18 March 2021

Restore plc
Full Year 2020 Audited Results
Resilient Performance and Strong Bounce Back

Restore plc (AIM: RST), the UK's leading provider of integrated information and data management services, secure technology recycling, and commercial relocation solutions is pleased to provide its audited results for the year ended 31 December 2020.

Restore's mission is to be the most trusted and environmentally responsible provider to both the private and public sectors, delivering virtual and physical records and data storage, digitisation and automation of data processing, secure data erasure and destruction, IT recycling and relocation solutions.

OPERATIONAL AND STRATEGIC HIGHLIGHTS

- Strong start to 2020 before a resilient, profitable and cash generative performance in challenging conditions and a strong bounce back in H2
- Highly effective management response to COVID-19 with all businesses fully operational throughout the pandemic
    - Restore Records Management continued net box growth of 0.9% with storage income +1.4%
    - Restore Digital underlying business strong despite summer exams sessions cancellation
    - Restore Datashred impacted in the short term by reduced activity and volumes but paper pricing increased
    - Restore Harrow Green performance robust throughout the period with additional office reconfigurations
    - Restore Technology acquisition of E-Recycling in Q4, developing scale and capability
- Strategic momentum continues with two further acquisitions in the high growth Technology recycling market completed since December 2020
- Growing pipeline of attractive opportunities capable of further accelerating development
- Strong market positions improved with substantial room to grow; Restore is well positioned for a full recovery and substantial growth

FINANCIAL HIGHLIGHTS

- COVID-19 impact mainly in Q2 with sustained recovery pattern throughout H2 and strategic progress on acquisitions and cost reductions giving confidence to short and mid-term growth potential
- Revenue of £182.7m reflecting the short term peak disruption of COVID-19 in Q2
- Sustained recovery in H2 with activity approaching 90% of pre COVID-19 levels by Q4
- Actions taken to deliver structural cost benefits of £2m p.a., together with enhanced flexibility, through site consolidation and reduced headcount to provide future margin benefit
- Strong cash generation with substantial further reduction in net debt of £22.4m from £88.5m to £66.1m
- Adjusted profit of £23.2m (2019: £35.6m) with H1 at £10.0m improving to £13.2m in H2
- Non-cash impairment of £8.6m on intangible assets and historic investment

SUMMARY OF RESULTS

Continuing operations	**2020**	**2019**	**Change**
Revenue	£182.7m	£215.6m	(15%)
Statutory profit before tax	£4.0m	£24.8m	(84%)
Adjusted profit before tax*	£23.2m	£35.6m	(35%)
EBITDA**	£57.4m	£70.0m	(18%)
Net debt	£66.1m	£88.5m	(25%)
Adjusted earnings per share***	15.0p	23.3p	(35%)
Dividend per share	-	2.4p	(n/a)

*Adjusted profit before tax is stated before amortisation, impairment, and exceptional items
**EBITDA is earnings before interest, taxation, depreciation, amortisation, impairment, and exceptional items
***Adjusted earnings per share is calculated using adjusted profit before tax and an assumed tax rate of 19%

CURRENT TRADING AND OUTLOOK

- Restore anticipates a strong return to its established growth trajectory in 2021 and beyond, based on the continued success of the UK vaccination programme and improving macro-economic conditions
- Performance in January and February is in line with the Board's expectations with revenue already tracking at 90% of pre-COVID levels (vs 2019 unless stated below):
    - Records Management and Harrow Green operating at c.90%+ levels
    - Restore Digital returned to organic growth, with revenue up c.20%
    - Following successful acquisitions, Restore Technology revenue run rate doubled
    - Restore Datashred impacted with current restrictions and at c.60% of 2019 levels with cost actions in 2020 positively contributing to margin recovery
- Emergence from lockdown restrictions during Q2 2021 will accelerate improved performance through the year:
    - Records Management targeting increased net box growth of 1-2% (2020: 0.9%)
    - Harrow Green and Restore Digital both expected to return at least to pre-COVID revenue levels on a run rate basis
    - Restore Technology targeting significant year on year organic growth, together with material contribution from recently acquired business
    - Restore Datashred's revenue recovery profile will depend on restrictions easing, albeit cost base significantly reduced from 2020, positively impacting profit levels
- Whilst ensuring investment is in place to capitalise on the anticipated market recovery, the Group will continue to benefit from cost actions taken in 2020
- Completed two accretive Technology acquisitions in Q1 FY21, both with target return on capital ahead of the Group average
- Significant acquisition opportunities emerging to accelerate strategic progress in attractive, high growth sectors and the Board will continue to review these whilst applying strict investment discipline
- With strong indications of activity recovering to pre COVID-19 levels, the Board would anticipate the reinstatement of dividends for the 2021 financial year.

CHARLES BLIGH, CEO, commenting on the results and outlook said:

"I am pleased to report that Restore achieved a resilient and profitable performance in a challenging year. The team responded superbly throughout the pandemic, fully maintaining our services for customers, enhancing our safe working practices and delivering on strategic initiatives across cost reduction and organic growth.

With a further year of debt reduction, the business is well positioned to bounce back very strongly and is now actively investing for future growth. The recent acquisitions in Restore Technology will double revenues to £30m a year in this business and in Records Management, we are planning to invest in new sites during 2021 to absorb our accelerating net box growth momentum from 2020 and to meet future growth requirements. We have substantial quality and quantity in our acquisition pipeline with realistic pricing across all the key Business Units which we are actively pursuing."

RECONCILIATION OF STATUTORY TO ADJUSTED PROFIT BEFORE TAX

	2020 £'m	2019 £'m
Statutory profit before tax	4.0	24.8
Adjustments		
- Amortisation	8.3	8.1
- Impairment	8.6	-
- Exceptional items	2.3	2.7
Adjusted profit before tax	23.2	35.6

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Chairman's Introduction

Restore entered 2020 in good shape with our new management team established and plans well underway to progress our strategy to expand through organic growth, acquisitions and margin opportunities as the Group continues to improve its operating efficiency.

The arrival of the COVID-19 virus in March 2020, and its subsequent evolution into a Global pandemic, required a rapid reassessment of our goals for 2020 as the unprecedented social restrictions and significant commercial disruption took effect.

From the start of the outbreak, Restore has reacted quickly and effectively, ensuring COVID-secure ways of working, providing continuity of service and maintaining the capacity of the business in readiness for a return to growth.

Whilst our expansion plans were impacted in the short term by the virus outbreak, our refocus on safety, our customers and improving the business has served us well and we enter 2021 fully prepared for the bounce back.

Finally, I am tremendously proud of our teams who responded admirably in what continues to be a challenging environment. I would like to extend my personal thanks to our Board, the management and our staff for the significant efforts they have made over the last year and continue to make in supporting Restore and the UK's recovery.

