This announcement contains inside information.

9 November 2021

STRONG FIRST HALF PERFORMANCE, WITH FURTHER INCREASE IN MANAGEMENT'S EXPECTATIONS FOR YEAR ENDING 31 MARCH 2022

Renewi plc (LSE: RWI), the leading international waste-to-product business, announces its results for the six months ended 30 September 2021.

Financial Highlights

- Revenue up 11% to €916m, driven by Covid recovery and ongoing stronger recyclate prices
- Underlying EBITDA[1] up by 43% to €126.6m; underlying EBIT[1] up by 125% to €63.8m driven by Commercial Waste; Commercial Waste EBIT margin increased by 470bp to 9.6%
- Statutory profit of €37.1m (2020: €3.5m)
- Core net debt* reduced to €336m (March 2021: €344m), representing net debt to EBITDA of 1.82x, within our 2x leverage target two years ahead of expectations
- Management expectations for the full year ending 31 March 2022 further increased

Market and Strategic Highlights

- Regulation continues to support our business model, including increased incineration taxes in Belgian regions and the Vlarema 8 legislation in Flanders
- Increased demand for recyclates, combined with shorter-term supply constraints, has led to current higher recyclate prices; longer term outlook is for sustained value from secondary materials
- As detailed in the Group's recent Capital Markets Event, our investments in circular innovations are expected to deliver an additional €20m of EBIT by the end of 2025. Further projects remain under development
- The Renewi 2.0 programme remains on track to deliver €20m of savings by FY24 and is currently delivering run rate benefits of €4.0m
- ATM has shipped over 400k tonnes, representing 31% of legacy TGG stocks, and outlets for secondary construction materials are developing. As previously indicated, low intake of inbound contaminated soil will delay the full ATM profit recovery

Sustainability

- Our business enables a circular economy: sustainability is core to our business strategy and Renewi contributes to the net avoidance of over 3 million tonnes of CO_2 per annum
- Newly committed innovation projects expected to underpin our target to increase the Group's recycling rate by 10 percentage points to 75% and avoidance of a further 0.5 million tonnes of CO_2 per annum

[1]The definition and rationale for the use of non-IFRS measures are included in note 17.
** 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:

"Renewi delivered a strong performance in the first half of FY22, with underlying EBIT 125% above prior year and 69% above the pre-Covid first half of FY20. We have successfully retained some of the structural cost savings made in response to the Covid-19 pandemic and these, combined with volume recovery and ongoing strong recyclate prices, have contributed to the significant increase in margins and profits. Following this strong first half, the Board is further increasing its full year expectations, which assume a moderation of recyclate prices in the second half as well as a reduced throughput at ATM.

"Our business model is essential to enable advanced circular economies to achieve their carbon reduction targets. By recycling more we reduce incineration and assist our customers in reducing their carbon footprint as they replace virgin materials with our high-quality secondary materials. We therefore expect to see long-term accretive growth opportunities across our markets as we add more value to the waste we collect and process."

Results

	Sep 21	Sep 20	% change	Sep 19[2]
UNDERLYING NON-STATUTORY				
Revenue	€915.6m	€821.4m	+11%	€850.7m
Underlying EBITDA[1]	€126.6m	€88.5m	+43%	€91.2m
Underlying EBIT[1]	€63.8m	€28.3m	+125%	€37.8m
Underlying profit before tax[1]	€50.4m	€15.3m	+229%	€20.2m
Underlying EPS[1] (cents per share)	47c	15c	+213%	
Adjusted free cash flow[1]	€25.9m	€33.7m		
Free cash flow[1]	€14.2m	€77.9m		
Core net debt*	€336m	€381m		
STATUTORY				
Revenue	€915.6m	€821.4m		
Operating profit	€58.2m	€17.0m		
Profit before tax	€44.7m	€4.4m		
Profit for the period	€37.1m	€3.5m		
Basic EPS (cents per share)	46c	5c		
Cash flow from operating activities	€75.5m	€133.9m		
Total net debt*	€648m	€684m		

[1] The definition and rationale for the use of non-IFRS measures are included in note 17.
[2] September 2019 values are for ongoing businesses only and exclude the results for the Canada and Reym activities which were sold during FY20.
** Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.*

The results for both this year and the prior years are reported applying IFRS 16. Where appropriate, we also disclose certain metrics on an IAS 17 basis as this is of particular relevance for the calculation of leverage for the Group's banking covenants.

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Notes:
1. A copy of this announcement is available on the Company's website, (www.renewi.com)
2. Renewi will hold an online analyst presentation at 9.30 a.m. GMT / 10.30 a.m. CET today
3. Webcast: https://live.sommedia.nl/renewic-ir-2021
4. Today's results presentation will also be available on the website

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.

Chief Executive Officer's Statement

Overview

Renewi delivered a strong performance in the first half of FY22, with underlying EBIT 125% above prior year and 69% above the pre-Covid first half of FY20. We have successfully retained some of the structural cost savings made in response to the Covid-19 pandemic and these, combined with volume recovery and ongoing strong recyclate prices, have contributed to the significant increase in margins and profits. We are also particularly pleased to have achieved our target of reducing leverage below 2x while at the same time increasing our investment in growth projects.

We remain confident our three strategic value drivers – our innovation pipeline, recovery of earnings at ATM, and the Renewi 2.0 programme – will deliver significant additional earnings over the next years as well as the longer term. Our business model is essential to enable advanced circular economies to achieve their circularity and consequent carbon reduction targets. We continue to see positive structural growth drivers as the 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 to recycle more and to use our high-quality secondary materials.

Group financial performance

Group Summary	**Revenue**			**Underlying EBIT**		
	Sep 21 €m	**Sep 20 €m**	**Variance %**	**Sep 21 €m**	**Sep 20 €m**	**Variance %**
Commercial Waste	670.6	595.0	13%	64.7	29.4	120%
Mineralz & Water	93.6	90.4	4%	4.0	2.3	74%
Specialities	168.0	149.4	12%	1.7	-	N/A
Group central services	-	-		(6.6)	(3.4)	-94%
Inter-segment revenue	(16.6)	(13.4)		-	-	
Total	**915.6**	**821.4**	**11%**	**63.8**	**28.3**	**125%**

The underlying figures above are reconciled to statutory measures in note 3 in the consolidated financial statements.

Group revenue was up by 11% to €916m and underlying EBIT increased by 125% to €63.8m. Underlying profit before tax increased by 229% to €50.4m. Underlying earnings per share increased by 213% to 47 cents (2020: 15 cents).

The business delivered a positive adjusted free cash-flow of €25.9m (2020: €33.7m). There was a net cash outflow of €1.9m (2020: inflow of €67.7m, which included the €55m benefit of deferred payroll and other taxes in the Netherlands). Core net debt/EBITDA reduced to 1.82x at 30 September 2021, achieving the Board's target of leverage below 2x two years ahead of expectations.

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.

Commercial Waste	Revenue		Underlying EBITDA		Underlying EBIT	
	Sep 21	Sep 20	Sep 21	Sep 20	Sep 21	Sep 20
Netherlands Commercial	442.3	396.8	71.1	50.3	43.2	21.1
Belgium Commercial	228.9	198.5	38.1	22.6	21.5	8.3
Intra-segment revenue	(0.6)	(0.3)	-	-	-	-
Total (€m)	670.6	595.0	109.2	72.9	64.7	29.4
Period on period variance %						
Netherlands Commercial	*11%*		*41%*		*105%*	
Belgium Commercial	*15%*		*69%*		*159%*	
Total	*13%*		*50%*		*120%*	
	Return on operating assets		**Underlying EBITDA margin**		**Underlying EBIT margin**	
	Sep 21	**Sep 20**	**Sep 21**	**Sep 20**	**Sep 21**	**Sep 20**
Netherlands Commercial	22.6%	12.0%	16.1%	12.7%	9.8%	5.3%
Belgium Commercial	38.5%	21.3%	16.6%	11.4%	9.4%	4.2%
Total	26.0%	14.1%	16.3%	12.3%	9.6%	4.9%

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 17 in the consolidated financial statements.

The Commercial Division increased revenues by 13% to €671m and underlying EBIT by 120% to €64.7m, representing an EBIT margin of 9.6%. Return on operating assets increased to a strongly accretive 26%.

In the Netherlands, revenue increased by 11% to €442.3m and underlying EBIT increased by 105% to €43.2m. Volumes were broadly flat on the prior year and were around 3% below pre-Covid levels. Compared to prior year, there was a small recovery in commercial volumes offset by the expected contraction in construction and bulky waste. Inbound revenues increased by 3% and outbound revenues by 78%, reflecting the strength of recyclate prices and a corresponding reduction in inbound revenue from our customers with whom we have dynamically priced contracts. As reported at our last results, paper/cardboard and ferrous metal prices have been particularly strong; the outlook for recyclates is discussed later in this review. Around two thirds of the uplift in earnings was attributable to extra margin on recyclates, supported by continuing tight control of costs.

In Belgium, revenue increased by 15% to €228.9m and underlying EBIT by 159% to €21.5m. Core volumes increased by 13% compared to the prior year and recyclates by 8%, although these volumes also remain around 7% below pre-Covid levels. This strong volume recovery reflected the very challenging first quarter drop in the prior year. Volume recovery contributed the majority of the increase in underlying EBIT, supported also by the strong recyclate prices and ongoing operational cost savings.

