9 December 2021

CLIPPER LOGISTICS PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 31 OCTOBER 2021

Strong results across the Group with continued momentum in e-commerce and market share growth

Clipper Logistics plc ("Clipper", "the Group", or "the Company"), a leading provider of value-added logistics solutions and e-fulfilment and returns management services to the retail sector, is pleased to announce its unaudited results for the six months ended 31 October 2021 ("**H1 FY22**").

Financial Highlights

- Group revenue increased by 33.1% to £406.1 million (six months ended 31 October 2020 ("**H1 FY21**"): £305.2 million), strong revenue growth in both E-fulfilment and returns management services and Non e-fulfilment logistics of 31.7% and 41.6% respectively.
- Reported Group EBIT increased 12.1% to £22.6 million (H1 FY21: £20.2 million), due to strong revenue growth in Value-added logistics:
  - E-fulfilment and returns management services EBIT up 12.6% to £16.6 million (H1 FY21: £14.8 million);
  - Non e-fulfilment logistics EBIT up 15.4% to £11.7 million (H1 FY21: £10.1 million).
- On an IAS 17 basis, to provide comparability with historical results, Group EBIT was ahead by 18.8% to £18.3 million (H1 FY21: £15.4 million). An increase in revenue in periods of increased activity will not necessarily give rise to a proportionate increase in profit due to an element of management fees on open book and minimum volume contracts being fixed in the short term.
- Group Profit Before Tax, Amortisation and Exceptional costs up 12.3% to £16.8 million (H1 FY21: £15.0 million).
- Group Profit Before Tax (PBT) up 12.6% to £16.1 million (H1 FY21: £14.3 million).
- Net cash generated from operations of £32.5 million (H1 FY21: £45.7 million), noting that H1 FY21 included payment deferral benefit of £18.3 million.
- Significant reduction in net debt to £11.2 million (H1 FY21: £27.7 million). At H1 FY22, £21.5 million of capital is contracted to be recovered from open book customers over the remaining contract term. "Look through" net cash position of £10.3 million.
- Basic earnings per share up 12.5% to 12.6 pence (H1 FY21: 11.2 pence).
- Interim dividend increased by 12.5% to 4.5 pence per share (H1 FY21: 4.0 pence).

Operational Highlights

- Strong trading across the Group as a result of high-profile customer contract wins, organic growth in e-commerce and a robust rebound in activities in Non e-fulfilment.
- Activity commenced at the new distribution centre in Venray, Netherlands and secured further long-term additional warehousing capacity in Daventry. The Group now operates from 52 sites throughout the UK and mainland Europe and has 14.3 million square feet of warehouse space under management.
- Commencement of new operations in H1 FY22 with Farfetch, JD Sports, John Lewis, Mountain Warehouse and Wilko.
- Developed an automated solution for LifeStyle Sports utilising autonomous mobile robots ("AMR") with Geek+, scheduled to go live in early 2022 in our ongoing investment in automated solutions.
- Development of Wippet, a B2B online marketplace for the health care sector.
- Awarded the RoSPA gold award for health and safety performance in the workplace at Group level. 18 sites are accredited with the Gold awards and 9 hold Silver awards.
- First cohort of Clipper's supply chain leadership degree has graduated. The Group's partnership with Sheffield Hallam University aims to create the next generation of logistics industry leaders.
- Launch of Wagestream, the first logistics provider to do so as part of Clipper's broader 'wellbeing at work' programme providing flexible pay to our colleagues. Wagestream is currently being rolled out across the Group with 9,000 eligible employees.
- Under Clipper's diversity and inclusion program, Inspire, there has been further success on the Fresh Start initiative.
- Appointment of Clipper's Head of Sustainability to drive the formalisation of the Group's ESG agenda.

Current Trading and Outlook

- Entered into a joint venture agreement in November with online luxury fashion retail platform Farfetch, to create a global e-fulfilment solution for their products which will launch in early 2022; initially targeting new US and Asian markets.
- Acquired CE Repair for initial cash consideration of €12.5 million and a further €5.0m contingent on EBIT growth. This will further enhance the reach of Clipper's electrical repair and remedial capabilities into mainland Europe. This will complement the existing Technical Services division and provide cross-selling opportunities.
- Key objectives for FY22 include:
  - Continuing growth in e-commerce;
  - New contract wins;
  - Growth in Europe;
  - Strategic M&A activity in Europe and the US that are value accretive for shareholders; and
  - Investment in technology and business intelligence.]

- Trading continues to be strong, and the Group is on track to meet the Board's full year guidance.
- We remain positive in the Group's outlook for the current year and the longer-term and believe the Group is well positioned to achieve further growth both in the UK and internationally, with strong tailwinds and significant further M&A activity.
- The Group continues to insulate against impact from changes in labour availability, mitigating against these changes through its ongoing focus on the creation of local jobs; innovative recruitment processes detailed later in the report; prioritisation of workforce wellbeing and the use of retention bonuses.

Commenting on the results, Steve Parkin, Executive Chairman of Clipper, said:

"I am pleased to announce further significant progress across the Group delivering an impressive growth in revenue of 33.1% and EBIT growth of 12.1% (18.8% IAS 17). This growth is due to continuing momentum within online and the reopening of bricks and mortar retail."

"In addition, I would like to welcome new major customers to whom we have commenced the provision of services in the period. We are also delighted to enhance our existing partnerships with long-standing customers.

"We continue to expand our presence and offering in mainland Europe. Our facility in the Netherlands is now fully operational, and our recent acquisition of CE Repair complements our Technical Services division and extends our offering and geographical reach within Mainland Europe."

"Our recent announcement on the formation of a joint venture with Farfetch focusing on the luxury online market will significantly extend our geographical reach further both in Europe and further afield."

"Looking to the macro-economic factors currently in play in the UK and beyond, considering the robustness of our business model and continuing momentum within e-commerce, the Board are positive about the long-term outlook. I am proud of that way that our team has successfully navigated these factors during the period and would like to thank them for all of their hard work. I am pleased to report that in trading post-period-end we have successfully delivered record volumes compared to the prior year on many of our sites."

"Our unique proposition utilising technology-led omnichannel solutions which enables retail coupled with strategically aligned acquisitions that are value accretive will deliver continuing growth for the Group in the future."

A conference call for sell-side analysts only will be held at 09.30am today, 9 December 2021. Please contact Buchanan at clipper@buchanan.uk.com if you wish to attend.