Results

The business started well in 2020 with growth in the first quarter despite the emergence of COVID-19 in March. The second quarter saw significant disruption with our first half results reflecting strong cash generation and a profitable performance although down on 2019.

The second half improved as we anticipated with revenue exiting 2020 at around 88% of pre COVID-19 levels with a particularly strong performance from our Records Management business, which represents 70% of profits, at 95% of pre-COVID-19 levels.

As a result, the business is reporting full year revenue of £182.7m, down 15% on 2019 with adjusted profit of £23.2m for the year, down 35% on 2019. The resulting adjusted earnings per share is 15.0p for 2020, compared with 23.2p for 2019. I note that EPS is now stated after the effects of IFRS16 and share-based payments charges.

Finally, I am pleased that the Group's cash generation continues to be a major strength with net debt reduced from £88.5m at the end of 2019 to £66.1m at 31 December 2020.

Strategy progress

The Group held a very well attended virtual Capital Markets Day in November and a recording of this event together with the presentation can be found on the investor relations section of the Group's website at www.restoreplc.com

The presentation reaffirmed Restore's unchanged strategy in the light of COVID-19 and set out the significant growth opportunities that lie ahead. Restore's strategy is to generate sustained organic growth from existing and new customers and to target the substantial acquisition opportunities that exist in most of the markets in which we operate. In addition, as a result of previous acquisitions and business consolidation, the Group can drive margin improvement through scale, synergy and consolidation.

The senior management team's bench strength is being considerably upgraded under Charles' leadership and this process continues into 2021. Thus, and despite the challenges presented by the virus outbreak, the business made significant progress in delivery of its strategy during the year. Records Management delivered another year of organic growth in boxes of 0.9%; underlying market share gains have been achieved in Restore Digital and Harrow Green as continuity of service and customer focus led to contract expansion. New wins and strategic acquisitions in 2020 and early 2021 have promoted Restore Technology to number one in the IT asset disposal and recycling market.

Alongside this revenue building activity, the business has progressed a number of operational improvements that will result in margin improvements in the near term including 3 site consolidations across Restore Digital and Restore Datashred and a reduction in headcount of c.250 in Q4.

A source of competitive advantage is that the Group operates from a number of modern purpose built facilities with spare capacity for growth. An emerging strategic approach to property management and space utilisation will be a further driver of margin enhancement in years to come.

Environment Social and Governance (ESG) credentials

The Board and I are pleased to see the increasing focus on ESG matters across the commercial, social and investor communities and we have increased the visibility of Restore's position on these matters in the 2020 Annual Report.

Restore's credentials in this area are very strong. They are reflected in how we operate the business and by the services we provide to customers.

ESG is in our DNA and our challenge is to continue to push ourselves to be class leading and to ensure our stakeholders have the opportunity to contribute to the development of our plans.

Health and Safety

During the year, our business led health and safety compliance group continued to evolve with an expansion of cross Group working and sharing of best practice. This became extremely beneficial as COVID-19 impacted and policy and operating procedures were quickly adapted and communicated to staff and customers.

Alongside the team's excellent response to continued safe working, we also recruited a new role of Group Head of Risk. The role oversees health and safety and Risk and will further develop the Group's governance framework that will complement the existing structures set out by the QCA code and other key governance frameworks.

Dividends

Your Board is not proposing a dividend for the year ended 31 December 2020 having considered that whilst the business has delivered a profitable result and good cash generation, the interests of shareholders and the Group is best served by preserving funds for investment requirements.

With strong indications of activity recovering to pre COVID-19 levels, the Board would anticipate the reinstatement of dividends for the 2021 financial year.

Summary and outlook

2020 has been the most challenging year for Restore and our people in our history. However, with the increased activity levels seen in H2, the return of all staff in December and the cessation of the Group's use of Coronavirus Job Retention Scheme ("CJRS"), our confidence is building.

The business has shown tremendous financial and operating resilience and on the assumption that a successful vaccination programme in the UK allows a progressive return back to more established trading patterns during 2021, Restore, with its leading national market positions and strong management teams, is well placed to take full and early advantage of improved trading conditions as they arise.

CEO's Statement

We started 2020 with strong growth and ambitions to expand our market share in all our segments. With the arrival of COVID-19, we quickly shifted the business to focus on three priorities for the year – customers, staff and the bounce back. Our speed of response and ongoing management has been excellent and I am delighted to report that customer retention and satisfaction has been very strong throughout the entire year which will increase loyalty with our customers for long term benefit. Staff safety was already a top priority and the adaptation of the business to COVID-secure practices was rapid and seamless. This has been illustrated through full continuity of service and critically, strong staff engagement and an overall improvement in health and safety statistics during the year.

The business rebounded quickly from the peak restrictions in Q2 with increasing profitability throughout the year. We continued to focus on the transformation of our cost structure, and this will have lasting benefits. We have also maintained business capacity and continued with our strategy to invest in our products, infrastructure, and customer service experience. I am delighted with the progress of the various transformation related initiatives across the Company which will come to market in 2021 and 2022 to drive our organic sales.

We go into 2021 with a clear strategy for growth in information and data management, technology recycling, and our commercial relocation services. We are highly confident in our potential to deliver sustained growth with the recurring nature of our revenues and highly cash generative business model. We have significant flexibility to grow organically and with acquisitions. With a very strong balance sheet and substantial headroom in credit facilities, we are well placed to invest in acquisition opportunities in the fragmented markets we operate in. The impact of COVID-19 will in all likelihood mean that a number of owner operators who were looking to exit in the next five to ten years could quicken these decisions in the coming years and with our excellent reputation based on trust to acquire businesses we are well placed to have a significant pipeline of companies to acquire across all our markets.

Our number one or two market positions have been strengthened as a result of the crisis and as we start to see the improving environment, supported by the roll out of the vaccination programme, we look forward to building our market share further through both organic performance and realisation of the substantial acquisition opportunities.

Results

I am pleased to report a resilient financial performance in the context of a challenging year and the clear impact of COVID-19 on general economic activity across the UK. For the year to 31 December 2020, the business achieved revenue of £182.7m, down 15% on 2019 and adjusted profit before tax to £23.2m, down 35% on 2019. Adjusted operating margin decreased by 363bps to 17.3% and earnings per share on an adjusted basis were down 35% at 15.0 pence (2019: 23.2 pence).Our disciplined approach to cash is a core competence and I am delighted with the cash performance for the year which saw net debt reduce by £22.4 million from £88.5 million at 31 December 2019 to £66.1 million at 31 December 2020. This further year of debt reduction emphasises the cash generative nature of the Group with net debt reduced by over £45 million since 2018.