Mineralz & Water	Sep 21 €m	Sep 20 €m	Variance %
Revenue	93.6	90.4	4%
Underlying EBITDA	11.0	10.0	10%
Underlying EBITDA margin	*11.8%*	*11.1%*	
Underlying EBIT	4.0	2.3	74%
Underlying EBIT margin	*4.3%*	*2.5%*	
Return on operating assets	4.6%	11.7%	

The return on operating assets excludes all landfill related provisions. Earnings recovery at ATM was more than offset by the integration of a former joint venture which increased assets and included significant one-off charges in the second half last year which read through into the return on operating asset calculation. The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

The Mineralz & Water Division made underlying progress and saw revenues increase by 4% to €93.6m and underlying EBIT increase by 74% to €4.0m. The contaminated soil processing line successfully increased throughput to 55% of capacity with no impact on product quality of the filler, sand and gravel. Over 0.4m tonnes out of 1.3m tonnes of clean thermally treated soil ("TGG") stocks have now been shipped, clearing space on the site and reducing external storage costs. We anticipate shipping a further 250k tonnes in the second half. Other activities in the Division remained in line with expectations.

Specialities	Sep 21 €m	Sep 20 €m	Variance %
Revenue	168.0	149.4	12%
Underlying EBITDA	7.9	4.5	76%
Underlying EBITDA margin	*4.7%*	*3.0%*	
Underlying EBIT	1.7	-	N/A
Underlying EBIT margin	*1.0%*	*0.0%*	
Return on operating assets	17.9%	1.8%	

Underlying EBIT includes utilisation of €0.5m (2020: €6.1m) 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 17 in the consolidated financial statements.

The Specialities Division grew revenues by 12% to €168m and delivered an underlying EBIT of €1.7m. Coolrec continued to perform strongly, benefiting from operational improvements and strong recyclate prices. Maltha recovered well from a Covid impacted prior period. UK Municipal saw the benefits of high recyclate prices offset by higher Council volumes, some of which are loss-making, and an accounting adjustment in one contract.

Markets and strategy

Continuing positive developments in our end markets

COP26 is challenging the world to take 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 requirement for success in meeting these goals. Becoming more circular and cutting virgin materials use by 28% within nine years could lead to a reduction in global greenhouse gas emissions by 39% according to the Circularity Gap Report.

Recycling plays a key part in enabling a circular economy by converting waste back into secondary materials and is therefore set to be supported by fiscal and regulatory governmental policy. Recycling, like most markets, needs balanced supply and demand.

Supply is stimulated by banning or taxing landfill and incineration to create an environment in which sorting and processing to produce recyclates is economically competitive. This is already in place in the Benelux and has been further strengthened in Flanders by the recent announcement to double the incineration tax to €25 per tonne. Next generation stimulation of supply is fundamental to Vlarema 8 legislation in Flanders which comes into effect in January 2023. Vlarema 8 effectively 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 build three large state-of-the-art sorting lines in Flanders.

Demand is stimulated by setting targets for minimum recycled content for government tenders, or indeed simply mandating certain levels of recycled content in all materials. For example, the Netherlands has a longstanding policy commitment to be 50% circular by 2030, and Belgium has very similar circularity ambitions in both Flanders and Wallonia. This is further backed by trends in consumer demand where a sustainable solution appeals to a growing segment of the customer universe. These targets have led us to predict that recyclates will over time become scarce materials and that prices should consequently rise from the long-term lows that we saw in March 2020, and that these prices may ultimately decouple from trading at a discount to virgin materials. The last twelve months have seen sustained increases in the selling prices for most key recyclates, including paper, metals and plastics. In the shorter term, we forecast some moderation of pricing towards the long-term average levels, as temporary imbalances in supply and demand attributable to Covid are resolved.

Looking forward, legislators are considering further action, including carbon taxes, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will help to accelerate the transition to increased recycling rates and, critically, increased demand for secondary materials. While progress is being made, we believe that it will have to accelerate significantly if governments wish to meet their own recycling and circularity targets.

<u>Our unchanged strategy for long-term profitable growth</u>

Our purpose is to protect the world by giving new life to used materials, and our vision is to be the leading waste-to-product company in the world's most advanced circular economies. This differentiates Renewi as a company that focuses on reuse: supplying high-quality secondary materials, which we believe is the best way to extract value from waste. We are a key player in the rapidly emerging circular economy and a pioneer among companies that collect our society's waste to find new uses for it.

To expand our position as a secondary raw material producer, 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 by 10 percentage points within five years to 75%.
2. **Leader in secondary material production: enhance value of the products we produce**. To build a circular economy, the usage of secondary raw materials must increase. We aim to significantly increase the value of our products by investing in advanced processing of our materials.
3. **Selectively gain market share.** Our primary focus in the Benelux is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, there are consolidation opportunities in our sector, and we intend to participate both in smaller acquisitions in our core markets and potentially to enter into new geographies with strong growth potential for our waste-to-product model.

Positive progress with our three value drivers

We have three key value drivers, each expected to be worth €20m EBIT in the coming years: our innovation pipeline, Renewi 2.0, and the return to full production at our ATM facility.

Capital committed to underpin the €20m EBIT target from the innovation pipeline

Innovation is one of our core priorities and we are working on a growing number of initiatives to deliver the first two pillars of our growth strategy. Given that a number of these initiatives relate to new products or technologies, we do not expect them all to proceed to commercialisation. During the past six months we have made significant progress and we have now committed €110m in total to the programme to underpin our targeted EBIT increase, of which €25m has been spent. Our programme was outlined in detail in our recent virtual Capital Markets Event, which can be seen on our website. The most significant of the investments is the €60m project to build advanced sorting lines in Flanders to meet the needs of the Vlarema 8 legislation. These sorting lines will provide up to 400kT of capacity, generating attractive returns due to increased pricing, reduced incineration costs and some extra recyclate income. The Walloon government has indicated that it will likely implement similar legislation to come into effect in 2025 and we expect pre-sorting of residual waste will become more common across other advanced circular economies with time. Our investments at ATM and at our organics facility in Amsterdam are largely complete and will commission by the end of FY22. These Board approved investments each meet the required return on operating assets of 16%-20%.

Project	Partner	Opportunity	Status
Advanced residual waste sorting Flanders	Stand-alone	€€€€€	Three lines approved, with the first to commission during 2022
ATM Gravel sand & filler	Stand-alone	€€€	Filler capacity installed and product certifications progressing well
Organics: bio-gas to bio-LNG	Shell & Nordsol	€€	Opened by King Willem-Alexander on October 14 2021 and now commissioning
Organics: expanded depackaging capacity	Stand-alone	€	Construction complete and will commission in 2021
Expansion plastic recycling	Stand-alone	€€	Ghent and Waalwijk investments complete. Acht to commission in 2023
Mattress recycling	IKEA group	€€€	New facilities: fourth facility completed and fifth in planning. Chemical recycling plant to be commissioned in early 2022
Feedstock for chemical recycling of plastics	Petro Chemical	€ - €€€	Discussions ongoing concerning feedstock specification and sourcing
Polyurethane recycling	Chemical recycler	€ - €€€	Technical feasibility studies underway
Wood flake for low-carbon steel	Arcelor-Mittal	€€ - €€€€	Commercial discussions ongoing

€ = c€2m of additional EBIT at full run rate

Renewi 2.0 programme

We are now eighteen months into our Renewi 2.0 programme: a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, orientated around two key themes: digitisation of the business and the simplification and harmonisation of processes.

As previously indicated, the programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three-year programme to 2023 for a total cash cost of €40m, which will be split into an exceptional cost of €33m and capital investment of €7m. Our current run-rate of savings has increased to €4.0m. We remain confident that we will achieve the targeted savings on schedule.

After the successful launch of the MyRenewi portal more than 140,000 customers have been invited to access the platform. The current number of active customers is around 40,000 and adoption is increasing each month. Around 2,700 orders and questions per week are being processed over the platform, which has driven phone call volumes down 5% year to date towards a target 20% reduction.

Our procure-to-pay process, PEAR, is now fully operational in Belgium and is being extended to the Netherlands.

ATM profit recovery

ATM is our major site that cleans contaminated soil, water and chemical waste, providing a unique range of services in the Netherlands. The market for the thermal treatment of contaminated soil and its reuse as TGG was disrupted from mid-2018 due to environmental concerns, reducing earnings by around €20m. ATM's TGG was cleared by IL&T, the national regulator, for use in appropriate locations from late 2019.

We continue to make good progress with our recovery plan. Certification projects for our filler, sand and gravel are continuing at pace. Inbound deliveries of contaminated soil have been lower than expected, as previously announced, due to short-term reductions in active projects in the market as well as delays in securing import permits from the authorities. As a result, we have reduced our throughput back to 35% from 55% until we see an upturn in inbound volumes. We remain confident in ongoing progress and in delivery of the €20m EBIT target albeit with an expected delay of up to two years.

Sustainability performance

In 2020 we launched Renewi's upgraded sustainability strategy and our new sustainable development objectives for the next three and five years. Using the UN Sustainable Development Goals, we are focusing on three key themes: Enabling the circular economy; Reducing carbon emissions and waste; and Caring for people. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. By delivering on one, we will help to deliver on the others.

During the last six months we have made good progress with our strategy, including the following highlights:

- Recycling rate increased from 65.8% at March 2021 to 66.5% (+0.7% points), mainly driven by Specialities and Mineralz & Water Divisions
- Significantly improved H1 safety results: significant incidents are down 77%, LTIs (lost time injuries) are down 26% and major fires are down 47%
- Established a Diversity & Inclusion committee, aimed at making Renewi an even more rewarding and inclusive place to work

Outlook

Following the strong performance in the first half and previous increased guidance expectations, the Board is further increasing its FY22 expectations, which assume a moderation of recyclate prices in the second half as well as a reduced throughput at ATM.

We remain confident our three strategic growth initiatives – our innovation pipeline, recovery of earnings at ATM, and the Renewi 2.0 programme – will deliver significant additional earnings over the coming years as well as the longer term.

Our business model is essential to enable advanced circular economies to achieve their carbon reduction targets. We continue to see positive structural growth drivers as the 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 to recycle more and to use our high-quality secondary materials.