ENQUIRIES
Clipper: +44 (0)113 204 2050
Steve Parkin, Executive Chairman
Tony Mannix, Chief Executive Officer
David Hodkin, Chief Financial Officer

Public Relations Advisers:
Buchanan: +44 (0) 20 7466 5000
David Rydell
Stephanie Whitmore
Hannah Ratcliff

This announcement is released by Clipper Logistics plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"). It is disclosed in accordance with the Group's obligations under Article 17 of MAR. Upon the publication of this announcement, this information is considered to be in the public domain.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of Clipper Logistics plc by David Hodkin, Chief Financial Officer.

About Clipper

Clipper Logistics plc (www.clippergroup.co.uk), which is premium listed on the Main Market of the London Stock Exchange, is a retail logistics specialist, which provides value-added, consultancy-led services to its blue-chip client base. Clipper is a UK leader in its markets, with a long-standing customer base in:

- e-fulfilment
- Fashion
- high-value logistics

It has an increasing presence in mainland Europe, with operations in Poland, Germany, the Republic of Ireland, the Netherlands and Belgium.

A profitable and cash generative commercial vehicles business complements the Group's logistics activities.

Cautionary statement

Any forward-looking statements made in this document represent the Board's best judgment as to what may occur in the future. However, the Group's actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which may be outside the control of the Group. Such factors could cause the Group's actual results in future periods to differ materially from those expressed in any forward-looking statements included in this announcement.

PERFORMANCE AT A GLANCE

	6 months ended 31 October 2021 (unaudited)	**6 months ended 31 October 2020 (unaudited)**	**Change**	**Year ended 30 April 2021 (audited)**
	£m	**£m**	**%**	**£m**
Revenue	**406.1**	**305.2**	+ 33.1 %	696.2
EBIT (IFRS 16)	**22.6**	**20.2**	+ 12.1 %	39.8
EBIT (IAS 17)	**18.3**	**15.4**	+ 18.8%	31.4
Profit before tax, amortisation and exceptional costs	**16.8**	**15.0**	+ 12.3 %	28.8
Profit before tax	**16.1**	**14.3**	+ 12.6 %	26.7
Earnings per share	**12.6p**	**11.2p**	+ 12.5 %	21.3p
Net cash generated from operations	**32.5**	**45.7**	- 28.9 %	86.9

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

APMs are used by the Board to assess the Group's financial performance, for analysis and for incentive-setting purposes. These measures are not defined by International Financial Reporting Standards ("**IFRS**") and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. The Operating and Financial Review has used APMs to aid comparability to the prior year.

APMs should be considered in addition to and are not intended to be a substitute for IFRS measurements. The table below reconciles APMs to statutory measures as defined by IFRS.

	Six months ended 31 October					
	2021 £m			2020 £m		
	Statutory	**Adjustments**	**IAS 17[3]**	**Statutory**	**Adjustments**	**IAS 17[3]**
EBIT[1]	**22.6**	**(4.3)**	**18.3**	**20.2**	**(4.8)**	**15.4**
Net debt[2]	**217.6**	**(206.4)**	**11.2**	**186.7**	**(159.0)**	**27.7**

[1]EBIT is defined as operating profit, including the Group's share of operating profit in equity-accounted investees and before the amortisation of intangible assets and exceptional items.

[2]Net debt is defined as financial liabilities: borrowings less cash and cash equivalents less non-current financial assets less short-term and long-term lease liabilities. IAS 17 net debt excludes lease liabilities arising as result of IFRS 16.

[3]IAS 17 is defined as removing the impact of leases arising on application of IFRS 16, removing the depreciation on right-of-use assets and adding back lease rental costs.

OPERATING AND FINANCIAL REVIEW

Group summary

Revenue
Group revenue increased by 33.1% to £406.1 million (H1 FY21: £305.2 million).

Group revenue growth of £100.9 million is attributable to strong growth in both value-added logistics and commercial vehicles segments.

In the Logistics division, in the UK: approximately 19% was attributable to revenue growth on new contracts won in the second six months of the prior year ("**H2 FY21**"); 12% was due to revenue arising from contracts won in H1 FY22; approximately 2% of this growth was due to the full six months impact of new contracts won in H1 FY21; and the remainder was due to organic growth in existing customers in the UK. Revenue in Europe grew by 57.1% year on year, with approximately 72% of this being from new contract wins, the most significant being in relation to our expansion into the Netherlands with Farfetch. Commercial vehicles accounted for approximately 7% of this growth, in H1 FY21 Commercial vehicles was impacted by the closure of non-essential retail in response to the pandemic.

New contracts which commenced operations in FY21, and hence contribute in full to H1 FY22 include: Linenbundle, Revolution Beauty, River Island, T.M. Lewin and the activities arising from the supply of PPE and other ancillary products to healthcare providers through the online portal in partnership with eBay and Royal Mail. New contracts which commenced in H1 FY22 and therefore contribute in part to H1 FY22 include: Farfetch, JD Sports, additional e-commerce and store replenishment services for John Lewis, Mountain Warehouse and a second operation for Wilko in Magor. Against this, the following customers have been lost: Arcadia due to administration in H2 FY21 and therefore no contribution in H1 FY22 and the contract with Zara was terminated in H1 FY22.

Please refer to the Segmental Review section for a more detailed discussion on each operating segment.

EBIT
Group EBIT increased by £2.4 million, or 12.1%, to £22.6 million (H1 FY21: £20.2 million), in part due to the strong revenue growth of 33.1% discussed above. In H1 FY22 compared to H1 FY21:
By segment:

- E-fulfilment and returns management EBIT increased by £1.8 million, or 12.6%, to £16.6 million;
- Non e-fulfilment EBIT increased by £1.6 million, or 15.4%, to £11.7 million;
- Commercial vehicles division EBIT increased by 0.8%, to £1.6 million; and
- Central logistics and head office costs increased by £1.0 million, or 15.8% to £7.3 million.

Group EBIT on an IAS 17 basis increased by £2.9 million, or 18.8%, to £18.3 million (H1 FY21: £15.4 million). In H1 FY22 compared to H1 FY21:
By segment:

- E-fulfilment and returns management EBIT increased by £1.9 million, or 15.5%, to £13.7 million;
- Non e-fulfilment EBIT increased by £2.2 million, or 25.8%, to £10.5 million;
- Commercial vehicles division EBIT decreased by 5.3%, to £1.5 million; and
- Central logistics and head office costs increased by £1.1 million, or 15.8% to £7.4 million.

Please refer to the Segmental Review section for a more detailed discussion on each operating segment.

Net finance costs
Net finance costs have increased by 12.7% to £5.7 million (H1 FY21: £5.1 million), largely as a result of increased interest costs arising on lease liabilities, with new property leases being entered into in H2 FY21 and H1 FY22 (Daventry and Sherburn in the UK and Venray in the Netherlands) and as a result of rent reviews and lease renewals on existing sites in the UK. Interest paid on bank loans and overdrafts is higher in H1 FY22 compared to H1 FY21 due to higher requirement of revolving credit facilities. Offsetting this, but to a lesser extent, are decreased interest costs on the commercial vehicles stocking lines.