A continued focus for the team is cost management and during the year we made significant changes to reduce costs structurally across the Group. We closed three operating sites (two Digital, one Datashred) and implemented a restructuring programme that led to a reduction in staffing levels of c.250 by the end of the year. We would anticipate that c.50% of this saving will be maintained despite increasing activity levels. We also continued the rationalisation of our Records Management property portfolio with the transfer of boxes to the newly extended Rainham facility and a number of other strategic discussions are in flight to provide increased capacity for growth in the Records Management business.

We paused our acquisition activity in March 2020 but resumed activity with vendors in summer 2020. We completed two small but important acquisitions in our Digital and Technology businesses. We entered 2021 with an enhanced pipeline (quality and quantity improved) of acquisition opportunities across all business units. After the year ended, we also completed the acquisition of Computer Disposals Ltd in January and The Bookyard in March.

Document Management Division

Our Document Management division comprises Restore Records Management, Restore Digital and Restore Datashred. For 2020 revenue was £134.1 million, down £25.4 million on 2019, with operating profit of £33.2 million, a reduction of £11.9 million on 2019.

Restore Records Management storage revenue increased by 1.4% but overall revenue declined 9% to £87.6 million with the reduction in activity revenues. We store approximately 20 million boxes or box equivalents and 1.6 million data tapes, and this stream of recurring revenues forms the foundation of profitability for the Group.

After a slow start to the year due to the impact of COVID-19 restrictions, we continued to grow through winning new business and through box expansion from our existing customers to deliver for the full year, 0.9% net box growth. This is an outstanding result and shows the robust nature of the business model and the fact that customers continued to generate records for storage during severe restrictions and reduced economic activity.

Occupancy rates closed the year within target range, ending 2020 at 94% (2019 95.7%) which we consider to be the optimal level. The extension in Rainham completed on budget in Q4 2020 providing over 700k new box slots to enable growth in London/ South East and also the consolidation of sites. We have further new site developments in the pipeline which will come on stream in 2021 to increase capacity for both organic and acquisition growth but also to allow for continued site rationalisation to increase margins. During 2020 we focused operational resources within key sites to move/destroy boxes to improve the density and efficiency of sites to improve operational productivity going forward.

We have a clear strategy to deliver organic growth and build on the 1.5% net box growth in 2019 and 0.9% in 2020. The long term trends of digitisation are positive for Restore because for most companies they require a hybrid plan of physical and digital records management which only the incumbent storage partner can provide. We are actively helping our customer grow their existing physical storage and also transitioning to digital which drives significant additional revenue. Flexible working is a positive trend for Records Management because there is a large un-vendored market (records still stored in offices) which we believe is c.£100 million pa in potential revenues.

With companies looking to have shorter leases and either downsizing or upsizing, the use of valuable office space to store records is not economically or environmentally feasible, driving an increase in market size over the next 10-20 years. Our net box growth will be driven by winning some market share with rationale pricing and also growth in existing customers because we see the trend of organic box increase being greater than destructions.

We have excellent retention rates with customers and indeed 55% of boxes stay in our facilities for an average of 16 years and 79% of boxes have no destruction dates. This high retention model based on great customer service with an increasing investment in digital tools, coupled with a growing market, underpins our confidence in organic net box growth for the future.

We have a clear margin expansion strategy in the business as we grow. We are driving further scale and the resulting improved economics. We are also investing in new customer portals and other operational investments in fleet to drive down costs and deliver an improved customer experience. A key area of reducing costs is in our property portfolio. Over the next ten years we see substantial opportunity to rationalise the property portfolio as we grow both organically and with acquisitions to deliver a significant increase in capacity with lower cost. Our strategy is to reduce buildings by up to 50% and move c.5.8 million boxes to new facilities. This will improve density by 25% and reduce property costs by c.25% leading to cost reduction of c.£5 million pa. It will also have further benefits of reducing operational costs per box with this improved density. The building of new facilities will fall within the normal capex envelope for the business.

Growth with acquisitions is a key priority. The market is fragmented with over £100m of revenues in companies of <£10m turnover providing a substantial pipeline of opportunity for the next 10+ years to grow. We have maintained an excellent reputation in the market to be a trusted buyer of businesses and with a dedicated acquisition team we are involved in constant and wide ranging discussions to be the buyer of choice when the timing is right. During 2020 we continued these discussions and we expect acquisition activity to increase during 2021.

Restore Digital, our scanning business, saw revenues decrease from £22.6 million to £18.5 million as a result of the cancellation of the 2020 summer exam scanning contract with underlying business development strong. Capacity and operating margin ratios were maintained and with the increasing quality of contracts we are seeing, the consolidation of 2 sites and increasing breadth of product capability, the business is making very good strategic progress.

The business overall performed exceptionally well with growth in income from existing customers and new contract wins in the year. With almost all the revenue decrease associated with the cancellation of exams scanning, and normalising performance for this effect, the like for like performance of the business was flat which is an excellent result for the year. This shows the growing strength of the business and the high value and essential nature of the projects we deliver for customers.

A number of NHS (GP records scanning) contracts were won and delivered successfully in year. Toward the end of the year the business was successful in securing a substantial multi-year contract for Lancashire and South Cumbria CCGs in partnership with EMIS Health. We anticipate further awards in 2021 from the NHS DPS framework. Sales forecasts are strong in this sector where we anticipate further multi-million TCV awards in 2021.

Strong relationships and excellent service delivery in the Nuclear sector have generated significant new opportunities for 2021 and beyond.

In line with strategy, Cloud & Consulting revenue grew by 21%. As a result of one of these projects and in strategic partnership with The APS Group, on behalf of National Records Scotland, we have been awarded a contract to provide critical services in support of the Scottish Census 2022.

We participate in a market of c.£300m with mid-single digit market share and a strong number two market position. Therefore, we have significant room to grow both organically and with acquisitions. We are clear where the growth will be generated with three service areas; 1) Scale/Digitisation/Preservation 2) Cloud/Consultancy and 3) Process Outsourcing (i.e. Digital Mailroom). We have an increased pipeline vs the same time last year in all these areas and with the long term trends of digitisation, records conversion and digital transformation increasing there is significant opportunity to grow.

Restore Datashred, our secure shredding and recycling business was impacted during 2020 with the reduction of office working. Revenue declined from £41.0m to £28.0m as service visits reduced, and paper volumes declined as expected with COVID-19 restrictions and non essential office working. We did however keep all operating sites open with substantial activity across public sector and essential industries. Recycled paper pricing increased during the year to be on average c.£150 per tonne from a low of c.£125 per tonne during 2020.

During H2 we saw an increase in demand from customers for both purge work in readiness to return to the office and general office demand but with further restrictions at the end of year this impacted the rate of the increase in activity.

There was intense focus on the cost structure of the business during 2020. We closed our site in Cuffley with work absorbed into our flagship Crayford facility servicing London. We made further changes to the operational setup of the business during 2020 which will drive operational efficiency. With increasing demand during 2021 and returning to pre COVID-19 levels we expect to see this structural improvement lead to a sharp rise in profit margins and productivity over the next 24 months.