FINANCE REVIEW

Financial Performance	Sep 21 €m	Sep 20 €m	Variance %
Revenue	915.6	821.4	11%
Underlying EBITDA	126.6	88.5	43%
Underlying EBIT	63.8	28.3	125%
Operating profit	58.2	17.0	242%
Underlying profit before tax	50.4	15.3	229%
Non-trading & exceptional items	(5.7)	(10.9)	
Profit before tax	44.7	4.4	
Total tax charge for the period	(7.6)	(0.9)	
Profit for the period	37.1	3.5	

The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

Renewi delivered a strong performance in the first half of FY22, with revenues and underlying EBIT 11% and 125% above prior year. We have retained some of the structural cost savings made in response to Covid and these, combined with ongoing strong recyclate prices, have contributed to a significant increase in margins and profits. Underlying EBIT was €35.5m higher than prior year, of which €23.7m resulted from all-time high recyclate prices and €9.3m from volume and mix changes, with the balance coming from net price gains more than offsetting inflation, increased ATM throughput, costs savings and others. Underlying EBITDA increased by 43% whereas underlying EBIT increased by 125% as the level of depreciation and amortisation remained fairly constant year on year. The level of exceptional and non-trading items in the current year was again significantly reduced to €5.7m resulting in a statutory operating profit of €58.2m compared to €17.0m last year. Interest charges and share of results from associates and joint ventures were comparable to last year which has resulted in an underlying profit before tax of €50.4m for this year compared to €15.3m in the prior year.

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 reduced by 48% to €5.7m (2020: €10.9m), of which €1.6m was non-cash. Of the total charge, €4.0m relates to the Renewi 2.0 programme.

Operating profit from continuing operations, after taking account of all non-trading and exceptional items, was €58.2m (2020: €17.0m).

Net finance costs

Net finance costs excluding exceptional items increased by €0.2m to €13.7m (2020: €13.5m), with savings on main facility interest due to lower borrowing levels net of increased costs for leases which reflect an increase in new leases entered into during the previous years. Further details are provided in note 6 to the consolidated interim financial statements.

Taxation

Total taxation for the period was a charge of €7.6m (2020: €0.9m). The effective tax rate on underlying profits at 25% is based on the estimate of the full year effective tax rate. An exceptional tax credit of €5.0m includes €1.3m attributable to the non-trading and exceptional items of €5.7m and €3.7m as a result of tax rates changes in the UK which were substantively enacted during the first half.

The Group statutory profit after tax, including all non-trading and exceptional items, was €37.1m (2020: €3.5m).

Earnings per share (EPS)

Following the one for ten share consolidation, EPS comparatives have been restated to reflect the change in the number of shares. Underlying EPS excluding non-trading and exceptional items was 47 cents per share, an increase of 32 cents. Basic EPS was 46 cents per share compared to 5 cents per share in the prior year.

The Board has not declared an interim dividend.

CASH FLOW PERFORMANCE

The funds flow performance table is derived from the statutory cash flow statement and reconciliations are included in note 17 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 was introduced last March and focuses on the cash generation excluding the impact of Covid-19 tax deferrals, settlement of ATM soil liabilities and spend relating to the UK PPP onerous contracts. Adjusted free cash flow also includes lease repayments for IFRS 16 leases. The prior period comparatives have been restated to reflect this new layout.

Funds flow performance	**Sep 21 €m**	**Sep 20 €m**
EBITDA	126.6	88.5
Working capital movement	(36.0)	6.4
Movement in provisions and other	(0.2)	-
Net replacement capital expenditure	(29.7)	(23.7)
Repayments of obligations under lease liabilities	(21.9)	(19.9)
Interest, loan fees and tax	(12.9)	(17.6)
Adjusted free cash flow	**25.9**	**33.7**
Deferred Covid taxes	(0.4)	55.0
Offtake of ATM soil	(3.4)	(2.6)
UK Municipal contracts	(7.9)	(8.2)
Free cash flow	**14.2**	**77.9**
Growth capital expenditure	(7.5)	(3.3)
Renewi 2.0 and other exceptional spend	(6.0)	(5.6)
Other	(2.6)	(1.3)
Total cash flow	**(1.9)**	**67.7**
Free cash flow conversion	**22%**	**275%**

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 17 in the consolidated financial statements.

Adjusted free cash flow was lower at €25.9m despite the strong EBITDA improvement. There was an outflow on working capital in the period primarily driven by temporary delays in billing during a process change and an underlying reduction in payables. Core days sales outstanding (DSO) remain unimpacted by Covid-19.

Replacement capital spend at €29.7m was slightly ahead of last year. In addition, €16.6m 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 included further spend on the €10m facility to process out-of-date food waste in Amsterdam.

Interest and tax payments were lower than the prior period due to phasing of annual tax settlements which have fallen into the second half this year along with lower interest payments given reduced bank borrowings.

Looking at the three components that are shown below adjusted free cash flow, there has been minimal repayment on Covid-19 tax deferrals. The total tax deferrals were €60m at the end of March and the Dutch elements will be settled in 36 monthly instalments starting in October 2021. Initial cash spend for placement of TGG soil stocks placed in the market in the first six months was €3.4m. The balance of the liability of up to €20m is expected to be placed in the market over the next 24 months. Cash outflow on UK PPP contracts was €7.9m.

Spending on Renewi 2.0 and other exceptional costs was similar to last year at €6.0m. Other cash flows include the funding for the closed UK defined benefit scheme and the purchase of short-term investments in the insurance captive net of sundry dividend income from other investments.

Net cash generated from operating activities decreased from €129.4m in the prior period to €74.1m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 17 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 FY22

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY22 replacement capital spend is expected to be up to €80m which includes some catch-up from the prior two years and a second half investment in a replacement LUVO emissions cleaning unit at the ATM TRI plant. In addition, up to €40m of IFRS 16 lease investments are expected for the full year, primarily in replacement trucks.

Growth capital expenditure will continue to increase as elements of the innovation pipeline comes into the construction phase. Growth investments in FY22 are estimated at €23m which includes the first half expenditure on the out-of-date food waste facility in Amsterdam, with the second half influenced by the exact timing of expenditure on the advanced sorting investments in Belgium for Vlarema 8 and other initiatives. The following table shows the investments and returns expected for the circular innovation projects shared at the recent Capital Markets Event.

Circular innovations	FY21 & Prior €m	FY22 €m	FY23 €m	FY24 €m	FY25 €m	FY26 €m	TOTAL €m
Capital Investment	19.0	23.0	42.0	19.0	7.0	-	110.0
EBIT	(4.0)	(2.0)	2.0	9.0	19.0	>20.0	>20.0

Return on assets

The Group return on operating assets excluding debt, tax and goodwill increased to 36.0% at 30 September 2021 from 22.6% at 31 March 2021. The Group post-tax return on capital employed at September 2021 was 9.5% up from 6.3% at 31 March 2021.

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 better than management expectations at €336.0m (31 March 2021: €343.6m) which resulted in a net debt to EBITDA ratio of 1.82x, comfortably within our covenant limit of 3.50x. Liquidity headroom including core cash and undrawn facilities was also strong at €492m up from €364m at March 2021.

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long-term. All our core borrowings of bonds and loans are green financed. During the period all term loans and revolving credit facilities denominated in Sterling were repaid and the related cross-currency interest rate swaps were cancelled. On 23 July 2021 new Green retail bonds of €125m were issued at a gross coupon of 3.00% for a period of six years.

Debt Structure	**Sep 21 €m**	**Sep 20 €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)
€495m Green RCF and term loan	(82.5)	(306.1)	223.6
Green EUPP	(25.0)	(25.0)	-
Gross borrowings before lease liabilities	(407.5)	(506.1)	98.6
Historical IAS 17 lease liabilities and other	(11.0)	(15.6)	4.6
Loan fees	3.3	4.3	(1.0)
Core cash and money market funds	79.2	136.3	(57.1)
Core net debt (as per covenant definitions)	(336.0)	(381.1)	45.1
IFRS 16 lease liabilities	(232.8)	(219.1)	(13.7)
Net debt excluding UK PPP net debt	(568.8)	(600.2)	31.4
UK PPP restricted cash balances	21.1	16.6	4.5
UK PPP non-recourse debt	(100.7)	(100.8)	0.1
Total net debt	(648.4)	(684.4)	36.0

As set out in note 2 in the consolidated financial statements the comparatives for UK PPP balances and lease liabilities have been restated.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 30 September 2021 was €83.7m (March 2021: €80.3m).

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 30 September 2021 this net debt amounted to €79.6m (31 March 2021: €87.8m). As set out in note 2 in the consolidated financial statements the presentation of cash held in the UK PPP entities is now shown gross in cash and cash equivalents rather than netted off the non-recourse debt balance.

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. The provisions balance classified as due within one year amounts to €35m, including €3m for restructuring, €10m for onerous contracts, €8m for landfill related spend and €14m for environmental, legal and others.

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 FY22 but no monies would likely become payable until FY23. Details of contingent liabilities are set out in note 15 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

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 1 December 2019. At 30 September 2021, the scheme had moved back to a surplus of €5.9m from a deficit of €4.0m at 31 March 2021. The move in the period was due to strong asset returns. There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €7.4m at 30 September 2021, unchanged from March.