Profit before tax and amortisation and Profit before tax
As a result of the above, Group profit before tax and amortisation and exceptional items increased by 12.3% to £16.8 million (H1 FY21: £15.0 million) and Group profit before tax increased by 12.6% to £16.1 million (H1 FY21: £14.3 million).

Taxation
The tax charge on profit before tax was £3.3 million (H1 FY21: £2.9 million). The effective tax rate in H1 FY22 is 20.6% (H1 FY21: 20.2%), the increase largely being due to the impact on the Group's deferred tax amounts of the prospective increase in the UK corporation tax rate. The headline rate of corporation tax in the UK is 19%, unchanged from the prior year. Legislation has been enacted to increase the headline rate to 25% with effect from 1 April 2023. Certain expenditure being disallowed for tax purposes, in both the UK and Europe, leads to an effective rate higher than the headline rate. The effective tax rate applied at the half year is an estimate of the expected full year rate.

Basic Earnings Per Share (EPS)
EPS was 12.6 pence in H1 FY22, 12.5% up on the same period of the prior year (H1 FY21: 11.2 pence).

Dividend
In line with Clipper's dividend policy and reflecting the Group's earnings growth, the Board is pleased to announce an interim dividend of 4.5 pence per share, which will be paid on 7 January 2022 to shareholders on the register at 17 December 2021. This represents an increase of 12.5% (0.5 pence per share) compared to the interim dividend of 4.0 pence paid in January 2021.

Cashflow
Net cash generated from operations in H1 FY22 was £32.5 million (H1 FY21: £45.7 million). In H1 FY22, the working capital outflow was £7.4 million compared to £10.1 million inflow in H1 FY21. In H1 FY21 certain payments were deferred relating to property leases, deferrals of VAT payments and other payroll taxes. All deferred payments have been brought up to date. The benefit to working capital in H1 FY21 was £18.3 million. Adjusting for this, working capital is in line with H1 FY21.

Capital spend across non-current assets has increased by £6.0 million to £9.4 million in H1 FY21 compared to £3.4 million in H1 FY21. This is as a result of higher customer related requirements in H1 FY22 compared to H1 FY21 reflecting contract wins in H2 FY21 and H1 FY22. Notable spends were on the fitout of the Venray site in the Netherlands and Mountain Warehouse requirements in Peterborough in the UK.

Income tax payments and interest payments excluding IFRS 16 lease interest have increased by £0.9 million in H1 FY22 compared to first six months of the prior year. This is as a result of the increased profit before tax and the mix between jurisdictions on how that profit is generated. There was a £2.8 million cash inflow in H1 FY22 relating to a business combination from the prior year representing deferred consideration. Dividend payments were £7.3 million, a £1.0 million increase on H1 FY21.

Lease repayments have increased by £3.6 million to £27.3 million in H1 FY22 as a result of additions in the prior year, new leases in H1 FY22 and rent reviews and renewals on property leases in H1 FY22.

The net drawdown on the revolving credit facility and other bank loans was £1.9 million in H1 FY22 compared to a net repayment of £8.2 million in H1 FY21.

Net debt

Net debt at the end of H1 FY22 is £11.2 million (excluding leases liabilities arising as a result of the application of IFRS 16), compared to £27.7 million at the end of H1 FY21. Net debt was £16.9 million at 30 April 2021, the decrease since the year end being largely due to the cash generated from operating activities. Much of our net debt relates to capital to be recovered from blue-chip customers over the term of their open book contracts. Recoverable capex on open book contracts at 31 October 2021 amounts to £21.5 million.

OUTLOOK

The key Black Friday trading weekend occurred shortly after the end of H1 FY22. In this period, the Group processed record daily volumes for many of our customers (some contracts reported a 50% increase in volumes on the prior year) and is pleased to report that early customer feedback has been very positive. The Board remains confident that the Group is strategically well positioned to capitalise on the mega-trend towards online retail, not just in the UK but in mainland Europe and further afield.

SEGMENTAL REVIEW

Overview

Group revenue increased by 33.1% to £406.1 million (H1 FY21: £305.2 million), with revenue by segment as set out in the table below:

Revenue (unaudited) - £ millions	**Six months to 31 October**		
	2021	**2020**	**Change**
E-fulfilment & returns management services	247.6	188.0	+31.7%
Non e-fulfilment logistics	116.4	82.2	+41.6%
Total value-added logistics	**364.0**	**270.2**	**+34.7%**
Commercial vehicles	**43.4**	**36.7**	**+18.3%**
Intra-Group	(1.3)	(1.7)	
Consolidated total	**406.1**	**305.2**	**+33.1%**

Group EBIT increased by £2.4 million, or 12.1%, to £22.6 million (H1 FY21: £20.2 million), with EBIT by segment as set out in the table below:

Group EBIT (unaudited) - £ millions	**Six months to 31 October**		
	2021	**2020**	**Change**
E-fulfilment & returns management services	16.6	14.8	+12.6%
Non e-fulfilment logistics	11.7	10.1	+15.4%
Central logistics costs	(4.6)	(4.4)	+6.3 %
Total value-added logistics	**23.7**	**20.5**	**+15.3%**
Commercial vehicles	**1.6**	**1.6**	**+0.8%**
Head office costs	(2.7)	(1.9)	+37.2%
Consolidated total	**22.6**	**20.2**	**+12.1%**

Group EBIT on an IAS 17 basis increased by £2.9 million, or 18.8%, to £18.3 million (H1 FY21: £15.4 million), with EBIT by segment as set out in the table below:

Group EBIT (unaudited) - £ millions	Six months to 31 October 2021	2020	Change
E-fulfilment & returns management services	13.7	11.8	+15.5%
Non e-fulfilment logistics	10.5	8.3	+25.8%
Central logistics costs	(4.7)	(4.4)	+6.3%
Total value-added logistics	**19.5**	**15.7**	**+23.5%**
Commercial vehicles	**1.5**	**1.6**	**-5.3%**
Head office costs	(2.7)	(1.9)	+37.2%
Consolidated total	**18.3**	**15.4**	**+18.8%**

E-fulfilment and returns management services

E-fulfilment operations include the receipt, warehousing, stock management, picking, packing and despatch of products on behalf of customers to support their online trading activities, as well as a range of ancillary support services. At no time does Clipper take ownership of customers' products.

We continue to manage the return of products on behalf of retailers, particularly those sold online, through our Boomerang brand.