We significantly improved the leadership in the business with three senior appointments: Operations Director (Q2 2020), Sales Director (Q3 2020) and Commercial Director (Q4 2020). We delivered an improving experience to customers with the Trustpilot rating improving from 4.5 to 4.6/5 and we won a prestigious industry award to be the Paper Recycling Business of the year from Letsrecycle.

Our strategy is to grow the business substantially through organic growth and acquisition and with this scale improve our margins significantly. We are delivering on the cost actions and are confident of the margin glide path. Although there is in the short term uncertainty over the return to office trajectory, we do expect increasing activity as we progress through the year and the overall market to return to near pre COVID-19 levels. Given the market is very fragmented and the smaller operators would have been impacted more severely we expect this to drive increasing acquisition opportunities in the medium term. This will deliver increasing returns as we absorb acquisitions into our existing UK footprint and capacity without any significant investment in additional infrastructure. We are also developing and launching a complete set of work from home offerings for the corporate and public sector market, which provide more secure ‘send back to base’ or ‘secure pickup’ options to drive further demand.

Relocation Division

Our Relocation division comprises Restore Harrow Green and Restore Technology. It saw revenue decrease by £7.5 million to £48.6 million with operating profit decreasing by £3.7 million to £4.0 million.

Restore Harrow Green started the year strongly, but the impact of COVID-19 caused a delay in major relocation projects leading to a soft Q2 and summer period but ending the year with a significant increase in activity. Overall revenue decreased from £41.5 million to £33.3 million.

We performed better than our peers with the benefit of some long term contracts with Public Sector customers throughout the UK including working heavily in the Defence, Health, NHS and Pharmaceutical industries.

This was supported by winning and delivering significant project and contract wins in a tighter market. We secured our position on multiple frameworks in the public sector including the YPO (Yorkshire Purchasing Organisation) & CCS (Crown Commercial Service), Whilst also securing contracts for Network Rail (UK Contract), Manchester and Salford University and delivering projects for organisations such as Freshfields, HMRC and Penguin Books. As such, our market leading position has been strengthened and sector expertise further expanded.

Throughout 2020 we continued to focus on the transformation of the business with the start of the electrification of the fleet with 5 new vehicles. Improving our customer experience from sale to post project completion is important and our aim is to lead the industry. We have further improved customer experience via improved processes and portals with investments in digital service to deliver in 2021. We made progress on our environmental credentials with the renewal of our Planet Mark Certification (7th year) and increasing our partnerships with organisations in re-distributing unwanted office furniture rather than going direct to recycling centres.

Restore Harrow Green delivered improved operating margins versus the prior year with the disciplined management of resources and strict cost control. This margin improvement offset some of the impact of the revenue decline. We also believe that we improved our market share during the year with various competitors closing facilities, allowing us to win projects with customers for the first time.

The impact of COVID-19 on the commercial office market is uncertain but our relationships with our customers are indicating that a return to the office will happen with a more flexible approach. This supports our belief that the trend to have shorter leases with the ability to scale up or down and the increasing co-working market will mean that companies move offices more often and have substantial change in the future. This is a large positive for Restore Harrow Green because it will drive more office relocation projects and sustained activity for change.

Our strategy in Restore Harrow Green is to grow organically and expand into new customer segments that value certainty of delivery and at the same time be a conduit for further opportunity for the rest of the Group. One customer segment we already have a strong market share in is Life Sciences and the pharmaceutical industry. To grow further we have opened a new location in Cambridge which will increase the storage capacity by over 10% across Restore Harrow Green and provide further foundations for growth in this important customer segment.

Restore Technology saw revenues increase by £0.7 million to £15.3 million. The result would have been significantly higher, but we saw a softening of the collection of used IT equipment with customers using equipment with increased home working and delaying large infrastructure projects. We made one acquisition during the year, E-Recycling on 30 October 2020. The addition of E-Recycling will further enhance the Group’s strong position in this rapidly growing high security asset destruction market, an entry point to the large data centre market which will provide increased access to a number of strategic sales channels and strengthen Restore’s national coverage.

We are now the largest IT recycling business (ITAD) in the UK but still with only single digit market share across corporate and public sector. This is a large and growing market and with the increasing awareness of the environmental impact of used technology and data security the value of the ITAD market will only increase. It is important to have scale in this market to have the lowest cost structure. Increasingly customers value dealing with a large and trusted business to securely manage their data security.

The market for IT recycling is directly correlated with the wider IT market. The global IT industry experienced a robust year during 2020 with companies investing in equipment to mitigate the pandemic. We strongly believe that we are likely to see increased IT investment by companies over the next several years with organisations frustrated by the lack of agility and flexibility in the face of the pandemic. With this increase in IT investment, we will see a direct correlation with the increase in the IT recycling market.

Our strategy is to grow organically with an increased focus on channel partners to access the market and to broaden the services we provide. One significant area of opportunity is to build a large e-commerce website for the re-sale of recycled IT equipment. We currently sell equipment exclusively through eBay which will remain an important channel but a Restore Technology website will drive increased margins in the business.

With a highly fragmented market we have significant opportunity to grow scale through the acquisition of smaller ITAD businesses across the UK which drive synergy benefits.

Outlook

Looking ahead, we are weathering the impact of COVID-19 with strong liquidity and we are seeing a strong bounce back in customer activity and sales pipeline. Specifically, in our Records Management business on the back of net box growth of 1.5% in 2019 and 0.9% in 2020 our expectation is organic net box growth of between 1-2% in 2021.

Across all business units we have a clear strategy to grow organically and with acquisitions and to improve margins overall at the same time. As shown in the Capital Markets Day presentation in November 2020, our objective is to deliver consistent double digit returns to shareholders with a substantial increase in profits with growth across all business units.

All the markets we operate in are growing and with our number one or number two market positions we are well placed to grow organically at a faster pace than the overall markets. With the recurring nature of our revenues and exceptional cash generation, which was demonstrated both in 2019 and 2020, we are well placed to capitalise on the market changes ahead. With this strength and our disciplined growth strategy we will remain at the forefront of shaping our markets in the coming years and will deliver a substantial increase in profits and shareholder value.

In January we completed the acquisition of Computer Disposals Ltd (CDL) which will provide an additional facility in the North West of England and complements Restore Technology’s existing sites in Birmingham, Bedford, Bristol, Portsmouth and Dunsfold. CDL will increase revenues by c£.8m pa.

In March, we completed a further acquisition in Restore Technology of The Bookyard, adding significant Apple recycling and e-commerce capability to the Group.

Trading since the start of the year has been in line with the Board’s expectations.

CFO's Statement

Restore entered 2020 with strong expectations for a year of further growth, building on the Group's strong track record of underlying organic growth, successful integration of acquisitions and margin enhancement through cost and synergy.