PRINCIPAL RISKS AND UNCERTAINTIES

Renewi operates a risk management framework to identify, assess and control the most serious risks facing the Group. The 2021 Annual Report (pages 80 to 83) 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 for aftershocks from Covid-19, including customer insolvencies, reduced volumes from ongoing homeworking and the risks of further lockdowns. In common with the broader market we observe inflationary pressures including energy costs, and a shortage of labour in specific locations or specialisms. The global post Covid-19 demand recovery has also created positive pricing pressure on recyclates, which heightens attention as to how to maximise the opportunity caused by this volatility and to identify potentially heightened risks, such as new entrants. Cyber crime is an increasing risk for all businesses and we have been investing significantly to further strengthen our capabilities. The floods in Europe this summer have highlighted the risks of physical loss arising from climate change. While we experienced no material impact from these floods, we continue to appraise potential risks to our assets as well as ensuring we can maintain continuity of service to our customers. 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

O de Bont
Chief Executive Officer
8 November 2021

T Woolrych
Chief Financial Officer
8 November 2021

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2021

		First half 2021/22			First half 2020/21		
	Note	**Underlying €m**	**Non-trading & exceptional items €m**	**Total €m**	Underlying €m	Non-trading & exceptional items €m	Total €m
Revenue	3,4	**915.6**	-	**915.6**	821.4	-	821.4
Cost of sales	5	**(740.0)**	**(1.8)**	**(741.8)**	(687.1)	(7.7)	(694.8)
Gross profit (loss)		**175.6**	**(1.8)**	**173.8**	134.3	(7.7)	126.6
Administrative expenses	5	**(111.8)**	**(3.8)**	**(115.6)**	(106.0)	(3.6)	(109.6)
Operating profit (loss)	3	**63.8**	**(5.6)**	**58.2**	28.3	(11.3)	17.0
Finance income	5,6	**4.7**	-	**4.7**	5.6	0.4	6.0
Finance charges	5,6	**(18.4)**	**(0.1)**	**(18.5)**	(19.1)	-	(19.1)
Share of results from associates and joint ventures		**0.3**	-	**0.3**	0.5	-	0.5
Profit (loss) before taxation	3	**50.4**	**(5.7)**	**44.7**	15.3	(10.9)	4.4
Taxation	5,7	**(12.6)**	**5.0**	**(7.6)**	(3.7)	2.8	(0.9)
Profit (loss) for the period		**37.8**	**(0.7)**	**37.1**	11.6	(8.1)	3.5
Attributable to:							
Owners of the parent		**37.3**	**(0.7)**	**36.6**	11.9	(8.1)	3.8
Non-controlling interests		**0.5**	-	**0.5**	(0.3)	-	(0.3)
		37.8	**(0.7)**	**37.1**	11.6	(8.1)	3.5

Earnings per share	Note	**First half 2021/22 cents**	Restated* First half 2020/21 cents
Basic	9	**46**	5
Diluted	9	**46**	5
Underlying basic	9	**47**	15
Underlying diluted	9	**47**	15

*The comparatives have been restated in accordance with the requirements of IAS 33 Earnings per share following the share consolidation as explained in note 2.

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2021

	First half 2021/22 €m	First half 2020/21 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**0.5**	1.8
Fair value movement on cash flow hedges	**5.3**	2.0
Deferred tax on fair value movement on cash flow hedges	**(0.3)**	(0.6)
Share of other comprehensive income of investments accounted for using the equity method	**0.3**	0.1
	5.8	3.3
Items that will not be reclassified to profit or loss:		
Actuarial gain (loss) on defined benefit pension schemes	**8.0**	(18.4)
Deferred tax on actuarial gain (loss) on defined benefit pension schemes	**(1.8)**	3.5
	6.2	(14.9)
Other comprehensive income (loss) for the period, net of tax	**12.0**	(11.6)
Profit for the period	**37.1**	3.5
Total comprehensive income (loss) for the period	**49.1**	(8.1)
Attributable to:		
Owners of the parent	**48.6**	(7.8)
Non-controlling interests	**0.5**	(0.3)
Total comprehensive income (loss) for the period	**49.1**	(8.1)

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2021

	Note	**30 September 2021 €m**	Restated* 30 September 2020 €m	Restated* 31 March 2021 €m
Assets				
Non-current assets				
Goodwill and intangible assets	10	**603.2**	609.6	602.2
Property, plant and equipment	10	**546.9**	562.1	560.7
Right-of-use assets*	10	**227.0**	220.8	233.8
Investments		**14.7**	14.8	17.2
Financial assets relating to PPP contracts		**137.3**	135.7	142.4
Derivative financial instruments	14	**0.2**	-	7.9
Defined benefit pension scheme surplus	13	**5.9**	-	-
Trade and other receivables		**4.0**	2.5	4.1
Deferred tax assets		**46.3**	39.7	49.5
		1,585.5	1,585.2	1,617.8
Current assets				
Inventories		**22.5**	20.6	20.6
Investments		**11.5**	8.5	9.3
Loans to associates and joint ventures		**0.9**	0.9	0.9
Financial assets relating to PPP contracts		**7.1**	6.2	6.7
Trade and other receivables		**253.4**	250.4	247.7
Derivative financial instruments	14	**3.4**	-	1.2
Current tax receivable		**1.6**	-	0.5
Cash and cash equivalents*	11	**100.3**	152.9	68.8
		400.7	439.5	355.7
Total assets		**1,986.2**	2,024.7	1,973.5
Liabilities				
Non-current liabilities				
Borrowings*	11	**(600.9)**	(793.0)	(689.1)
Derivative financial instruments	14	**(22.3)**	(35.5)	(25.3)
Other non-current liabilities		**(44.4)**	(60.9)	(54.4)
Defined benefit pension schemes deficit	13	**(7.4)**	(8.3)	(11.4)
Provisions	12	**(254.4)**	(238.9)	(252.6)
Deferred tax liabilities		**(48.6)**	(44.4)	(50.9)
		(978.0)	(1,181.0)	(1,083.7)
Current liabilities				
Borrowings*	11	**(147.8)**	(44.3)	(47.8)
Derivative financial instruments	14	-	(3.2)	(0.2)
Trade and other payables		**(509.8)**	(509.7)	(546.2)
Current tax payable		**(22.3)**	(14.5)	(13.8)
Provisions	12	**(34.9)**	(45.3)	(38.7)
		(714.8)	(617.0)	(646.7)
Total liabilities		**(1,692.8)**	(1,798.0)	(1,730.4)
Net assets		**293.4**	226.7	243.1
Issued capital and reserves attributable to the owners of the parent				
Share capital		**99.5**	99.5	99.5
Share premium		**473.6**	473.6	473.6
Exchange reserve		**(14.3)**	(9.9)	(14.8)
Retained earnings		**(272.0)**	(337.6)	(321.3)
		286.8	225.6	237.0
Non-controlling interests		**6.6**	1.1	6.1
Total equity		**293.4**	226.7	243.1

*The comparatives for cash and cash equivalents and PPP non-recourse debt within both current and non-current borrowings have been restated at September 2020 and March 2021, additionally the comparatives for right-of-use assets and lease liabilities within both current and non-current borrowings at September 2020 have been restated. These are due to prior year adjustments which are explained in note 2.

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2021

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2021	**99.5**	**473.6**	**(14.8)**	**(321.3)**	**6.1**	**243.1**
Profit for the period	**-**	**-**	**-**	**36.6**	**0.5**	**37.1**
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**	**48.1**	**0.5**	**49.1**
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	**99.5**	**473.6**	**(14.3)**	**(272.0)**	**6.6**	**293.4**
Balance at 1 April 2020	99.5	473.6	(11.6)	(327.6)	1.4	235.3
Profit (loss) for the year	-	-	-	11.1	(0.1)	11.0
Other comprehensive (loss) income:						
Exchange (loss) gain on translation of foreign subsidiaries	-	-	(3.2)	-	0.1	(3.1)
Fair value movement on cash flow hedges	-	-	-	14.4	(0.1)	14.3
Actuarial loss on defined benefit pension schemes	-	-	-	(23.3)	-	(23.3)
Tax in respect of other comprehensive income items	-	-	-	2.0	-	2.0
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.3	-	0.3
Total comprehensive (loss) income for the year	-	-	(3.2)	4.5	(0.1)	1.2
Share-based compensation	-	-	-	1.4	-	1.4
Movement on tax arising on share-based compensation	-	-	-	0.3	-	0.3
Disposal of non-controlling interest	-	-	-	1.3	4.8	6.1
Own shares purchased by the Employee Share Trust	-	-	-	(1.2)	-	(1.2)
Balance as at 31 March 2021	99.5	473.6	(14.8)	(321.3)	6.1	243.1
Balance at 1 April 2020	99.5	473.6	(11.6)	(327.6)	1.4	235.3
Profit (loss) for the period	-	-	-	3.8	(0.3)	3.5
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	-	-	1.7	-	0.1	1.8
Fair value movement on cash flow hedges	-	-	-	2.1	(0.1)	2.0
Actuarial loss on defined benefit pension schemes	-	-	-	(18.4)	-	(18.4)
Tax in respect of other comprehensive income items	-	-	-	2.9	-	2.9
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.1	-	0.1
Total comprehensive income (loss) for the period	-	-	1.7	(9.5)	(0.3)	(8.1)
Share-based compensation	-	-	-	0.7	-	0.7
Own shares purchased by the Employee Share Trust	-	-	-	(1.2)	-	(1.2)
Balance as at 30 September 2020	99.5	473.6	(9.9)	(337.6)	1.1	226.7