£ millions	Six months to 31 October 2021	2020	Change
Revenue	247.6	188.0	+31.7%
EBIT (IFRS 16)	16.6	14.8	+12.6%
EBIT (IAS 17)	13.7	11.8	+15.5%

Revenue

Revenue from E-fulfilment and returns management services grew by £59.6 million (31.7%) from £188.0 million in H1 FY21 to £247.6 million in H1 FY22.

This revenue growth was achieved in certain operations which were still in the start-up phase in H1 FY21 such as the services we deliver for H&M, Linenbundle, Revolution Beauty and T M Lewin. These contributed a full six months' revenue to the results for H1 FY22, having only contributed in part to the results of H1 FY21.

Within the UK, growth has also been derived from the commencement of e-fulfilment services to JD Sports at our flagship northern distribution centre in Sherburn in Elmet, additional e-commerce and store replenishment services for John Lewis at Coalville, Mountain Warehouse in our existing Peterborough site and commencement of activities on our second operation for Wilko within their existing Magor facility. Within Europe, in the Netherlands, we opened our new distribution centre in Venray in which operations commenced for Farfetch providing a pan-European solution, all of which commenced in H1 FY22. These activities did not contribute to revenue for H1 FY21 and only contribute for part of H1 FY22. As such, these will not generate a full contribution to the Group's annual revenue and profits until the year ending 30 April 2023.

Operations which did not commence until H2 FY21, including the commencement of e-fulfilment activities including a returns solution for River Island within their existing facility in Milton Keynes, generated no contribution to the results for H1 FY21 but contribute a full six months to the revenue and EBIT of H1 FY22.

Our Technical Services sub-division also delivered strong revenue growth in H1 FY22 of 26.3% compared to H1 of FY21.

On our existing contracts we continue to process increased volumes, with considerable organic growth on our ASOS contracts within the UK and Poland, PrettyLittleThing.com in the UK and Westwing in Poland. These pureplay e-tailers are continuing to benefit from the structural shift to online.

EBIT

EBIT from E-fulfilment and returns management services grew by £1.8 million (12.6%) from £14.8 million in H1 FY21 to £16.6 million in H1 FY22. EBIT grew as a result of the revenue drivers noted above. In addition, our joint venture with John Lewis now provides services to close to 40 retail brands. The revenue of the joint venture is not directly consolidated into Group revenue, so adding new customers will have no impact on Group revenue, but they do have an impact on the joint venture's profitability, 50% of which is consolidated into Group EBIT. Overall EBIT growth in H1 FY22 was less than the revenue growth for the same period as a result of the impact of a loss-making contract which has now been exited.

EBIT on an IAS 17 basis grew by £1.9 million (15.5%) from £11.8 million in H1 FY21 to £13.7 million in H1 FY22.

Non e-fulfilment logistics

Non e-fulfilment operations include receipt, warehousing, stock management, picking and distribution of products on behalf of customers. Clipper does not take ownership of customers' products at any time.

Within this sector, Clipper handles high value products, including tobacco, electrical products and high value clothing, whilst also undertaking traditional retail support services including processing, storage and distribution of products, particularly fashion, to high street retailers.

	Six months to 31 October		
£ millions	**2021**	**2020**	**Change**
Revenue	116.4	82.2	+41.6%
EBIT (IFRS 16)	11.7	10.1	+15.4%
EBIT (IAS 17)	10.5	8.3	+25.8%

Revenue
Revenue from Non e-fulfilment logistics increased in H1 FY22 compared to H1 FY21. Revenue was £82.2 million in H1 FY21 and was £116.4 million in H1 FY22. Growth of Non e-fulfilment logistics activity was therefore 41.6%.

A number of new activities which commenced in H1 FY21 contributed revenue for the full six months in H1 FY22, having only contributed in part to the revenue for H1 FY21. Of note are the Non e-fulfilment elements of the Joules operation in Corby and also the full six month impact of the revenue generated in the distribution of personal protective equipment (PPE) and other healthcare products for the Department of Health and Social Care. In H2 of FY21, Arcadia entered into administration and therefore as a result there are no revenues relating to this customer in H1 FY22.

Revenues generated in the provision of services to our traditional bricks and mortar customers or where we provide Non e-fulfilment services to customers such as Asda, Harvey Nichols and New Look in the UK and s.Oliver and TIGI in Europe have strongly rebounded in H1 FY22 since the closure of non-essential retail in response to the pandemic came to an end.

In addition, the contribution of new contract wins in H1 FY22 have contributed in part to the revenue growth in H1 FY22, but the full year impact will not be realised until the financial year ending 30 April 2023.

EBIT
EBIT from Non e-fulfilment logistics grew by £1.6 million (15.4%) from £10.1 million in H1 FY21 to £11.7 million in H1 FY22.

EBIT on an IAS 17 basis grew by £2.2 million (25.8%) from £8.3 million in H1 FY21 to £10.5 million in H1 FY22.

Central logistics overheads

Central logistics overheads represent the costs of support services specific to the logistics operations, but which cannot be allocated in a meaningful way to the sub-segment activities.

Such costs include directorate, advertising and promotions, accounting and IT, and the costs of the solutions development team.

	Six months to 31 October		
£ millions	**2021**	**2020**	**Change**
EBIT	(4.6)	(4.4)	-6.3%

Central logistics overheads of £4.6 million are £0.2 million are higher compared to the prior year (H1 FY21: £4.4 million). To support the growth in E-fulfilment and returns management services and Non e-fulfilment logistics, the Group invested into the Logistics overhead base, in particular in technology led solution design and implementation.

Commercial vehicles

The commercial vehicles business, Northern Commercials, operates Iveco and Fiat commercial vehicle dealerships from five locations, together with three sub-dealerships. It sells new and used vehicles, provides servicing and repair facilities, and sells parts.

Main dealerships are located in Brighouse, Manchester, Northampton, Dunstable and Tonbridge. Thus, the business operates across the north of England and into Wales, through the Midlands, and into the South-east.

	Six months to 31 October		
£ millions	**2021**	**2020**	**Change**
Revenue	43.4	36.7	+18.3%
EBIT (IFRS 16)	1.6	1.6	+0.8%
EBIT (IAS 17)	1.5	1.6	-5.3%

Revenue
Commercial vehicles revenue increased by £6.7 million (18.3%) from £36.7 million in H1 FY21 to £43.4 million in H1 FY22, the increase is due to new vehicle sales, service hours sold and parts sales. 741 new vehicles were sold generating £24.7 million of revenue in H1 FY22, compared to 727 sold in H1 FY21 generating £20.4 million of revenue. Service hours sold in H1 FY22 were 76,000 generating revenue of £6.1 million compared to 64,000 hours sold in H1 FY21 generating revenue of £4.9 million.

