence and it is assumed that these will expire within 15 years. Based on management's assessment of the most likely outcome appropriate warranty provisions are held.

17. Related party transactions

The Group's significant related parties remain as disclosed in note 8.2 of the 2022 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior year.

18. Explanation of non-IFRS measures and reconciliations

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below and there have been no changes in approach in the period.

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives. Amortisation on acquisition intangibles is excluded to avoid double counting of costs in underlying EBIT as the Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation and impairment of plant, property and equipment, intangible assets and investments, profit or loss on disposal of plant, property and equipment, intangible assets and subsidiaries	Measure of earnings and cash generation to assess operational performance
Underlying EBITDA margin	Underlying EBITDA as a percentage of revenue	Provides insight into margin development and trends
Underlying profit before tax	Profit before tax excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets	Last 12 months underlying EBIT divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances

18. Explanation of non-IFRS measures and reconciliations - continued

Financial Measure	How we define it	Why we use it
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Adjusted free cash flow	Net cash generated from operating activities including interest, tax and replacement capital spend and excluding cash flows from non-trading and exceptional items, Covid-19 tax deferral payments or receipts, settlement of ATM soil liabilities and cash flows relating to the UK PPP contracts. Payment to fund defined benefit pension schemes are also excluded as these schemes are now closed to both new members and ongoing accrual and as such relate to historic liabilities. The Municipal contract cash flows are excluded because they principally relate to onerous contracts as reported in exceptional charges in the past and caused by adverse market conditions not identified at the inception of the contract	Measure of cash generation in the underlying business, including regular replacement capital expenditure and excluding items of a historic nature, to fund growth capital projects and invest in acquisitions. We classify our capital spend into general replacement expenditure and growth capital projects which include the innovation portfolio and other large strategic investments
Free cash flow	Net cash generated from operating activities principally excluding non-trading	Measure of cash available after regular replacement capital

	and exceptional items and including interest, tax and replacement capital spend	expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Non-trading and exceptional cash flow items	Renewi 2.0 and other exceptional cash flows are presented in cash flows from operating activities and are included in the categories in note 5, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend
Total cash flow	Total cash flow is the movement in net debt excluding loan fee capitalisation and amortisation, exchange movements, settlement of cross-currency interest rate swaps, movement in PPP cash and PPP non-recourse debt, additions to IFRS 16 lease liabilities and lease liabilities acquired through a business combination	Provides an understanding of total cash flow of the Group
Core cash	Core cash excludes cash and cash equivalents relating to UK PPP contracts	The cash relating to UK PPP contracts is not freely available to the Group and is excluded from financial covenant calculations of the main multicurrency green finance facility therefore excluding this gives a suitable measure of cash for the Group
Core net debt	Core net debt includes core cash excludes debt relating to the UK PPP contracts and lease liabilities as a result of IFRS 16	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and IFRS 16 lease liabilities are excluded as financial covenants on the main multicurrency green finance facility remain on a frozen GAAP basis
Liquidity	Liquidity headroom includes core cash, money market funds and undrawn committed amounts on the multicurrency green finance facility	Provides an understanding of available headroom to the Group
Net debt to EBITDA/leverage ratio	Adjusted net debt to a comparable adjusted annualised underlying EBITDA in accordance with frozen GAAP, excluding lease liabilities which are a result of IFRS 16, and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition

18. Explanation of non-IFRS measures and reconciliations – continued

Reconciliation of operating profit (loss) to underlying EBITDA

First half 2022/23	**Netherlands Commercial Waste €m**	**Belgium Commercial Waste €m**	**Mineralz & Water €m**	**Specialities €m**	**Group central services €m**	**Total €m**
Operating profit (loss)	40.3	28.2	11.0	10.5	(6.4)	**83.6**
Non-trading and exceptional items (excluding finance items)	-	(0.1)	(8.4)	0.8	(0.7)	**(8.4)**
Underlying EBIT	40.3	28.1	2.6	11.3	(7.1)	**75.2**
Depreciation and impairment of property, plant and equipment and right-of-use assets	26.6	14.8	8.6	3.8	3.0	**56.8**
Amortisation and impairment of intangible assets (excluding acquisition intangibles)	0.4	-	0.4	0.1	1.6	**2.5**
Non-exceptional gain on disposal of property, plant and equipment, intangible assets and subsidiaries	(1.6)	(0.1)	-	(0.9)	-	**(2.6)**
Underlying EBITDA	**65.7**	**42.8**	**11.6**	**14.3**	**(2.5)**	**131.9**

First half 2021/22	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Total €m
Operating profit (loss)	40.2	20.2	4.0	1.2	(8.2)	57.4
Non-trading and exceptional items (excluding finance items)	3.0	1.3	-	0.5	2.5	7.3
Underlying EBIT	43.2	21.5	4.0	1.7	(5.7)	64.7
Depreciation and impairment of property, plant and equipment and right-of-use assets	28.2	16.3	6.7	4.3	2.8	58.3
Amortisation of intangible assets (excluding acquisition intangibles)	0.4	-	0.3	0.2	1.4	2.3
Impairment of investment in associate	-	-	-	1.9	-	1.9
Non-exceptional (gain) loss on disposal of property, plant and equipment	(0.7)	0.3	-	(0.2)	-	(0.6)
Underlying EBITDA	71.1	38.1	11.0	7.9	(1.5)	126.6

*The comparatives for operating loss and non-trading and exceptional items in Group central services have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of statutory profit before tax to underlying profit before tax

	First half 2022/23 €m	Restated* First half 2021/22 €m
Statutory profit before tax	**71.6**	43.9
Non-trading and exceptional items in operating profit	**(8.4)**	7.3
Non-trading and exceptional finance (income) charges	**(1.6)**	0.1
Underlying profit before tax	**61.6**	51.3