However, after a good start and with revenue growth in the first quarter, the Group was confronted with the impact of COVID-19 from March. Management responded quickly to the challenges presented, ensuring continuity of income, careful cost management and cash preservation steps whilst also protecting capacity in anticipation of future recovery.

The Group's revenue streams that are reliant on access to customer premises were impacted, particularly in Q2, although the recovery path towards pre COVID-19 levels of activity has been steady and reliable.

With a strong base of recurring revenues, especially from storage income in Records Management, and the continuation of strong cash generation in the year, Restore has ended 2020 in good condition despite the challenging environment.

Financial Highlights

	2020 £'m	2019 £'m
Revenue	182.7	215.6
Adjusted profit before tax*	23.2	35.6
Statutory profit before tax	4.0	24.8
EBITDA**	57.4	70.0
Adjusted EBITDA***	37.4	54.0
Net debt	66.1	88.5

*Adjusted profit before tax is stated before amortisation, impairment of intangible assets and investments and exceptional items
**Earnings before interest, taxation, depreciation, amortisation, impairment and exceptional items
***EBITDA adjusted for share-based payments (2020: £1.0m; 2019: £3.8m) and excluding IFRS16 (2020: (£21.0m); 2019: (19.8m)) for financial covenants

COVID-19 impacts

The most significant impact of COVID-19 on the Group's financial performance relates to revenue streams that require access to customer sites or the provision of assets to our plants for processing. Activity driven revenues in Restore Datashred were particularly affected during the year. A steady recovery in activity levels during H2 was experienced, and in the case of Restore Technology this effect is considered mainly deferred rather than lost income.

A further impact of reduced activity was on resource requirements. The Group chose to utilise the CJRS with over 1,000 staff placed into the scheme during the early stages of the virus outbreak. As new ways of working with customers were established and as activity levels improved, the number of staff on the CJRS reduced in proportion to revenue improvement with the Group ending its use of the scheme in December 2020.

The Board acknowledges the value CJRS has provided in deferring restructuring decisions and in successfully preserving roles. However, as a result of the reduced activity levels, a strategic review of activity and organisation was undertaken in H2 and regretfully, c.250 staff left the business under a redundancy programme in Q4 at a total cost of £1.0m.

A further impact of COVID-19 was in relation to dividend proposals. The initial uncertainty on the length and severity of the virus outbreak led the Board to adopt a conservative approach to liquidity management and a final dividend for the financial year ended 31 December 2019 and an interim dividend for the financial year ended 31 December 2020 were not proposed.

Income Statement and profit performance

The Group's revenue for the year ended 31 December 2020 was £182.7 million (2019: £215.6 million), a reduction of 15% year on year. Around 50% of Restore's revenues are fixed or highly contracted in nature and the majority of this relates to storage income which increased by 1.4% in comparison to 2019. COVID-19 restrictions impacted the Group's other activity driven income streams with the peak effect experienced in April before a sustained recovery through the balance of the year.

	Q1	Q2	Q3	Q4
2020 revenue as proportion of 2019 revenue	102%	68%	83%	88%

A number of strategic and tactical cost actions were implemented during 2020. This included the consolidation of three operating sites across Restore Datashred and Restore Digital and a reduction in headcount of c.250 in Q4. As a result of these actions and due to the underlying flexibility of the business model, the impact of lower revenues has been substantially reduced at the profit level.

Adjusted profit before tax was £23.2 million for the year compared with £35.6 million for 2019 and reduced due to the lower revenue described above. Operating margins were positive through the pandemic but diluted in the first half to 16% before improving steadily to achieve 19% for the second half (2019: 21%).

The statutory profit before tax for 2020 was £4.0 million (2019: £24.8 million) and is stated after a £7.0 million non-cash impairment arising on the intangible asset value of Restore Datashred and a £1.6 million write down of a 40% minority interest in a legacy investment as reported at the half year results.

Adjusted profit items

Due to the one-off nature of exceptional costs and the non-cash element of certain charges, the Directors believe that the alternative performance measure of an adjusted profit before tax and earnings per share provide shareholders and other stakeholders with a useful representation of the Group's underlying earnings and performance. The adjusting items in arriving at the underlying adjusted profit before tax are as follows:

	2020 £'m	2019 £'m
Statutory profit before tax	4.0	24.8
Adjustments		
- Amortisation	8.3	8.1
- Impairment	8.6	-
- Exceptional items	2.3	2.7
Adjusted profit before tax	23.2	35.6

Exceptional Costs

Restore's strategy is to grow through organic expansion, acquisition for scale or capability and margin improvement from synergy and cost. To deliver these goals, costs of a one-off or unusual nature may occur and in order to give a suitable representation of the underlying earnings of the Group, these costs are shown separately.

	2020 £'m	2019 £'m
Acquisition – transaction costs	0.1	0.1
Acquisition related restructuring costs	0.1	2.3
Restructuring and redundancy	1.3	-
Other exceptional	0.8	0.3
Total	2.3	2.7

In 2020 acquisition related exceptional costs of £0.2 million are substantially reduced as the financial impact of previous acquisitions unwinds. Redundancy and site consolidation of £1.3 million were incurred and will deliver future margin benefit. Other exceptional items include legacy share option costs and provision for settlement of historic legal cases.

Earnings Per Share (EPS)

Basic adjusted earnings per share are calculated by reference of the adjusted profit for the year, less a standard tax charge, to the weighted average number of shares in issue during the year. The year on year reduction in adjusted EPS reflects decreased profitability in 2020.

	2020 £'m	2019 £'m
Basic adjusted earnings per share from continuing operations	15.0p	23.2p
Basic earnings per share from continuing operations	0.2p	13.4p

Basic earnings per share reflect the statutory profit after tax divided by the weighted average number of shares in issue during the year. The reduction in 2020 reflects the decreased profitability for the year.

Taxation

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year.

The significant items increasing the effective tax rate are the expenses not deductible for taxation, (being impairment of goodwill and investment) and the effect of the 2% rate change in UK corporation tax which impacted the deferred tax position. In prior periods, the future UK corporation tax rate had been assumed at 17% as previously announced. In March 2020, it was announced that this would remain at 19%. The adjustment in respect of this change in rate has been included in the 2020 tax charge.

Interest cost

During the year the following finance costs were incurred in relation to bank borrowings and IFRS16 notional interest costs.

	2020 £'m	2019 £'m
Interest on bank loans and overdrafts	2.8	3.6
Interest on lease liabilities	5.4	5.7
Amortisation of deferred finance costs	0.3	0.3
Total	8.5	9.6

Cash generation and financing

Restore's high proportion of predictable, recurring revenues and resilient margins, together with disciplined working capital management, delivered free cashflow of £29.2 million for 2020 (2019: £36.6 million).