EBIT
EBIT for H1 FY22 was comparable to H1 FY21 for this division.

Head office costs

Head office costs represent the cost of certain Executive and Non-Executive Directors, plc compliance costs and the costs of the plc head office at Central Square, Leeds.

	Six months to 31 October		
£ millions	**2021**	**2020**	**Change**
EBIT	(2.7)	(1.9)	-37.2%

We incurred Head office costs of £2.7 million in H1 FY22 (H1 FY21: £1.9 million). The £0.8 million increase was driven by the full six month impact of increased head count in the prior year.

STRATEGY

The Group's direction continues to be shaped by the same four key strategic pillars as outlined in our 2021 Annual Report, namely:

- To build on Clipper's market leading customer proposition to expand the customer base;
- Develop new, complementary products and services;
- Continue European expansion and explore acquisition opportunities; and
- Drive environmental and social change.

There have been significant developments in each of these areas in H1 FY22.

In terms of expanding the customer base, please refer to commentary provided elsewhere in this report.

New products and services have been developed and continue to be developed both for existing customers and with a view to attracting new customers. These include:

- providing unique solutions to growing customers leveraging on our multi-user capabilities;
- cross-fertilising the existing customer bases of Logistics and Technical Services with new services and pan European solutions;
- providing innovative solutions to consolidate supplier deliveries into customer warehouses;
- further developing Clicklink to support retailers with minimal packaging solutions for click & collect to allow for better customer interaction at store. This enables upsell, cross sell and releases inventory not required for rapid re-sale. The Clicklink network has the capability for boxed and hanging garment deliveries and therefore can be truly "ready to wear" to enhance a brand experience;
- the seamless integration with Boomerang (our returns management solution) which releases inventory and minimises inventory working capital and also helps to maximise full margin sales in season; and
- offering a customs agency service in order to address customers' needs around Brexit, but which can also be used for non-EU imports and exports.

Technology
The Group has developed a rapid deployment warehouse management system solution for retailers utilising the best of breed capability of Blue Yonder and the Clipper retail know how. The solution is called Clipper QuickStart. This offers rapid start up to customers who also benefit from the collaborative learning built into the toolset.

A new partnership arrangement with a Carrier Management System provides improved delivery options available to customers and reduces their carrier costs.

The Group is utilising the latest automation technologies, including use of robotics in several of our sites.

Acquisitions
CE Repair
In H2 of FY22 we acquired CE Repair for cash consideration of €12.5 million and which on completion will be immediately earnings enhancing. CE Repair is a specialist in consumer electronic repair services based in Dordrecht in the Netherlands providing services across the Benelux countries. The acquisition will complement Clipper's existing electronic product repair capability in both the UK and mainland Europe. The acquisition of CE Repair further extends Clipper's geographical footprint in mainland Europe, and in particular its presence in the circular economy and its provision of a full end-to-end suite of services for online and omnichannel retailers. A number of cross-selling opportunities between CE Repair and Clipper's existing customer base have already been identified. The existing CE Repair management team will remain within the business to continue to deliver double digit organic growth.

Farfetch
We have also entered into a joint venture with Farfetch to create a global e-fulfilment solution for luxury products which will launch in early 2022. The joint venture will create a unique logistics offering for inventory from Farfetch's group of companies including Browns and New Guards Group, as well as products from other luxury brands, that will specialise in the complex and highly demanding fulfilment requirements of the global luxury goods sector. By combining Clipper's expertise in full end-to-end online logistics and technical solutions with Farfetch's carrier and duty management systems, and deep expertise and relationships in the luxury industry, the joint venture will offer a world-class, global fulfilment solution specifically focussed on the needs of luxury businesses.

We continue to seek out value-additive acquisition opportunities in the UK, Europe and beyond, capitalising from the global structural shift to e-commerce increasing our international presence.

RISK MANAGEMENT

A risk management process is used by the Group to identify, monitor, manage and mitigate against such risks. The principal risks and uncertainties facing the business are unchanged from those identified in the 2021 Annual Report.

The key such risks are outlined below:

- Macroeconomic and political, risk of economic downturn and government policies;
- People, failure to recruit, develop and retain key staff and reliance on agency labour;
- Cyber security or failure of IT systems or infrastructure;
- ESG focus and risk of allocating sufficient resources and hence a lack of preparedness by the Group;
- Customer contract KPIs and competition;
- Increasing regulatory and compliance requirements, particularly as the Group expands into new territories;
- A failure to manage health and safety risks; and
- Climate change and the increasing frequency and impact of extreme weather conditions.

The Group has mitigation strategies in place to deal with these risks. Further details can be found on pages 46 to 49 in the 2021 Annual Report.

CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS TO 31 OCTOBER 2021

Interim Group Income Statement (unaudited)

Year ended 30 April 2021 £'000		Note	6 months ended 31 October 2021 £'000	6 months ended 31 October 2020 £'000
696,201	**Revenue**	3	**406,120**	305,167
(477,637)	Cost of sales		**(278,211)**	(212,480)
218,564	**Gross profit**		**127,909**	92,687
(38)	Other net gains or losses	5	**1,536**	(77)
(182,666)	Administration and other expenses		**(107,763)**	(73,587)
35,860	**Operating profit before share of equity-accounted investees, net of tax**		**21,682**	19,023
1,426	Share of equity-accounted investees, net of tax		**163**	377
37,286	**Operating profit**		**21,845**	19,400
39,772	**EBIT**		**22,600**	20,169
(1,269)	Less: amortisation of other intangible assets		**(599)**	(635)
(789)	exceptional costs		**(78)**	-
(428)	share of tax and finance costs of equity-accounted investees		**(78)**	(134)
37,286	**Operating profit**		**21,845**	19,400
(10,647)	Finance costs	7	**(5,775)**	(5,141)
92	Finance income	8	**61**	69
26,731	**Profit before income tax**		**16,131**	14,328
(5,074)	Income tax expense	9	**(3,318)**	(2,898)
21,657	**Profit for the financial period**		**12,813**	11,430
21.3p	**Basic earnings per share**	10	**12.6p**	11.2p
20.9p	**Diluted earnings per share**	10	**12.4p**	11.1p

Interim Group Statement of Comprehensive Income (unaudited)

Year ended 30 April 2021 £'000		Note	6 months ended 31 October 2021 £'000	6 months ended 31 October 2020 £'000
21,657	**Profit for the financial period**		**12,813**	**11,430**
	Other comprehensive income (expense) for the period, net of tax:			
	To be classified to the income statement in subsequent periods:			
64	Exchange differences on retranslation of foreign operations		**11**	**237**
21,721	**Total comprehensive income for the period attributable to equity holders of the parent company**		**12,824**	**11,667**

Interim Group Statement of Financial Position (unaudited)