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2021

	Note	**First half 2021/22 €m**	Restated* First half 2020/21 €m
Profit before tax		**44.7**	4.4
Finance income		**(4.7)**	(6.0)
Finance charges		**18.5**	19.1
Share of results from associates and joint ventures		**(0.3)**	(0.5)
Operating profit		**58.2**	17.0
Amortisation and impairment of intangible assets	10	**4.8**	5.0
Depreciation and impairment of property, plant and equipment	10	**35.5**	40.8
Depreciation and impairment of right-of-use assets	10	**22.8**	19.5
Impairment of investment in associate		**1.9**	-
Gain on disposal of property, plant and equipment		**(0.6)**	(0.4)
Net decrease in provisions		**(4.4)**	(6.1)
Payment related to committed funding of the defined benefit pension schemes		**(1.8)**	(1.7)
Share-based compensation		**0.8**	0.7
Operating cash flows before movement in working capital		**117.2**	74.8
Increase in inventories		**(1.9)**	-
(Increase) decrease in receivables		**(6.0)**	21.3
(Decrease) increase in payables		**(33.8)**	37.8
Cash flows from operating activities		**75.5**	133.9
Income tax paid		**(1.4)**	(4.5)
Net cash inflow from operating activities		**74.1**	129.4
Investing activities			
Purchases of intangible assets		**(6.6)**	(4.5)
Purchases of property, plant and equipment		**(32.7)**	(24.6)
Proceeds from disposals of property, plant and equipment		**2.1**	2.1
Dividends received from associates and joint ventures		**1.2**	1.1
Receipt of deferred consideration		**0.2**	0.4
Purchase of other short-term investments		**(2.2)**	-
Outflows in respect of PPP arrangements under the financial asset model		**(0.2)**	(0.7)
Capital received in respect of PPP financial assets		**3.0**	2.5
Finance income		**5.0**	4.8
Net cash outflow from investing activities		**(30.2)**	(18.9)
Financing activities			
Finance charges and loan fees paid		**(16.5)**	(18.0)
Investment in own shares by the Employee Share Trust		**-**	(1.2)
Proceeds from retail bonds	11	**125.0**	-
Proceeds from bank borrowings	11	**126.6**	9.0
Repayment of bank borrowings	11	**(228.9)**	(134.7)
Settlement of cross currency interest rate swaps		**6.4**	-
Repayment of PPP debt	11	**(3.5)**	(1.9)
Repayment of obligations under lease liabilities	11	**(21.9)**	(19.9)
Net cash outflow from financing activities		**(12.8)**	(166.7)
Net increase (decrease) in cash and cash equivalents		**31.1**	(56.2)
Effect of foreign exchange rate changes	11	**0.4**	(0.7)
Cash and cash equivalents at the beginning of the period*	11	**68.8**	209.8
Cash and cash equivalents at the end of the period	11	**100.3**	152.9

*Cash and cash equivalents at the beginning and end of the period for the first half 2020/21 and beginning of the period for the first half 2021/22 along with the repayment of PPP debt and the effect of foreign exchange rate changes have been restated due to a prior year adjustment as explained in note 2.

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 2021 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 2021 Annual Report and Accounts, which have been prepared in accordance with international financial reporting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The 2021 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 2021 and 2020, together with the audited results for the year ended 31 March 2021. 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 2021 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 2021 were approved by the Board of Directors on 27 May 2021 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 8 November 2021, 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 the ongoing risks arising from the Covid-19 pandemic.

Given the economic uncertainty arising from the Covid-19 pandemic, 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 modelling over an 18 month period to 31 March 2023 which includes estimates of any further impact of Covid-19 on the Group's operations together with other factors that may affect its performance and financial position. These factors include actual trading performance in the period, expectations on the future economic environment, available liquidity, which includes repayment of the €100m Belgian retail bond in June 2022, 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 downside scenario and without applying any mitigating actions to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the level and speed of economic recovery following the disruption caused by the Covid-19 pandemic.

The downside scenario includes another, less severe, wave of Covid-19 measures in the second half of the current financial year to 31 March 2022, weaker macro-economic conditions leading to a volume recovery rate at least 50% lower than the forecast economic recoveries in all of our territories in FY23 and as well as other downsides which are not linked to Covid-19, including a further delay in the operational ramp up at the ATM site and a settlement of the potential maximum claim in FY23 arising from the European Commission investigation into alleged state aid in Belgium. These factors reduce FY23 EBIT by 22% compared to the base case. No mitigating cost and cash actions, such as deferral of uncommitted capital expenditure and reduced discretionary spend, have been applied to our downside modelling as these are not necessary to preserve sufficient liquidity or to avoid a breach of covenants.

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 FY23 would need to reduce by 57% compared to the base case without considering any mitigating actions. In the opinion of the Directors there is no 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 potential 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 as described in note 11.

2. Basis of preparation – continued

Restatement due to prior year adjustments

Given that cash held in UK PPP entities is not available to the Group, historically management determined that it was appropriate to present these cash balances together with the gross non-recourse debt as PPP non-recourse net debt. In preparing these financial statements, management identified this presentation of cash and cash equivalents and PPP non-recourse debt in the balance sheet as an error and accordingly a prior year adjustment has been made. Non-recourse debt in these UK PPP entities has always been excluded from the calculation of the Group's covenants which remains unchanged. It has been determined that the appropriate presentation should be on a gross basis in line with the requirements of IAS 32 Financial Instruments. The impact of this change has led to gross PPP non-recourse debt and PPP cash held at bank being presented separately within borrowings and current assets respectively which has resulted in an increase in non-current borrowings of €14.9m at September 2020 and €15.2m at March 2021, an increase in current borrowings of €1.7m at September 2020 and €2.1m at March 2020 with a corresponding increase in cash and cash equivalents of €16.6m at September 2020 and €17.3m at March 2021. There is no impact on the Income Statement, earnings per share, Statement of comprehensive income, Group equity or the alternative performance measure of core net debt. The Balance Sheets and Statements of Cash flows together with related disclosures have been restated to reflect this adjustment.

In preparing the financial statements for the year ended 31 March 2021, management identified an error relating to the prior period and accordingly an adjustment was made for the year ended 31 March 2020 which also impacted the balance sheet of 30 September 2020. The error arose as a result of a lease being recorded incorrectly in an entity in which the Group acquired the remaining 50% and took full control in November 2019. The term used on the implementation of IFRS 16 was shorter than the term stated in the lease contract. The impact at 30 September 2020 was to increase right-of-use assets by €9.0m and increase lease liabilities by €9.0m, with the latter split as a reduction of €0.4m in current lease liabilities and an increase of €9.4m in non-current lease liabilities. The impact to the Income Statement for the six months ended 30 September 2020 was not material and therefore no adjustment was made. There is no goodwill impact on the acquisition accounting of the entity.

Restatement of earnings per share due to share capital consolidation

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. As a result earnings per share disclosures have been restated in these consolidated interim financial statements in accordance with the requirements of IAS 33 Earnings per share.

Seasonality or cyclicality of operations

The Group is not subject to any significant seasonality or cyclicality fluctuations**.**

Accounting policies

The results have been prepared applying the accounting policies that were used in the preparation of the 2021 Annual Report and Accounts except taxes on income in the interim periods are accrued using the estimated tax rate that is expected for the full financial year.

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 IC interpretations which were early adopted by the Group. The following amendments are effective for the period beginning 1 April 2022 and the Group is currently assessing any potential impact:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

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 2021 of €1:£0.859 (30 September 2020: €1:£0.907, 31 March 2021: €1:£0.852) and an average rate for the period ended 30 September 2021 of €1:£0.858 (30 September 2020: €1:£0.891).

Critical accounting judgements and estimates

The preparation of consolidated interim 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. Critical estimates are defined as those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on factors including historical experience and expectations of future events that are considered to be relevant and reasonable. These estimates, assumptions and judgements are reviewed on an ongoing basis. Actual results may differ from these estimates.

2. Basis of preparation – continued

In preparing these 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 145 to 147 of the 2021 Annual Report and Accounts. It has been determined that there have been no significant changes in methodology in relation to these key estimates with all key inputs considered and refreshed as appropriate.

Defined benefit pension scheme surplus

As noted previously, management have concluded that the Group has an unconditional right to a refund of any surplus in the UK defined benefit pension scheme once the liabilities have been discharged and the trustees of the scheme do not have the unilateral right to wind up the scheme. Consequently the asset at 30 September 2021 has not been restricted and no additional liability has been recognised.

Underlying business performance

The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying earnings per share and underlying EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'EBITDA', 'exceptional items', 'adjusted' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 17.

Non-trading and exceptional items

In establishing which items are disclosed separately as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size, nature or incidence of specific items. There has been no change to that adopted in the March 2021 consolidated financial statements. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results. A policy for non-trading and exceptional items is followed consistently and is submitted to the Audit Committee for annual review and full details are set out on page 154 of the 2021 Annual Report and Accounts. See note 5 for further details of the costs included within this category.

Impact of Covid-19

For the year ended March 2021 management considered the impact of Covid-19 when assessing the future cash flows of cash generating units in the impairment reviews and similarly the impact of Covid-19 in the assessment of the recoverability of trade receivables and deferred tax assets. Overall trading in the first half has been ahead of our expectations and therefore no adverse indicators have been identified to trigger an update to goodwill impairment modelling.

Management have continued to use judgement to determine the expected impact on financial instruments, principally how expected credit loss could be impacted as a result of the Covid-19 pandemic. There has not been a significant increase in losses to date as government measures have provided support and financial aid packages but as these come to end there is an expectation of increased defaults and bankruptcies.

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments, 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 are unchanged from March 2021 and are set out below.

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Mineralz & Waste	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, Portugal and Hungary.
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.