Net debt @ 31 December 2018	Net debt @ 30 June 2019	Net debt @ 31 December 2019	Net debt @ 30 June 2020	Net debt @ 31 December 2020
£111.3m	£95.0m	£88.5m	£73.9m	£66.1m

As a result of this strong cash generation, the Group's borrowings continued to reduce steadily to £66.1million at 31 December 2020 (2019: £88.5 million). The pro-forma adjusted EBITDA leverage increased from 1.6x to 1.8x at 31 December 2020 reflecting the decrease in profits when measured against the net debt although normalising EBITDA to 2019 levels in anticipation of continued recovery, leverage would be 1.2x.

The Group continues to have significant headroom within its borrowing facilities with the current Revolving Credit Facility (RCF), which runs to March 2023, providing borrowing capacity of up to £160m. This leaves the Group with flexibility to invest as opportunities arise.

Statement of Financial Position

Restore continues to invest in the infrastructure in the business although at slightly lower levels than in 2019 with capex investment of £7.3 million (2019: £9.0 million) during the year. Whilst physical asset investment is maintained at an appropriate level, the Group has increased the proportion of its investment towards IT and digital assets to enable greater efficiency and connectivity within the business and with customers.

During the year, the Group acquired E-Recycling Ltd for £4.5 million from existing cash and debt facilities. This acquisition added capability in high security destruction to Restore Technology's product capability and has been followed by the acquisition of Computer Disposals Ltd and The Bookyard (a leading Apple recycling and spare parts business) in 2021 as the strategy to expand in the IT disposal and recycling sector is progressed.

The net assets for the Group at 31 December 2020 were £218.6 million (2019: £218.5 million) with the working capital ratio of current assets to current liabilities, excluding cash and IFRS16 liabilities, a healthy 1.1x (2019: 1.2x).

Consolidated statement of comprehensive income
For the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £'m**	Year ended 31 December 2019 £'m
Revenue – continuing operations	2	182.7	215.6
Cost of sales		(105.9)	(120.3)
Gross profit		76.8	95.3
Administrative expenses		(45.1)	(50.1)
Amortisation of intangible assets		(8.3)	(8.1)
Impairment of intangible assets		(7.0)	-
Impairment of investment		(1.6)	-
Exceptional items	3	(2.3)	(2.7)
Operating profit		12.5	34.4
Finance costs		(8.5)	(9.6)
Profit before tax		4.0	24.8
Taxation	4	(3.8)	(7.9)
Profit after tax		0.2	16.9
Other comprehensive income		-	-
Total comprehensive income for the year from continuing operations		0.2	16.9
Loss from discontinued operations		-	(0.2)
Profit attributable to owners of the parent		0.2	16.7
Earnings/(loss) per share attributable to owners of the parent (pence)			
Total – basic	5	0.2p	13.4p
Total – diluted	5	0.2p	12.9p
Continuing operations – basic	5	0.2p	13.6p
Continuing operations – diluted	5	0.2p	13.1p
Discontinued operations – basic	5	-	(0.2p)
Discontinued operations – diluted	5	-	(0.2p)

The reconciliation between the statutory results shown above and the non-GAAP adjusted measures are shown below:

	Note	**Year ended 31 December 2020 £'m**	Year ended 31 December 2019 £'m
Operating profit – continuing operations		12.5	34.4
Adjustments for:			
Amortisation of intangible assets	5	8.3	8.1
Impairment of intangible assets	5	7.0	-
Impairment of investment	5	1.6	-
Exceptional items	5	2.3	2.7
Adjustments	5	19.2	10.8
Adjusted operating profit		31.7	45.2
Depreciation of property, plant and equipment and right of use assets		25.7	24.8
Earnings before interest, taxation, depreciation, amortisation, impairment, and exceptional items (EBITDA)		57.4	70.0
Profit before tax		4.0	24.8
Adjustments (as stated above)		19.2	10.8
Adjusted profit before tax		23.2	35.6

Consolidated statement of financial position
As at 31 December 2020

	Note	**31 December 2020 £'m**	31 December 2019 £'m
Non-current assets			
Intangible assets	9	247.4	257.5
Property, plant and equipment		70.6	71.8
Right of use assets		107.1	115.1
Investments		-	1.6
Deferred tax asset		3.4	3.8
		428.5	449.8
Current assets			
Inventories		0.9	1.4
Trade and other receivables		41.2	47.9
Corporation tax receivable		0.3	-
Cash and cash equivalents	10	26.4	17.0
		68.8	66.3
Total assets		497.3	516.1
Current liabilities			
Trade and other payables		(38.8)	(35.5)
Financial liabilities – borrowings	10	-	(0.4)
Financial liabilities – lease liabilities		(16.7)	(16.5)
Current tax liabilities		-	(3.9)
Provisions		(0.4)	(0.1)
		(55.9)	(56.4)
Non-current liabilities			
Financial liabilities – borrowings	10	(92.5)	(105.1)
Financial liabilities – lease liabilities		(104.0)	(111.0)
Deferred tax liability		(19.8)	(18.4)
Provisions		(6.5)	(6.7)
		(222.8)	(241.2)
Total liabilities		(278.7)	(297.6)
Net assets		218.6	218.5
EQUITY			
Share capital		6.3	6.2
Share premium account		150.3	150.3
Other reserves		6.0	6.1
Retained earnings		56.0	55.9
Equity attributable to the owners of the parent		218.6	218.5

Consolidated statement of changes in equity
For the year ended 31 December 2020

	Attributable to owners of the parent				
	Share capital £'m	**Share premium £'m**	**Other reserves £'m**	**Retained earnings £'m**	**Total equity £'m**
Balance at 1 January 2019	6.2	150.3	3.8	45.7	206.0
Profit for the year	-	-	-	16.7	16.7
Total comprehensive income for the year	-	-	-	16.7	16.7
Transactions with owners					
Dividends	-	-	-	(8.0)	(8.0)
Transfers	-	-	(0.7)	0.7	-
Share-based payments charge	-	-	2.1	-	2.1
Current tax on share-based payments	-	-	0.3	-	0.3
Deferred tax on share-based payments	-	-	0.6	-	0.6
Deferred tax taken directly to equity	-	-	-	0.8	0.8
Balance at 31 December 2019	6.2	150.3	6.1	55.9	218.5
Balance at 1 January 2020	6.2	150.3	6.1	55.9	218.5
Profit for the year	-	-	-	0.2	0.2
Total comprehensive income for the year	-	-	-	0.2	0.2
Transactions with owners					
Issue of shares during the year	0.1	-	-	(0.1)	-
Current tax on share-based payments	-	-	0.8	-	0.8
Deferred tax on share-based payments	-	-	(1.3)	-	(1.3)
Share-based payments charge	-	-	1.2	-	1.2
Purchase of treasury shares	-	-	(0.8)	-	(0.8)
Balance at 31 December 2020	6.3	150.3	6.0	56.0	218.6