30 April 2021 £'000		Note	31 October 2021 £'000	31 October 2020 £'000
	ASSETS			
	Non-current assets			
25,951	Goodwill		**26,200**	25,951
12,244	Other intangible assets		**11,612**	11,673
38,195	Intangible assets		**37,812**	37,624
31,151	Property, plant and equipment	12	**37,787**	29,684
215,799	Right-of-use-assets	13	**205,121**	170,725
2,060	Interest in equity-accounted investees		**2,223**	1,011
1,950	Non-current financial assets		**1,950**	1,950
2,091	Deferred tax assets		**1,345**	1,570
291,246	**Total non-current assets**		**286,238**	242,564
	Current assets			
22,697	Inventories		**26,260**	25,105
143,885	Trade and other receivables		**155,550**	124,023
-	Current income tax asset		**91**	-
17,998	Cash and cash equivalents	14	**19,090**	7,707
184,580	**Total current assets**		**200,991**	156,835
475,826	**TOTAL ASSETS**		**487,229**	399,399
	EQUITY AND LIABILITIES			
	Current Liabilities			
174,676	Trade and other payables		**191,146**	159,274
160	Financial liabilities: borrowings	15	**82**	282
39,349	Lease liabilities: short-term		**37,401**	36,332
6,173	Short term provisions		**608**	86
1,001	Current income tax liabilities		**-**	1,534
221,359	**Total current liabilities**		**229,237**	197,508
	Non-current liabilities			
15,677	Financial liabilities: borrowings	15	**17,713**	11,072
188,468	Lease liabilities: long-term		**183,485**	148,626
7,335	Long term provisions		**7,705**	6,690
211,480	**Total non-current liabilities**		**208,903**	166,388
432,839	**TOTAL LIABILITIES**		**438,140**	363,896
	Equity shareholders' funds			
51	Share capital		**51**	51
2,480	Share premium		**2,617**	2,262
(548)	Currency translation reserve		**(537)**	(375)
84	Other reserve		**84**	84
6,006	Merger reserve		**6,006**	6,006
3,589	Share based payment reserve		**3,410**	2,398
31,325	Retained earnings		**37,458**	25,077
42,987	**TOTAL EQUITY**		**49,089**	35,503
475,826	**TOTAL EQUITY AND LIABILITIES**		**487,229**	399,399

Interim Group Statement of Changes in Equity (unaudited)

	Share capital	Share premium	Other reserve	Currency translation reserve	Merger reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2020	51	2,174	84	(612)	6,006	1,669	19,898	29,270
Profit for the period	-	-	-	-	-	-	11,430	11,430
Other comprehensive income / (expense)	-	-	-	237	-	-	-	237
Equity settled transactions	-	-	-	-	-	729	55	784
Share issue	-	88	-		-	-	-	88
Dividends	-	-	-		-	-	(6,306)	(6,306)
Balance at 31 October 2020	51	2,262	84	(375)	6,006	2,398	25,077	35,503
Profit for the period	-	-	-	-	-	-	10,227	10,227
Other comprehensive income / (expense)	-	-	-	(173)	-	-	-	(173)
Equity settled transactions	-	-	-	-	-	1,191	89	1,280
Share issue	-	218	-	-	-	-	-	218
Dividends	-	-	-	-	-	-	(4,068)	(4,068)
Balance at 30 April 2021	51	2,480	84	(548)	6,006	3,589	31,325	42,987
Profit for the period	-	-	-	-	-	-	12,813	12,813
Other comprehensive income / (expense)	-	-	-	11	-	-	-	11
Equity settled transactions	-	-	-	-	-	(179)	584	405
Share issue	-	137	-	-	-	-	-	137
Dividends	-	-	-	-	-	-	(7,264)	(7,264)
Balance at 31 October 2021	**51**	**2,617**	**84**	**(537)**	**6,006**	**3,410**	**37,458**	**49,089**

Interim Group Statement of Cash Flows (unaudited)

Year ended 30 April 2021		Note	6 months ended 31 October 2021	6 months ended 31 October 2020
£'000			£'000	£'000
26,731	Profit before income tax		16,131	14,328
	Adjustments to reconcile profit before tax to net cash flows:			
4,605	Depreciation and impairment of property, plant and equipment		2,294	1,908
36,268	Depreciation of right-of-use assets	13	19,576	16,872
2,295	Amortisation and impairment of intangible assets		1,177	1,145
167	Loss / (profit) on disposal of non-current assets	5	(1,428)	(117)
(1,426)	Share of equity-accounted investees, net of tax		(163)	(377)
73	Exchange differences		116	141
10,555	Net finance costs	7, 8	5,714	5,072
650	Share based payments charge	17	808	123
	Working capital adjustments			
(41,241)	(Increase) / decrease in trade and other receivables		(14,200)	(21,267)
5,259	(Increase) / decrease in inventories		(3,359)	2,847
49,313	Increase / (decrease) in trade and other payables		10,169	28,472
93,249	**Cash generated from operations before interest and tax**		36,835	49,147
115	Interest received		38	56
(1,064)	Interest paid		(581)	(575)
(5,358)	Income tax paid		(3,776)	(2,887)
86,942	**Net cash flows from operating activities**		32,516	45,741
	Investing activities			
(7,112)	Purchase of property, plant and equipment	12	(8,363)	(2,593)
(170)	Purchase of right-of-use assets		(508)	-
(2,583)	Purchase of intangible assets		(559)	(812)
-	Investment in subsidiary undertakings net of cash acquired	19	(209)	-
-	Consideration receivable on a business combination		2,765	-
22	Proceeds from sale of property, plant and equipment		2,788	206
151	Proceeds from sale of right-of-use assets		4,044	-
44	Proceeds from sale of intangible assets		55	-
(9,648)	**Net cash flows from investing activities**		13	(3,199)
	Financing activities			
(467)	Debt issue costs paid		-	-
306	Shares issued		137	88
(10,374)	Dividends paid	11	(7,264)	(6,306)
(3,315)	Net drawdown/(repayment) of bank loans		1,879	(8,156)
1,627	Financing advanced in relation to right-of-use assets		1,104	499
(49,797)	Repayment of lease liabilities		(27,293)	(23,684)
(62,020)	**Net cash flows from financing activities**		(31,437)	(37,559)
15,274	Net increase / (decrease) in cash and cash equivalents		1,092	4,983
2,724	Cash and cash equivalents at start of period		17,998	2,724
17,998	**Cash and cash equivalents at end of period**		19,090	7,707

Notes to the Interim Financial Statements

1. Accounting policies

Basis of preparation
Clipper Logistics plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom. The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency rules of the Financial Conduct Authority ("FCA") and where applicable IAS 34 "Interim Financial Reporting (as adopted by the UK)".

