

Summary



Trading performance

- Revenue for the Group was broadly flat at £277.1m (2022: £279.0m):
 - Digital and Information Management revenue was £170.1m, £1.9m higher than 2022. Our Records Management business achieved record revenue in the year but our Digital business was impacted by fewer major scanning projects than 2022.
 - Secure Lifecycle Services revenue was £107.0m, £3.8m lower than 2022. Our Harrow Green business also achieved record revenue in the year but overall divisional revenue decline was driven by slower activity in the IT replacement market in Technology plus lower recycled paper prices in Datashred.
- Adjusted profit before tax declined by 26.1% to £30.3m. Despite strong adjusted operating profits³ in the Records Management and Harrow Green businesses, the decline in revenue in our other businesses impacted profit alongside an initial lack of focus on our cost base. Additionally, progressively rapid increases in the Bank of England base rate during 2023 have significantly increased the interest burden, driving an increase in total finance costs from £10.9m in 2022 to £14.0m in 2023.
- Statutory loss before tax was £29.0m (2022: statutory profit before tax of £23.3m) driven by £59.3m of adjusting items, including a £32.5m non-cash impairment of goodwill related to the Datashred business, £12.2m relating primarily to the non-cash amortisation of acquired intangible assets and £5.9m in relation to restructuring in the Group.
- Net debt⁴ reduced by £5.7m to £97.8m. In March 2024, the Group enacted changes to its financing arrangements in order to more appropriately match the facilities to the Group's needs – refer to page 27 for further details.

Focus of the new management team

All

- Increase adjusted operating margins⁵ in both divisions and across all businesses.
- Reduce surplus overheads across the Group.
- Target adjusted operating margins in excess of 15% in in both divisions and for all businesses apart from Harrow Green in the medium-term.
- Review growth opportunities once divisional performance has been optimised.

Digital and Information Management

- Direct sales energy to key market opportunities, such as government departments still undertaking in-house records management, in Records Management.
- Leverage Digital's unique strengths in its market.

Secure Lifecycle Services

- Direct Technology to its core customer base of blue-chip and government customers.
- Drive Datashred towards being the lowest cost operator in the UK shredding market.
- Direct sales energy to key market opportunities, such as government departments still undertaking life science relocations, in Harrow Green.

Operational changes



1 Calculated as statutory profit before tax and adjusting items (reconciled on page 79).
 2 Calculated as adjusted profit before tax with a standard tax charge applied, divided by the weighted average number of shares in issue (reconciled on page 98).
 3 Calculated as statutory operating profit before adjusting items (reconciled on page 79).
 4 Calculated as external borrowings less cash, excluding the effects of lease obligations under IFRS 16 (reconciled on page 91).
 5 Calculation as adjusted operating profit divided by revenue (reconciled on page 92).