Revenue	**First half 2021/22 €m**	First half 2020/21 €m
Netherlands Commercial Waste	**442.3**	396.8
Belgium Commercial Waste	**228.9**	198.5
Intra-segment	**(0.6)**	(0.3)
Commercial Waste	**670.6**	595.0
Mineralz & Water	**93.6**	90.4
Specialities	**168.0**	149.4
Inter-segment revenue	**(16.6)**	(13.4)
Revenue	**915.6**	821.4

Results	**First half 2021/22 €m**	First half 2020/21 €m
Netherlands Commercial Waste	**43.2**	21.1
Belgium Commercial Waste	**21.5**	8.3
Commercial Waste	**64.7**	29.4
Mineralz & Water	**4.0**	2.3
Specialities	**1.7**	-
Group central services	**(6.6)**	(3.4)
Underlying EBIT	**63.8**	28.3
Non-trading and exceptional items (note 5)	**(5.6)**	(11.3)
Operating profit	**58.2**	17.0
Finance income (note 6)	**4.7**	5.6
Finance charges (note 6)	**(18.4)**	(19.1)
Finance income – non trading and exceptional items (note 5)	**-**	0.4
Finance charges – non trading and exceptional items (note 5)	**(0.1)**	-
Share of results from associates and joint ventures	**0.3**	0.5
Profit before taxation	**44.7**	4.4

3. Segmental reporting – continued

Net assets	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Restated* Tax, net debt and derivatives €m	Restated* **Total €m**
30 September 2021						
Gross non-current assets	**1,025.4**	**255.7**	**216.7**	**41.2**	**46.5**	**1,585.5**
Gross current assets	**195.8**	**32.2**	**66.1**	**1.3**	**105.3**	**400.7**
Gross liabilities	**(386.4)**	**(212.1)**	**(167.8)**	**(84.6)**	**(841.9)**	**(1,692.8)**
Net assets (liabilities)	**834.8**	**75.8**	**115.0**	**(42.1)**	**(690.1)**	**293.4**
31 March 2021						
Gross non-current assets	1,042.6	258.2	225.7	33.9	57.4	1,617.8
Gross current assets	174.1	31.6	64.3	15.2	70.5	355.7
Gross liabilities	(414.6)	(224.3)	(173.0)	(91.4)	(827.1)	(1,730.4)
Net assets (liabilities)	802.1	65.5	117.0	(42.3)	(699.2)	243.1

*The comparatives for cash and cash equivalents within gross current assets and PPP non-recourse debt within gross liabilities have been restated at March 2021 due to a prior year adjustment as explained in note 2.

For the reportable segments there has been no material change in net assets and liabilities from the prior period. As explained in note 2, the gross current assets and gross liabilities at 31 March 2021 have been restated.

4. Revenue

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

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Total €m**
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**
30 September 2020					
Inbound	510.1	73.0	104.2	(11.3)	676.0
Outbound	53.9	17.4	43.1	(1.2)	113.2
On-Site	18.2	-	-	(0.1)	18.1
Other	12.8	-	2.1	(0.8)	14.1
Total revenue	595.0	90.4	149.4	(13.4)	821.4

By geographic market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Total €m**
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**
30 September 2020					
Netherlands	396.6	69.7	20.5	(12.7)	474.1
Belgium	198.4	20.7	13.0	(0.7)	231.4
UK	-	-	102.5	-	102.5
France	-	-	9.2	-	9.2
Other	-	-	4.2	-	4.2
Total revenue	595.0	90.4	149.4	(13.4)	821.4

Revenue recognised at a point in time amounted to €861.7m (2020/21: €767.3m) 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 61% of revenue (2020/21: 49%) 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 2021/22 €m	First half 2020/21 €m
Renewi 2.0 improvement programme	**4.0**	3.6
Other items:		
Restructuring charges – non-cash impairments	**-**	3.2
Restructuring charges – cash	**-**	2.8
	-	6.0
Ineffectiveness on cash flow hedges	**-**	(0.4)
Termination of cash flow hedges	**0.1**	-
Amortisation of acquisition intangibles	**1.6**	1.7
Non-trading and exceptional items in profit before tax	**5.7**	10.9
Tax on non-trading and exceptional items	**(1.3)**	(2.8)
Exceptional tax credit	**(3.7)**	-
Total non-trading and exceptional items in profit after tax	**0.7**	8.1

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 in February 2017, 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. The programme also includes around €4m of IT integration costs carried over from the original integration programme and now merged with the Renewi 2.0 digitisation plans. This is the second year of the programme which is on track. Of the total cost of €4.0m (2020/21: €3.6m), €0.2m (2020/21: €nil) was recorded in cost of sales and €3.8m (2020/21: €3.6m) was recorded in administrative expenses.

Other items
The restructuring charges in the prior year related to a Covid-19 cost action programme to address the challenges of the pandemic. These costs were considered to be exceptional due to the total cost of the programme and the one-off nature of the circumstances. The costs of €6.0m were reflected following the decision to close two processing lines in Belgium and some sites and business activities in the Netherlands. Of the total costs €3.2m were non-cash asset impairments. The total charge of €6.0m was recorded in cost of sales.

Items recorded in finance charges and finance income
The €0.1m charge in the current year related to the termination of cross-currency interest rate cash flow hedges. The prior year credit of €0.4m related to the Cumbria PPP project interest rate swap cash flow hedges as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles
Amortisation of intangible assets acquired in business combinations of €1.6m (2020/21: €1.7m) was all recorded in cost of sales.

Exceptional tax credit
The €3.7m exceptional tax credit related to changes in UK tax rates as explained in note 7.

6. Net finance charges

	First half 2021/22 €m	First half 2020/21 €m
Finance charges		
Interest payable on borrowings	**6.5**	7.6
Interest payable on PPP non-recourse net debt	**3.7**	3.7
Lease liabilities interest	**3.6**	3.2
Unwinding of discount on provisions (note 12)	**3.2**	3.1
Interest charge on the retirement benefit schemes	**0.1**	-
Amortisation of loan fees	**0.8**	0.7
Other finance costs	**0.5**	0.8
Total finance charges before non-trading and exceptional items	**18.4**	19.1
Non-trading and exceptional finance charges:		
Charge as a result of the termination of cash flow hedges	**0.1**	-
Total finance charges	**18.5**	19.1
Finance income		
Interest receivable on financial assets relating to PPP contracts	**(4.5)**	(4.5)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest income on the retirement benefit schemes	-	(0.2)
Other finance income	**(0.1)**	(0.8)
Total finance income before non-trading and exceptional items	**(4.7)**	(5.6)
Non-trading and exceptional finance income:		
Ineffectiveness income on cash flow hedges	-	(0.4)
Total finance income	**(4.7)**	(6.0)
Net finance charges	**13.8**	13.1

7. Taxation

	First half 2021/22 €m	First half 2020/21 €m
Current tax		
UK corporation tax		
Current tax	**0.7**	0.7
Overseas tax		
Current year	**7.8**	2.6
Adjustment in respect of the prior year	**0.2**	-
Total current tax	**8.7**	3.3
Deferred tax		
Origination and reversal of temporary differences in the current period	**2.6**	(2.4)
Exceptional tax credit	**(3.7)**	-
Total deferred tax	**(1.1)**	(2.4)
Total tax charge for the period	**7.6**	0.9

Tax expense is recognised based on management's best estimate of the full year effective tax rate on expected full year profits to March 2022. The estimated average underlying annual tax rate for the year to 31 March 2022 is 25.0% (2020/21: 24.5%).

Exceptional credit relating to change in UK tax rate
In the UK Chancellor's Budget of 3 March 2021 it was announced that the UK corporation tax rate will 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: 19%) based on the timing of the utilisation of the deferred tax. This resulted in an exceptional tax credit of €3.7m in the current period.

7. Taxation – continued

Amendments to Dutch tax rules
In September 2020 the Dutch government announced some amendments to the loss utilisation rules. Under the new rules, losses may be carried forward indefinitely, instead of the previous time limit of between 6 and 9 years (depending on the date of origin of the losses) with the offset of tax losses against taxable income in excess of €1m limited to a maximum of 50%. On 4 June 2021 a Royal Decree was published confirming that the new rules will enter into force for accounting periods beginning on or after 1 January 2022. Consequently the deferred tax asset position at 30 September 2021 in respect of Dutch tax losses has been calculated based on these enacted changes. Furthermore on 15 October 2021 the Dutch government published proposals to increase the Dutch corporate income tax rate from 25.0% to 25.8% for accounting periods beginning on or after 1 January 2022. At the same time, an amendment to the general interest deduction rule was announced, which if enacted would lower the EBITDA threshold from 30% to 20% for financial years starting on or after 1 January 2022.

8. Dividends

The Directors did not recommend an interim dividend for the current year (2020/21: nil per share). The Directors did not recommend a final dividend for the year ended March 2021 (2020: nil per share).

9. Earnings per share

Underlying basic and diluted earnings per share excludes non-trading and exceptional items, amortisation of acquisition intangibles and the change in fair value of derivatives, 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 as more fully explained in the accounting policy in the 31 March 2021 Annual Report and Accounts. 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.

In May 2021 95,204 ordinary shares were allotted following the exercise of share options under the Savings Related Share Options Schemes for an aggregate consideration of €25,104.

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This was subsequently completed on 19 July 2021 when the issued share capital of 800,236,740 10 pence shares were replaced with 80,023,674 £1 shares. As a result earnings per share comparatives have been restated below as required by IAS 33 Earnings per share.

	First half 2021/22			First half 2020/21 restated		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**79.7**	**0.3**	**80.0**	79.5	-	79.5
Profit after tax (€m)	**37.1**	-	**37.1**	3.5	-	3.5
Non-controlling interests (€m)	**(0.5)**	-	**(0.5)**	0.3	-	0.3
Profit after tax attributable to ordinary shareholders (€m)	**36.6**	-	**36.6**	3.8	-	3.8
Earnings per share (cents)	**46**	-	**46**	5	-	5

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

	First half 2021/22		First half 2020/21 restated	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**47**	**37.3**	15	11.9
Adjustments:				
Non-trading and exceptional items	**(7)**	**(5.7)**	(14)	(10.9)
Tax on non-trading and exceptional items	**1**	**1.3**	4	2.8
Exceptional tax	**5**	**3.7**	-	-
Basic earnings per share/Earnings after tax attributable to ordinary shareholders	**46**	**36.6**	5	3.8
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**47**	**37.3**	15	11.9
Diluted basic earnings per share/Earnings after tax attributable to ordinary shareholders	**46**	**36.6**	5	3.8

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

	Goodwill €m	Intangible assets €m	Property, plant and equipment €m	Right-of-use assets €m	Total €m
Net book value at 31 March 2020	561.1	49.0	584.0	215.9	1,410.0
Additions/modifications	-	11.3	61.1	60.9	133.3
Disposals	-	(0.2)	(4.0)	(0.1)	(4.3)
Derecognition of a right-of-use assets into a finance sub-lease	-	-	-	(0.4)	(0.4)
Amortisation and depreciation charge	-	(9.6)	(74.2)	(40.7)	(124.5)
Impairment charge	(9.5)	-	(6.2)	(1.8)	(17.5)
Exchange rate changes	-	0.1	-	-	0.1
Net book value at 31 March 2021	551.6	50.6	560.7	233.8	1,396.7
Additions/modifications	-	5.8	23.2	16.6	45.6
Disposals	-	-	(1.5)	(0.6)	(2.1)
Amortisation and depreciation charge	-	(4.8)	(33.7)	(22.5)	(61.0)
Impairment charge	-	-	(1.8)	(0.3)	(2.1)
Net book value at 30 September 2021	**551.6**	**51.6**	**546.9**	**227.0**	**1,377.1**

At 30 September 2021, the Group had property, plant and equipment commitments of €25.7m (2020/21: €16.6m), right-of-use asset commitments of €15.0m (2020/21: €23.3m) and intangible asset commitments of €2.0m (2020/21: €2.4m).