As required by the Disclosure and Transparency rules of the FCA, the condensed interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 April 2021. These statements do not include all the information required for full annual financial statements and should be read in conjunction with the full annual report for the year ended 30 April 2021. The financial information for the half year ended 31 October 2021 and for the equivalent period in 2020 has not been audited or reviewed.

The information for the year ended 30 April 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The financial statements are prepared on the going concern basis.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating and Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully.

The Group continues to give consideration to the ongoing COVID-19 pandemic as part of its assessment of viability and ability to continue for the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

2. Financial risks, estimates, assumptions and judgments
The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in preparing these condensed interim financial statements were the same as those that applied to the consolidated financial statements for the year ended 30 April 2021.

3. Revenue
Revenue is disaggregated into two distinct operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 'Operating Segments', as reported in note 4 below.

Revenue recognised in the income statement is analysed as follows:

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
420,914	E-fulfilment & returns management services	**247,580**	187,981
194,699	Non e-fulfilment logistics	**116,450**	82,247
615,613	Value-added logistics services	**364,030**	270,228
83,638	Commercial vehicles	**43,382**	36,677
(3,050)	Inter-segment sales	**(1,292)**	(1,738)
696,201	Revenue from external customers	**406,120**	305,167

4. Segment information

For management purposes, the Group is organised into two main reportable segments:

- Value-added logistics services; and
- Commercial vehicles, including sales, servicing and repairs.

Within the value-added logistics services segment, the Chief Operating Decision Maker also reviews performance of three separate business activities:

- E-fulfilment & returns management services;
- Non e-fulfilment logistics; and
- Central logistics overheads, being the costs of support services specific to the Value-added logistics segment, but which are impractical to allocate between the sub-segment activities.

Inter-segment transactions are entered into under normal commercial terms and conditions and on an arm's length basis that would also be available to unrelated third parties.

The following table presents profit information for continuing operations regarding the Group's business segments:

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
30,969	E-fulfilment & returns management services	**16,619**	14,766
17,003	Non e-fulfilment logistics	**11,707**	10,143
(7,839)	Central logistics	**(4,665)**	(4,389)
40,133	Value-added logistics services	**23,661**	20,520
3,273	Commercial vehicles	**1,604**	1,592
(3,634)	Head office costs	**(2,665)**	(1,943)
39,772	Group EBIT	**22,600**	20,169
(1,269)	Amortisation of other intangible assets	**(599)**	(635)
(789)	Exceptional costs	**(78)**	-
(428)	Share of tax and finance costs of equity-accounted investees	**(78)**	(134)
37,286	Operating profit	**21,845**	19,400
(10,647)	Finance costs	**(5,775)**	(5,141)
92	Finance income	**61**	69
26,731	Profit before income tax	**16,131**	14,328

5. Other net gains or losses

Other net gains or losses comprises the following amounts

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
(204)	Profit / (loss) on sale of property, plant and equipment	**(405)**	117
37	Profit on disposal of lease liabilities	**1,490**	-
-	Profit on disposal of long term provisions	**343**	-
25	Dealership contributions	**13**	12
492	Rental income	**173**	47
201	Insurance proceeds	**-**	-
-	Staff restructuring	**-**	(253)
(789)	Exceptional items	**(78)**	-
200	Other income	**-**	-
(38)	Total net gains or (losses)	**1,536**	(77)

6. Staff costs

Directors' remuneration is in line with the disclosures set out in the 2021 Annual Report.

7. Finance costs

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
457	On bank loans and overdrafts	**310**	268
9,116	On lease liability agreements	**4,806**	4,351
265	Discount charges on long term provisions	**297**	133
178	Amortisation of debt issue costs	**79**	70
378	Commercial vehicle stocking interest	**129**	243
74	Invoice discounting	**82**	29
179	Other interest payable	**72**	47
10,647	Total interest expense for financial liabilities measured at amortised cost	**5,775**	5,141

8. Finance income

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
1	Bank interest	**-**	-
39	Other interest	**39**	39
52	Amounts receivable from related parties	**22**	30
92	Total interest income for financial assets measured at amortised cost	**61**	69

9. Taxation

Tax has been provided on the profit before taxation, at the estimated effective rate for the full year of 20.6% (year ended 30 April 2021: 18.9%).

10. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive instruments into ordinary shares.

The following reflects the income and share data used in the basic earnings per share computation:

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
21,657	Profit attributable to ordinary equity holders of the parent company	**12,813**	11,430
Thousands		**Thousands**	Thousands
101,726	Basic weighted average number of shares	**101,962**	101,672
21.3p	Basic earnings per share	**12.6p**	11.2p
103,801	Diluted weighted average number of shares	**103,094**	102,990
20.9p	Diluted earnings per share	**12.4p**	11.1p

11. Dividends

Year ended 30 April 2021 £'000		6 months ended 31 October 2021 £'000	6 months ended 31 October 2020 £'000
6,305	Final dividend for the year ended 30 April 2020 of 6.2p per share	-	6,306
4,069	Interim dividend for the year ended 30 April 2021 of 4.0p per share	-	-
-	Final dividend for the year ended 30 April 2021 of 7.1p per share	7,264	-
10,374	Total dividends paid	7,264	6,306

An interim dividend for the current year of £4,604,000 at 4.5p per share was approved by the Board on 8 December 2021. The dividend will be payable on 7 January 2022 to shareholders on the register at the close of business on 17 December 2021.

12. Property, plant and equipment

During the six months ended 31 October 2021, the Group acquired property, plant and equipment with a cost of £8,363,000 (2020: £2,593,000). Included in the additions during the period are assets in the course of construction amounting to £1,412,000 (2020: £5,000).

13. Right-of-use assets

30 April 2021 £'000		31 October 2021 £'000	31 October 2020 £'000
186,213	Balance brought forward	215,799	186,213
928	Transfer from property, plant and equipment	503	374
(822)	Transfer to property, plant and equipment	(4,330)	(68)
61,596	Additions	22,965	590
4,231	Remeasurement of asset	964	-
(114)	Disposals and other movements	(10,632)	(73)
(36,268)	Depreciation charge	(19,576)	(16,872)
35	Foreign currency adjustment	(572)	561
215,799	Balance carried forward	205,121	170,725

During the six months ended 31 October 2021, the Group received sale proceeds of £4,044,000 (2020: £nil) from the sale of leased assets to customers. Following each such transaction, the Group settled the outstanding lease liability.