*The comparatives for statutory profit before tax and non-trading and exceptional items in operating profit have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

18. Explanation of non-IFRS measures and reconciliations – continued

Reconciliation of adjusted free cash flow and free cash flow as presented in the Finance review

	First half 2022/23 €m	Restated* First half 2021/22 €m
Net cash generated from operating activities	**74.4**	72.4
Exclude non-trading and exceptional provisions and working capital	**2.2**	7.7
Exclude payments to fund defined benefit pension schemes	**1.8**	1.8
Exclude deferred Covid taxes paid	**9.9**	0.4
Exclude offtake of ATM soil	**1.1**	3.4
Exclude UK Municipal contracts	**6.7**	7.9

Include finance charges and loan fees paid	**(19.4)**	(16.5)
Include finance income received	**5.3**	5.0
Include repayment of obligations under lease liabilities	**(23.2)**	(21.9)
Include purchases of replacement items of intangible assets	**(6.1)**	(4.9)
Include purchases of replacement items of property, plant and equipment	**(33.6)**	(25.2)
Include proceeds from disposals of property, plant & equipment	**4.7**	2.1
Include capital received in respect of PPP financial asset net of outflows	**2.9**	2.8
Include repayment of UK Municipal contracts PPP debt	**(5.4)**	(3.5)
Include movement in UK Municipal contracts PPP cash	**0.5**	(3.9)
Adjusted free cash flow	**21.8**	27.6
Include deferred Covid taxes paid	**(9.9)**	(0.4)
Include offtake of ATM soil	**(1.1)**	(3.4)
Include UK Municipal contracts	**(6.7)**	(7.9)
Free cash flow	**4.1**	15.9

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of net capital spend in the Finance review to purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows

	First half 2022/23 €m	Restated* First half 2021/22 €m
Purchases of intangible assets	**(6.1)**	(4.9)
Purchases of replacement property, plant and equipment	**(33.6)**	(25.2)
Proceed from disposals of property, plant and equipment	**4.7**	2.1
Net replacement capital expenditure	**(35.0)**	(28.0)
Growth capital expenditure	**(16.0)**	(7.5)
Total capital spend as shown in the cash flow in the Finance review	**(51.0)**	(35.5)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

	First half 2022/23 €m	Restated* First half 2021/22 €m
Purchases of intangible assets	**(6.1)**	(4.9)
Purchases of property, plant and equipment (replacement and growth)	**(49.6)**	(32.7)
Proceed from disposals of property, plant and equipment	**4.7**	2.1
Purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows	**(51.0)**	(35.5)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

18. Explanation of non-IFRS measures and reconciliations – continued

Reconciliation of property, plant and equipment additions to replacement capital expenditure as presented in the Finance review

	First half 2022/23 €m	Restated* First half 2021/22 €m
Property, plant and equipment additions (note 10)	**(44.3)**	(23.2)
Intangible asset additions (note 10)	**(4.5)**	(4.1)
Proceeds from disposals of property, plant and equipment	**4.7**	2.1
Movement in capital creditors (included in trade and other payables)	**(6.9)**	(9.0)
Growth capital expenditure – as disclosed in the Finance review	**16.0**	7.5
Government grant received in a prior period transferred to property, plant and equipment	**-**	(1.3)
Replacement capital expenditure per Finance review	**(35.0)**	(28.0)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of total cash flow as presented in the Finance review to the movement in total net debt

	First half 2022/23 €m	First half 2021/22 €m
Total cash flow	**(80.5)**	(1.9)
Additions to lease liabilities	**(16.0)**	(15.9)
Repayment of obligations under lease liabilities	**23.2**	21.9
Lease liabilities acquired though a business combination	**(26.1)**	-
Movement in PPP non-recourse debt	**5.4**	3.5
Movement in PPP cash and cash equivalents	**(0.5)**	3.9
Capitalisation of loan fees net of amortisation	**(0.6)**	(0.3)
Exchange movements	**2.7**	2.1
Settlement of cross-currency interest rate swaps	**-**	6.4
Movement in total net debt (note 11)	**(92.4)**	19.7

Reconciliation of total cash flow as presented in the Finance review to the movement in cash

	First half 2022/23 €m	First half 2021/22 €m
Total cash flow	**(80.5)**	(1.9)
Proceeds from retail bonds	**-**	125.0
Repayment of retail bonds	**(100.0)**	-
Proceeds from bank borrowings	**303.2**	126.6
Repayment of bank borrowings	**(132.6)**	(228.9)
Bank loan acquired through business combination	**7.0**	-
Movement in PPP cash and cash equivalents	**(0.5)**	3.9

Exchange movements	**(1.3)**	0.4
Settlement of cross-currency interest rate swaps	**-**	6.4
Movement in total cash	**(4.7)**	31.5

Reconciliation of total net debt to net debt under covenant definition

	30 September 2022 €m	30 September 2021 €m	31 March 2022 €m
Total net debt	**(696.4)**	(648.4)	(604.0)
Exclude PPP non-recourse debt	**91.3**	100.7	100.2
Exclude PPP cash and cash equivalents	**(19.7)**	(21.1)	(21.1)
Exclude IFRS 16 lease liabilities	**237.1**	232.8	221.9
Net debt under covenant definition	**(387.7)**	(336.0)	(303.0)

19. Events after the balance sheet date

In November 2022 the Group signed two additional fixed rate facilities totalling €55m including a €45m 7 year European Private Placement at 4.676% and a €10m 5 year loan at 4.22%.

INDEPENDENT REVIEW REPORT TO RENEWI PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the Consolidated Interim Income Statement, the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim Balance Sheet, the Consolidated Statement of Changes in Equity and the Consolidated Interim Statement of Cash Flows and the related notes 1 to 19.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
9 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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