The impairment charge of €1.8m in property plant and equipment and €0.3m in right-of-use assets relates to specific assets in the Commercial Division in both Belgium and Netherlands following a detailed review principally in relation to the Vlarema-8 project in Belgium where assets will be replaced.

Goodwill impairment
Goodwill is tested for impairment annually or more frequently if there is any indication of impairment with the last annual test being undertaken at 31 March 2021. The Group has performed an assessment across all cash generating units to identify whether any indicators of impairment existed and no indicators were identified in the period. As a result no impairment testing was carried out in the period and a full detailed review will be conducted at 31 March 2022.

11. Cash and borrowings

Cash and cash equivalents are analysed as follows:

	30 September 2021 €m	Restated* 30 September 2020 €m	Restated* 31 March 2021 €m
Cash at bank and in hand	**49.8**	75.5	51.5
Money market funds	**29.4**	60.8	-
Total core cash	**79.2**	136.3	51.5
Cash at bank – restricted relating to PPP contracts	**21.1**	16.6	17.3
Total cash and cash equivalents	**100.3**	152.9	68.8

*The comparatives for cash and cash equivalents have been restated to include cash at bank relating to PPP contracts due to a prior year adjustment as explained in note 2.

Of the total cash and cash equivalents, €2.4m was held by joint operations which is only available in consultation with all other partners in the joint operations.

11. Cash and borrowings continued

Borrowings are analysed as follows:

	30 September 2021 €m	Restated* 30 September 2020 €m	Restated* 31 March 2021 €m
Non-current borrowings			
Retail bonds	**199.2**	174.4	174.5
European private placements	**24.8**	24.6	24.7
Term loans and Revolving credit facility	**80.4**	302.8	182.3
Lease liabilities	**200.1**	192.7	205.7
Other loans	**0.6**	1.9	1.3
PPP non-recourse debt	**95.8**	96.6	100.6
	600.9	793.0	689.1
Current borrowings			
Retail bonds	**99.9**	-	-
Bank overdrafts	**0.3**	0.7	-
Lease liabilities	**41.5**	38.2	42.1
Other loans	**1.2**	1.2	1.2
PPP non-recourse debt	**4.9**	4.2	4.5
	147.8	44.3	47.8

*The comparatives for current and non-current PPP non-recourse debt have been restated at September 2020 and March 2021, additionally the comparatives for current and non-current lease liabilities at 30 September 2020 have been restated. Further details for these prior year adjustments are explained in note 2.

On 23 July 2021 the Group successfully issued new Green retail bonds for €125m at a gross coupon of 3.00% for a period of 6 years maturing on 23 July 2027.

During the six months to 30 September 2021 the Group repaid all term loans and revolving credit facilities denominated in Sterling and the related cross-currency interest rate swaps were cancelled. The Group's Euro denominated multicurrency green finance facility agreement has covenants including adjusted net debt to comparable adjusted EBITDA and interest cover in accordance with a frozen GAAP concept. The Group has complied with its banking covenants during the period.

Movement in total net debt

	Restated* 1 April 2021 €m	Cash flows €m	Other non-cash changes €m	Exchange movements €m	30 September 2021 €m
Bank loans and overdrafts	(184.8)	102.3	(0.6)	0.6	**(82.5)**
European private placements	(24.7)	-	(0.1)	-	**(24.8)**
Retail bonds	(174.5)	(125.0)	0.4	-	**(299.1)**
Lease liabilities	(247.8)	21.9	(15.9)	0.2	**(241.6)**
Debt excluding PPP non-recourse debt	(631.8)	(0.8)	(16.2)	0.8	**(648.0)**
PPP non-recourse debt	(105.1)	3.5	-	0.9	**(100.7)**
Total debt	(736.9)	2.7	(16.2)	1.7	**(748.7)**
Cash and cash equivalents – core	51.5	27.2	-	0.5	**79.2**
Cash and cash equivalents – restricted relating to PPP contracts	17.3	3.9	-	(0.1)	**21.1**
Total net debt	(668.1)	33.8	(16.2)	2.1	**(648.4)**
Analysis of total net debt:					
Net debt excluding PPP non-recourse net debt	(580.3)	26.4	(16.2)	1.3	**(568.8)**
PPP non-recourse net debt	(87.8)	7.4	-	0.8	**(79.6)**
Total net debt	(668.1)	33.8	(16.2)	2.1	**(648.4)**

*The comparatives for cash and cash equivalents relating to PPP contracts and PPP non-recourse debt have been restated as explained in note 2.

11. Cash and borrowings continued

Analysis of movement in total net debt

	First half 2021/22 €m	Restated* First half 2020/21 €m	Restated* Full year 2020/21 €m
Net increase (decrease) in cash and cash equivalents	**31.1**	(56.2)	(141.2)
Net decrease in borrowings and lease liabilities	**2.7**	147.5	304.5
Total cash flows in net debt	**33.8**	91.3	163.3
Lease liabilities entered into during the period	**(15.9)**	(24.7)	(60.9)
Capitalisation of loan fees	**0.5**	0.2	0.2
Amortisation of loan fees	**(0.8)**	(0.7)	(1.5)
Exchange gain (loss)	**2.1**	8.4	(10.3)
Movement in net debt	**19.7**	74.5	90.8
Total net debt at beginning of period	**(668.1)**	(758.9)	(758.9)
Total net debt at end of period	**(648.4)**	(684.4)	(668.1)

*The net debt at the beginning and end of the period of the first half 2020/2021 has been restated. The total cash flows in net debt in both prior periods are unchanged, however the split of movements between cash and cash equivalents and borrowings and lease liabilities has been restated. Further details of these restatements are explained in note 2.

12. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1
Provided in the year	5.7	17.4	3.2	5.9	7.2	39.4
Released in the year	(1.1)	(15.8)	(2.4)	(1.0)	(0.8)	(21.1)
Finance charges – unwinding of discount	3.7	2.4	-	-	0.2	6.3
Utilised in the year	(3.7)	(15.6)	(0.3)	(5.4)	(1.6)	(26.6)
Exchange rate changes	0.2	2.8	-	-	0.2	3.2
At 31 March 2021	157.6	80.9	25.7	3.8	23.3	291.3
Provided in the period	-	0.5	-	1.8	0.8	3.1
Released in the period	-	(0.2)	(0.1)	-	-	(0.3)
Finance charges – unwinding of discount	2.0	1.1	-	-	0.1	3.2
Utilised in the period	(1.6)	(1.6)	(0.7)	(2.7)	(0.6)	(7.2)
Exchange rate changes	-	(0.7)	(0.1)	-	-	(0.8)
At 30 September 2021	**158.0**	**80.0**	**24.8**	**2.9**	**23.6**	**289.3**
Current	**8.6**	**9.5**	**6.3**	**2.9**	**7.6**	**34.9**
Non-current	**149.4**	**70.5**	**18.5**	-	**16.0**	**254.4**
At 30 September 2021	**158.0**	**80.0**	**24.8**	**2.9**	**23.6**	**289.3**
Current	8.4	11.0	7.3	3.8	8.2	38.7
Non-current	149.2	69.9	18.4	-	15.1	252.6
At 31 March 2021	157.6	80.9	25.7	3.8	23.3	291.3
Current	6.3	20.6	8.2	6.6	3.6	45.3
Non-current	146.7	60.9	16.9	-	14.4	238.9
At 30 September 2020	153.0	81.5	25.1	6.6	18.0	284.2

Site restoration and aftercare

The site restoration provisions at 30 September 2021 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 31 years from the balance sheet date. However, the timing of the payments is not certain and has been estimated based on management's latest expectations. 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.

12. Provisions – continued

Onerous contracts
Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. Onerous contracts are provided for at the lower of the net present value of either exiting the contracts or fulfilling our obligations under the contracts. The provisions have been calculated on the best estimate of likely future cash flows over the contract term based on the latest budget and five year plan projections, including assumptions on 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 prior years 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.

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

Other
Other provisions includes dilapidations €8.7m (March 2021: €8.7m, September 2020: €7.3m), long-service employee awards €6.3m (March 2021: €6.0m, September 2020: €5.7m) and other environmental liabilities €8.6m (March 2021: €8.6m, September 2021: €5.0m). 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 2070.