14. Cash and cash equivalents

30 April 2021 £'000		31 October 2021 £'000	31 October 2020 £'000
17,998	Cash and cash equivalents	19,090	7,707
-	Bank overdraft	-	-
17,998	Total cash and cash equivalents	19,090	7,707

15. Financial liabilities - borrowings

30 April 2021 £'000		31 October 2021 £'000	31 October 2020 £'000
	Non-current:		
15,677	Bank loans and revolving credit advances	**17,713**	11,072
15,677	**Total non-current**	**17,713**	11,072
	Current:		
160	Bank loans	**82**	282
160	**Total non-current**	**82**	282
15,837	Total borrowings	**17,795**	11,354
227,817	Add: Lease liabilities	**220,886**	184,958
17,998	Less: Cash and cash equivalents	**19,090**	7,707
1,950	Non-current financial assets	**1,950**	1,950
223,706	**Net debt (including leases)**	**217,641**	186,655
206,762	Less IAS 17 'operating leases'	**206,414**	158,993
16,944	**Net debt (historic IAS 17 basis)**	**11,227**	27,662

The principal lender has security over all assets of the Group's UK operations.

The Group's obligations under leases are secured by the lender's charge over the relevant assets.

The maturity analysis of the bank loans and revolving credit advances is as follows:

30 April 2021 £'000		31 October 2021 £'000	31 October 2020 £'000
160	In one year or less	**82**	282
15,677	Between one and five years	**17,713**	11,072
-	After five years	**-**	-
15,837		**17,795**	11,354

The Group has access to a committed overdraft of £8,000,000 and a non-amortising revolving credit facility of £34,000,000 repayable in 2023. At 31 October 2021 £18,000,000 (2020: £11,000,000) of the revolving credit facility was drawn. Unamortised debt issue costs of £313,000 (2020: £501,000) have been deducted from the gross total outstanding.

16. Financial instruments

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash and cash equivalents & current borrowings equates to fair value.

The table below sets out the book value and fair value of the Group's other financial assets and liabilities:

30 April 2021 £'000		31 October 2021 £'000	31 October 2020 £'000
	Non-current financial assets:		
1,950	Book value	**1,950**	1,950
1,950	Fair value	**1,907**	1,948
	Non-current borrowings:		
204,145	Book value	**201,198**	159,698
203,726	Fair value	**200,949**	159,307

The main methods and assumptions used in estimating the fair values of financial instruments are as follows:

- Interest-bearing loans and borrowings: fair value is calculated based on discounted expected future principal and interest flows; and
- Trade and other receivables / payables: the notional amount for trade receivables / payables with a remaining life of less than one year is deemed to reflect their fair value.

Long term borrowings are classified as Level 2 (items with significant observable inputs) financial liabilities under IFRS 13. There have been no transfers between Level 1 and Level 2 financial instruments during the period.

17. Share based payments

Options over 328,499 ordinary shares have been granted in the six months ended 31 October 2021. Details of grants in prior periods are set out in the 2021 Annual Report. During the six months ended 31 October 2021, the Company issued 500,943 (2020: 53,298) ordinary shares for aggregate consideration of £137,000 (2020: £88,000) to satisfy share options. At 31 October 2021 options over 8,635 ordinary shares (2020: 491,948) were exercisable.

The charge for share based payments in the six months ended 31 October 2021 is £808,000 (2020: £123,000).

The decrease in deferred tax asset during the period in relation to share based payments amounted to £123,000 (2020: increase of £653,000), which has been recognised in the share based payment reserve.

18. Related party disclosures

The company owns 50% of the issued capital and voting rights of Clicklink Logistics Limited ("Clicklink"), a customer of the Group and a provider of services to the Group.

The condensed financial statements include the following in respect of Clicklink:

Year ended 30 April 2021 £'000		**6 months ended 31 October 2021 £'000**	6 months ended 31 October 2020 £'000
	Income statement:		
16,447	Revenue credited	**9,129**	7,459
3,396	Costs charged	**2,123**	1,520
52	Finance income credited	**22**	30
	Statement of financial position:		
1,950	Non-current financial assets	**1,950**	1,950
67	Trade and other receivables	**2,318**	1,781
342	Trade and other payables	**797**	293

Other related party transactions are in line with the disclosures set out in the 2021 Annual Report.

19. Business combinations

On 19 May 2021, the Group acquired the entire £1,000 share capital of Wippet Ltd, a company registered in England and Wales with registered number 13115709. Wippet Ltd is a B2B online marketplace providing users the ability to sell and procure healthcare essentials. The acquisition is in line with the Group's strategic plans to expand further into the life sciences vertical.

Purchase consideration:

	£'000
Cash consideration paid in the period ended 31 October 2021	250
Total consideration payable	**250**
Analysis of cash flows:	
Cash consideration paid in the period ended 31 October 2021	250
Net cash acquired with the subsidiary	41
Net cash flow on the acquisition	**209**

Performance-related deferred consideration may be payable in the year ending 30 April 2024. Any consideration payable will be charged to the income statement in line with anticipated performance.

As the Group is in the process of establishing the fair value of the assets acquired and the liabilities assumed, the fair values presented below are provisional.

Acquisition:

	Fair value £'000
Assets:	
Software	42
Trade and other receivables	208
Cash and cash equivalents	41
Deferred tax asset	23
Liabilities:	
Trade and other payables	(313)
Total identifiable net assets at fair value	**1**
Goodwill arising on acquisition	249
Total consideration payable	**250**

Goodwill represents the knowledge and expertise of the staff of the entity acquired. Goodwill is allocated entirely to the value-added logistics services segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Professional fees and costs in relation to the acquisition were £41,000 and have been charged to the income statement.

During the period the acquired entity was still under development and as such did not provide a material contribution to revenue or operating profit.

20. Post balance sheet event

On 29 November 2021 the Group announced it had entered into an agreement to acquire CE Repair Services Group B.V. ("CE Repair"), a company registered in the Netherlands with registered number 58336613, for consideration of €12,500,000 plus up to €5,000,000 deferred consideration dependent upon performance. Completion of the acquisition was announced on 7 December 2021 and CE Repair is expected to be immediately earnings enhancing to the Group.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Directors confirm that to the best of our knowledge:

- This condensed set of financial statements for the six months ended 31 October 2021 and for the equivalent period in 2020 has been prepared on the basis of the accounting policies set out in the 2021 Annual Report and in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom.

- the interim management report includes a fair review of the information required by:

  - paragraph DTR 4.2.7R of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the current financial year 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

  - paragraph DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Group during that period, or any changes in the related party transactions described in the last annual report that could do so.

The Directors of Clipper Logistics plc as at 31 October 2021 are as listed in the 2021 Annual Report.

This report was approved by the Board for release on 9 December 2021 and is available on the Company's website www.clippergroup.co.uk under "Investor News" then "Results and Presentations".

By order of the Board