Consolidated statement of cash flows
For the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £'m**	Year ended 31 December 2019 £'m
Net cash generated from operations	8	66.9	71.3
Net finance costs		(8.0)	(8.7)
Income taxes paid		(7.2)	(5.7)
Net cash generated from operating activities		51.7	56.9
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(7.3)	(9.0)
Purchase of subsidiary undertakings, net of cash acquired		(3.4)	(2.2)
Purchase of trade and assets		(0.3)	(0.6)
Proceeds from sale of property, plant and equipment		-	0.2
Disposal of subsidiary, net of cash disposed		-	(0.2)
Cash flows used in investing activities		(11.0)	(11.8)
Cash flows from financing activities			
Dividends paid		-	(8.0)
Purchase of treasury shares		(0.8)	-
Repayment of revolving credit facility		(13.0)	(17.4)
Lease principal repayments		(17.1)	(14.3)
Net cash used in financing activities		(30.9)	(39.7)
Net increase in cash and cash equivalents		9.8	5.4
Cash and cash equivalents at start of year		16.6	11.2
Cash and cash equivalents at end of year		26.4	16.6
Cash and cash equivalents shown above comprise:			
Cash at bank	10	26.4	17.0
Bank overdraft	10	-	(0.4)
		26.4	16.6

Notes to the preliminary financial information
For the year ended 31 December 2020

1. Basis of Preparation

The financial information in this preliminary announcement has been extracted from the audited consolidated financial statements for the year ended 31 December 2020 and does not constitute the statutory accounts for the Group.

The consolidated financial statements of Restore plc have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are held at fair value. The accounting policies have been consistently applied, other than where new policies have been adopted. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

2. Segmental Analysis

The Group is organised into two operating segments, Document Management and Relocation, and incurs Head Office costs. Services per segment operate as described in the Annual Report. The vast majority of trading of the Group is undertaken within the United Kingdom. Segment assets include intangibles, property, plant and equipment, right of use assets, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Revenue

The revenue from external customers was derived from the Group's principal activities primarily in the UK (where the Company is domiciled) as follows:

Revenue - Continuing operations	**2020 £'m**	2019 £'m
Restore Records Management	87.6	95.9
Restore Datashred	28.0	41.0
Restore Digital	18.5	22.6
Document Management division	134.1	159.5
Restore Harrow Green	33.3	41.5
Restore Technology	15.3	14.6
Relocation division	48.6	56.1
Total Revenue	182.7	215.6

Major customers
For the year ended 31 December 2020 no customers individually accounted for more than 3% (2019: 3%) of the Group's total revenue.

Segmental information

	2020 £'m	2019 £'m
Document Management division	33.2	45.1
Relocation division	4.0	7.7
Head office	(4.5)	(3.8)
Amortisation of intangible assets	(8.3)	(8.1)
Impairment of intangible assets and investment	(8.6)	-
Exceptional items	(2.3)	(2.7)
Share-based payments charge (including related NI)	(1.0)	(3.8)
Operating profit	12.5	34.4
Finance costs	(8.5)	(9.6)
Profit before tax	4.0	24.8

	Document Management £'m	**Relocation £'m**	**Head Office £'m**	**31 December 2020 Total £'m**
Segment assets	427.4	56.3	13.6	497.3
Segment liabilities	160.0	31.6	87.1	278.7
Capital expenditure	6.6	0.5	0.2	7.3
Depreciation and amortisation	29.6	4.3	0.1	34.0

	Document Management £'m	Relocation £'m	Head Office £'m	31 December 2019 Total £'m
Segment assets	447.2	68.8	0.1	516.1
Segment liabilities	164.5	31.1	102.0	297.6
Capital expenditure	7.8	1.0	0.2	9.0
Depreciation and amortisation	29.2	3.6	0.1	32.9

3. Exceptional Items

	2020 £'m	2019 £'m
Acquisition – transaction costs	0.1	0.1
Acquisition related restructuring costs	0.1	2.3
Restructuring and redundancy	1.3	-
Other exceptional	0.8	0.3
Total	2.3	2.7

Restore's strategy is to grow organically, through acquisition and from unlocking margin expansion opportunities, particularly the development of synergies across the Group. To deliver these goals, costs of a one-off or unusual nature may occur and in order to give a suitable representation of the underlying earnings of the Group, these are shown separately.

The Group went through a restructuring and redundancy programme during the year principally driven by the COVID-19 pandemic. As a result, the Group has been able to reduce costs in the business on an ongoing basis through redundancies and site closures but had to incur some one-off costs during 2020 in order to implement this (£1.3m).

Acquisition related restructuring and transaction costs were £0.2m in 2020, a reduction of £2.2m on 2019 due to lower levels of acquisition activity and the unwind of acquisition related restructuring costs from prior year acquisitions.

Other exceptional costs of £0.8m relate to the employer's national insurance on the exercise of legacy share options in the year (£0.3m), costs recognised in respect of a prior year legal liability (£0.3m) and the costs associated with a corporate restructure (£0.2m).

4. Taxation

	2020 £'m	2019 £'m
Current tax:		
UK corporation tax on profit for the year	4.1	7.3
Adjustment in respect of previous periods	(0.4)	-
Total current tax	3.7	7.3
Deferred tax:		
Current year	0.6	(1.3)
Adjustment in respect of previous periods	(0.5)	1.9
Total deferred tax	0.1	0.6
Total tax charge	3.8	7.9

The charge for the year can be reconciled to the profit in the Consolidated statement of comprehensive income as follows:

	2020 £'m	2019 £'m
Profit before tax	4.0	24.8
Profit before tax multiplied by the rate of corporation tax of 19.0% (2019: 19.0%)	0.8	4.7
Effects of:		
Expenses not deductible	2.0	3.6
Income not chargeable for tax purposes	-	(2.7)
Adjustment in respect of corporation tax for previous periods	(0.4)	-
Adjustment in respect of deferred tax for previous periods	(0.5)	1.9
Share-based payments charge	0.2	0.2
Effect of change in rate used for deferred tax	1.7	0.2
Tax charge	3.8	7.9

The tax charge for the year is higher than the profit before tax multiplied by the rate of corporation tax (2019: higher).

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

5. Earnings Per Ordinary Share

Basic earnings per share have been calculated on the profit for the year after taxation and the weighted average number of ordinary shares in issue during the year.