13. Retirement benefit schemes

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

The amounts recognised in the Income Statement were as follows:

	First half 2021/22 €m	First half 2020/21 €m
Current service cost	**0.7**	0.7
Interest expense (income) on scheme net liabilities	**0.1**	(0.2)
Net retirement benefit charge before tax	**0.8**	0.5

The amounts recognised in the balance sheet were as follows:

	30 September 2021 €m	30 September 2020 €m	31 March 2021 €m
Present value of funded obligations	**(296.6)**	(292.2)	(296.6)
Fair value of plan assets	**295.1**	283.9	285.2
Pension schemes net deficit	**(1.5)**	(8.3)	(11.4)
Related deferred tax asset	**0.4**	1.8	2.7
Net pension liability	**(1.1)**	(6.5)	(8.7)
Classified as:			
Defined benefit scheme surplus – included in non-current assets	**5.9**	-	-
Defined benefit pension schemes deficit – included in non-current liabilities	**(7.4)**	(8.3)	(11.4)
Pension schemes net deficit	**(1.5)**	(8.3)	(11.4)

Following updated actuarial assumptions at 30 September 2021, the legacy Shanks UK defined benefit scheme moved by €9.9m from a deficit of €4.0m at 31 March 2021 to a surplus of €5.9m at 30 September 2021. This was principally due to asset returns being significantly better than the impact on scheme liabilities of a small increase in the discount rate from 2.05% at 31 March 2021 to 2.10% at 30 September 2021. The deficit for the overseas defined benefit schemes remained unchanged at €7.4m.

14. 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 or preceding periods 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 investments 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 2021		30 September 2020		31 March 2021	
	Level 1 €m	**Level 2 €m**	Level 1 €m	Level 2 €m	Level 1 €m	Level 2 €m
Assets						
Money market funds	**29.4**	**-**	60.8	-	-	-
Unlisted non-current investments	**-**	**4.6**	-	4.7	-	4.6
Short term investments	**-**	**11.5**	-	8.5	-	9.3
Derivative financial instruments	**-**	**3.6**	-	-	-	9.1
	29.4	**19.7**	60.8	13.2	-	23.0
Liabilities						
Derivative financial instruments	**-**	**22.3**	-	38.7	-	25.5
European private placements	**-**	**26.4**	-	26.9	-	26.6
Retail bonds	**-**	**307.9**	-	176.2	-	179.1
	-	**356.6**	-	241.8	-	231.2

15. Contingent liabilities

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 is expected during FY22 but no monies would likely become payable until FY23.

There is an ongoing criminal investigation into the production of thermally cleaned soil at ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct strongly in such an event. Given that it is not even clear whether or what charges might be brought in the criminal case and the charge is expected to be lower than €1m we do not consider it appropriate at this stage to provide for this. Given these uncertainties, it cannot be ruled out that the outcome of the criminal investigation or the topic it concerns 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 10 years. Based on management's assessment of the most likely outcome appropriate warranty provisions are held.

16. Related party transactions

The Group's significant related parties remain as disclosed in note 8.2 of the 2021 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior year.

17. 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.

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 fair value remeasurements. 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 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, impairment and profit or loss on disposal of plant, property and equipment	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 fair value remeasurements	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 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
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. Payments 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 contracts.	Measure of cash generation in the underlying business, including regular replacement capital expenditure and excluding items of a historical nature, available to fund growth capital projects and invest in acquisitions
Free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital 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
Total cash flow	Total cash flow is 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 and additions to IFRS 16 lease liabilities	Provides an understanding of total cash flow of the Group

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

Financial Measure	How we define it	Why we use it
Non-trading and exceptional cash flow items	Renewi 2.0 and other exceptional related 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
Core net debt	Core net debt includes core cash but excludes net 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
Core cash	Core cash excludes cash and cash equivalents relating to UK PPP contracts	The cash relating to UK PPP contracts is not 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
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	Core net debt divided by an annualised underlying EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition

Reconciliation of operating profit (loss) to underlying EBITDA

First half 2021/22	**Netherlands Commercial Waste €m**	**Belgium Commercial Waste €m**	**Mineralz & Water €m**	**Specialities €m**	**Group central services €m**	**Total €m**
Operating profit (loss)	40.2	20.2	4.0	1.2	(7.4)	**58.2**
Non-trading and exceptional items (excluding finance items)	3.0	1.3	-	0.5	0.8	**5.6**
Underlying EBIT	43.2	21.5	4.0	1.7	(6.6)	**63.8**
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	2.3	**3.2**
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**

First half 2020/21	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Total €m
Operating profit (loss)	18.3	1.4	1.7	(0.3)	(4.1)	17.0
Non-trading and exceptional items (excluding finance items)	2.8	6.9	0.6	0.3	0.7	11.3
Underlying EBIT	21.1	8.3	2.3	-	(3.4)	28.3
Depreciation and impairment of property, plant and equipment and right-of-use assets	28.9	14.3	7.4	4.4	2.3	57.3
Amortisation of intangible assets (excluding acquisition intangibles)	0.6	0.1	0.3	0.1	2.2	3.3
Non-exceptional gain on disposal of property, plant and equipment	(0.3)	(0.1)	-	-	-	(0.4)
Underlying EBITDA	50.3	22.6	10.0	4.5	1.1	88.5

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

Reconciliation of statutory profit before tax to underlying profit before tax

	First half 2021/22 €m	First half 2020/21 €m
Statutory profit before tax	**44.7**	4.4
Non-trading and exceptional items in operating profit	**5.6**	11.3
Non-trading and exceptional finance charges (income)	**0.1**	(0.4)
Underlying profit before tax	**50.4**	15.3

Reconciliation of adjusted free cash flow as presented in the Finance Review

	First half 2021/22 €m	First half 2020/21 €m
Net cash generated from operating activities	**74.1**	129.4
Exclude non-trading and exceptional provisions and working capital	**6.0**	5.5
Exclude payments to fund defined benefit pension schemes	**1.8**	1.7
Exclude payments (receipts) relating to deferred Covid taxes	**0.4**	(55.0)
Exclude offtake payments for ATM soil	**3.4**	2.6
Exclude spend related to UK Municipal contracts	**7.9**	8.2
Include finance charges and loan fees paid	**(16.5)**	(18.0)
Include finance income received	**5.0**	4.8
Include repayment of obligations under lease liabilities	**(21.9)**	(19.9)
Include purchases of replacement items of intangible assets	**(6.6)**	(4.5)
Include purchases of replacement items of property, plant and equipment	**(25.2)**	(21.3)
Include proceeds from disposals of property, plant & equipment	**2.1**	2.1
Include repayment of UK Municipal contracts PPP debt	**(3.5)**	(1.9)
Include capital received in respect of PPP financial asset net of outflows	**2.8**	1.8
Include movement in UK Municipal contracts PPP cash	**(3.9)**	(1.8)
Adjusted free cash flow	**25.9**	33.7

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 2021/22 €m	First half 2020/21 €m
Purchases of intangible assets	**(6.6)**	(4.5)
Purchases of replacement property, plant and equipment	**(25.2)**	(21.3)
Proceeds from disposals of property, plant & equipment	**2.1**	2.1
Net replacement capital expenditure	**(29.7)**	(23.7)
Growth capital expenditure	**(7.5)**	(3.3)
Total capital spend as shown in the cash flow in the Finance Review	**(37.2)**	(27.0)

	First half 2021/22 €m	First half 2020/21 €m
Purchases of intangible assets	**(6.6)**	(4.5)
Purchases of property, plant and equipment (replacement and growth)	**(32.7)**	(24.6)
Proceeds from disposals of property, plant & equipment	**2.1**	2.1
Purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows	**(37.2)**	(27.0)

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

	First half 2021/22 €m	First half 2020/21 €m
Property, plant and equipment additions (note 10)	**(23.2)**	(20.5)
Intangible asset additions (note 10)	**(5.8)**	(4.5)
Exclude growth capital expenditure – as disclosed in the Finance Review	**7.5**	3.3
Movement in capital creditors (included in trade and other payables)	**(9.0)**	(4.1)
Proceeds from disposals of property, plant and equipment	**2.1**	2.1
Government grant received in a prior period transferred to property, plant and equipment	**(1.3)**	-
Replacement capital expenditure per the Finance Review	**(29.7)**	(23.7)

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

Reconciliation of total cash flow as presented in the Finance Review

	First half 2021/22 €m	Restated* First half 2020/21 €m
Total cash flow	**(1.9)**	67.7
Additions to lease liabilities	**(15.9)**	(24.7)
Repayment of obligations under lease liabilities	**21.9**	19.9
Movement in PPP non-recourse debt	**3.5**	4.5
Movement in PPP cash and cash equivalents	**3.9**	1.3
Capitalisation of loan fees net of amortisation	**(0.3)**	(0.5)
Exchange movements	**2.1**	6.3
Settlement of cross currency interest rate swaps	**6.4**	-
Movement in total net debt (note 11)	**19.7**	74.5

*The prior period comparatives for total cash flow, movement in PPP non-recourse debt, movement in PPP cash and cash equivalents and repayments of obligations under lease liabilities have been restated as explained in note 2.

Reconciliation of total net debt to net debt under covenant definition

	30 September 2021 €m	Restated* 30 September 2020 €m	Restated* 31 March 2021 €m
Total net debt	**(648.4)**	(684.4)	(668.1)
Less PPP non-recourse debt	**100.7**	100.8	105.1
Less PPP cash and cash equivalents	**(21.1)**	(16.6)	(17.3)
Less IFRS 16 lease liabilities	**232.8**	219.1	236.7
Net debt under covenant definition	**(336.0)**	(381.1)	(343.6)

*The comparatives for PPP non-recourse debt and PPP cash at September 2020 and March 2021 and total net debt and IFRS 16 lease liabilities at September 2020 have been restated due to prior year adjustments as explained in note 2.

INDEPENDENT REVIEW REPORT TO RENEWI PLC

Introduction

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 2021 which comprises Consolidated Interim Income Statement, Consolidated Interim Statement of Comprehensive Income, Consolidated Interim Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Interim Statement of Cash Flows.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the 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.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. 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.

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 2021 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.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with 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
8 November 2021

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