	2020	2019
Weighted average number of shares in issue	125,214,737	124,164,022
Total profit for the year	£0.2m	£16.7m
Total basic earnings per ordinary share	0.2p	13.4p
Weighted average number of shares in issue	125,214,737	124,164,022
Share options	3,543,950	5,097,959
Weighted average fully diluted number of shares in issue	128,758,687	129,261,981
Total fully diluted earnings per share	0.2p	12.9p
Continuing profit for the year	£0.2m	£16.9m
Continuing basic earnings per share	0.2p	13.6p
Continuing fully diluted earnings per share	0.2p	13.1p
Discontinued loss for the year	-	(£0.2m)
Discontinued basic loss per share	-	(0.2p)
Discontinued fully diluted loss per share	-	(0.2p)

Adjusted earnings per share
The Directors believe that the adjusted earnings per share provide a more appropriate representation of the underlying earnings derived from the Group's business. The adjusting items are shown in the table below:

	2020 £'m	2019 £'m
Continuing profit before tax	4.0	24.8
Adjustments:		
Amortisation of intangible assets	8.3	8.1
Exceptional items	2.3	2.7
Impairment of intangible assets and investment	8.6	-
Adjusted continuing profit for the year	23.2	35.6

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, 125.2m (2019: 124.2m) is calculated below:

	2020	2019
Adjusted profit before tax (£'m)	23.2	35.6
Tax at 19.0% / 19.0% (£'m)	(4.4)	(6.8)
Adjusted profit after tax (£'m)	18.8	28.8
Adjusted basic earnings per share	15.0p	23.2p
Adjusted fully diluted earnings per share	14.6p	22.3p

6. Dividends

The Directors do not recommend a final dividend for the year ended 31 December 2020 (2019: £nil per share). An interim dividend of £nil was paid during the year (2019: 2.4p).

7. Business Combinations

On 1 July 2020, the Group acquired the trade and assets of Complete Scanning Limited, a digital business, for consideration of £0.3m. £0.2m of customer relationships were recognised on acquisition.

On 31 October 2020, the Group completed the acquisition of E Recycling Limited and its subsidiary, Euro-Recycling Limited (together 'Euro-Recycling'). Euro-Recycling is a technology business and was acquired for cash consideration of £4.0m. Deferred consideration of £0.5m is payable on a contingent basis over two years from the acquisition date. As the Group is still in the process of establishing the fair value of the assets and liabilities acquired, the fair values presented below are provisional.

	£'m
Intangibles – customer relationships	2.0
Property, plant and equipment and right-of-use assets	0.4
Trade and other receivables	0.7
Cash	0.7
Trade and other payables	(0.4)
Corporation tax	(0.1)
Deferred taxation	(0.4)
Lease liabilities	(0.1)
Net assets acquired	2.8
Goodwill	1.7
Consideration	4.5
Satisfied by:	
Cash to Vendors	4.0
Deferred consideration	0.5
Total consideration	4.5

During the year, deferred consideration of £0.1m was paid, in relation to the acquisitions of Crimson UK Limited and FDA Limited.

Post acquisition results
The table below gives the revenue and profit for the acquisitions completed in the year and included in the consolidated results.

	2020 £'m	2019 £'m
Revenue	0.5	2.2
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	0.1	0.2

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £184.9m and Group continuing profit before tax would have been £4.7m.

The acquisitions made during the year were to further extend national coverage, increase customers and sites and increase the Group's market share in its digital and technology services.

8. Cash Inflow from Operations

Continuing operations	2020 £'m	2019 £'m
Profit before tax	4.0	24.8
Depreciation of property, plant and equipment and right-of-use assets	25.7	24.8
Amortisation of intangible assets	8.3	8.1
Net finance costs	8.5	9.5
Share-based payments charge	1.2	3.8
Impairment of intangible assets and investments	8.6	-
Gain on disposal of property, plant and equipment and right-of-use assets	(0.1)	-
Decrease/(increase) in inventories	0.5	(1.0)
Decrease in trade and other receivables	7.8	1.0
Increase in trade and other payables	2.4	0.5
Net cash generated from operating activities	66.9	71.5
Net cash used by operating activities – discontinuing operations	-	(0.2)
Net cash generated from total operations	66.9	71.3

9. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software IT £'m	Total £'m
Cost					
1 January 2019	163.4	124.0	4.3	5.0	296.7
Arising on acquisition of subsidiaries	0.7	1.3	-	-	2.0
Arising on acquisition of trade and assets	-	0.6	-	-	0.6
Additions – external	-	-	-	1.1	1.1
31 December 2019	164.1	125.9	4.3	6.1	300.4
Arising on acquisition of subsidiaries	1.7	2.0	-	-	3.7
Arising on acquisition of trade and assets	-	0.2	-	-	0.2
Additions – external	-	-	-	1.3	1.3
Disposals	-	-	-	(0.2)	(0.2)
31 December 2020	165.8	128.1	4.3	7.2	305.4
Accumulation amortisation and impairment					
1 January 2019	10.6	19.4	1.9	2.9	34.8
Charge for the year	-	7.0	0.3	0.8	8.1
31 December 2019	10.6	26.4	2.2	3.7	42.9
Charge for the year	-	7.1	0.3	0.9	8.3
Impairment	7.0	-	-	-	7.0
Disposals	-	-	-	(0.2)	(0.2)
31 December 2020	17.6	33.5	2.5	4.4	58.0
Carrying amount at 31 December 2020	148.2	94.6	1.8	2.8	247.4
Carrying amount at 31 December 2019	153.5	99.5	2.1	2.4	257.5

Amortisation is charged to profit or loss as an administrative expense.

10. Financial Liabilities – Borrowings

	2020 £'m	2019 £'m
Current		
Bank loans and overdrafts	-	0.4
Bank loans – secured	-	-
Deferred financing costs	-	-
	-	0.4
Non-current		
Bank loans – secured	93.0	106.0
Deferred financing costs	(0.5)	(0.9)
	92.5	105.1

The bank debt is due to The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank and is secured by a fixed and floating charge over the assets of the Group. Under the bank facility the Group is required to meet quarterly covenant tests in respect of interest cover and leverage.

All tests were met during the year and the Directors expect to continue to meet these tests.

Analysis of net debt

	2020 £'m	2019 £'m
Cash at bank and in hand	26.4	17.0
Bank loans due within one year	-	(0.4)
Bank loans due after one year	(92.5)	(105.1)
	(66.1)	(88.5)

11. Post Balance Sheet Events

On 8 January 2021, the Group purchased the entire issued share capital of Computer Disposals Ltd, an experienced and successful IT Recycling and asset disposition business for consideration of £12.7m (plus an adjustment for cash acquired less indebtedness). The acquisition of Computer Disposals accelerates Restore Technology's existing capability with the addition of 83 highly skilled customer focused colleagues, additional fleet capability, as well as some new customers.

On 1 March 2021, the Group purchased the entire share capital of The Bookyard Ltd, a leading Apple recycling and spare parts business, for consideration of £0.8m. This acquisition further strengthens Restore Technology's capability in the growing Apple market within the business.