Restore plc

Strong. Opportunity.

2020 Full Year Results

Records

Digital

Datashred

Relocation

Technology

Resilient performance with reducing debt levels providing foundation for substantial growth

Restore plc

-15%
£182.7m
Revenue

-8.2p
15.0p
Adjusted basic earnings per share*
(2019: 23.2p)

-35%
£23.2m
Adjusted profit before tax*

-£22.4m
£66.1m
Net Debt

*Before amortisation of intangible assets exceptional items

Operational 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 up 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 re-configurations
  - 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 pa 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 £13.3m in H2
- Non-cash impairment of £8.6m on intangible assets and historic investment

COVID-19 Resilience: A stronger Restore

Restore plc

An unprecedented year... with a resounding response...

Our Customers

1. High levels of customer satisfaction
2. Invested in new products/services
3. Taken share through contract wins
4. Key partner to critical frontline providers and essential industries (NHS, GP surgeries, pharmaceuticals, utilities, financial services)

Our People

1. COVID-secure facilities & operations
2. Resolute workforce across the organisation
3. Increase in health and safety team
4. Positive staff engagement survey

Our Business

1. Optimising business capacity & reach
2. Restructured to be better
3. Continued investment in technology for productivity
4. Reduction in Net Debt

Our Future

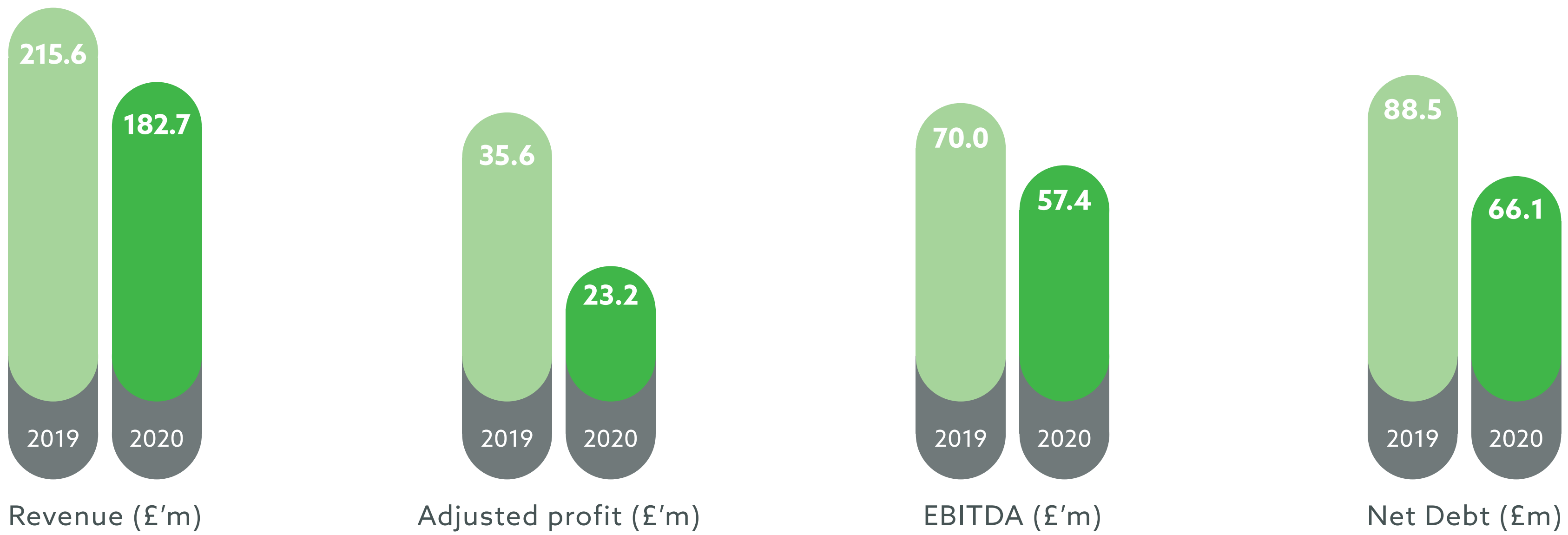
1. Bounce back expected in 2021 & beyond
2. Plans to drive continued cost efficiency
3. Market leading position in fragmented markets
4. Targeted acquisition aligned to strategy

Financial Review

Financial Review

Restore plc

- Resilient financial performance in challenging year
- Strong start in Q1 with peak impact of COVID-19 in Q2 before sustained recovery through H2
- Revenue of £182.7m, down 15%, with high proportion of storage and contracted revenues providing solid foundation but activity based income affected by COVID-19
- Profitable throughout with adjusted profit before tax of £23.2m
- Excellent cash generation and a further year of substantial net debt reduction from £88.5m to £66.1m. Without acquisitions, this would have reduced to £62.4m
- Strategic progress on cost with 3 sites consolidated and headcount reduction from 2,256 to 1,863
- Capacity maintained with scope to absorb margin accretive volume in 2021
- CAPEX reduced to £7.3m (2019: £9.0m) with investment maintained in strategic areas across IT, digital and environmental agenda
- Strategic acquisition of E-Recycling Ltd in Q4



Consolidated Income Statement

Restore plc

	2020	2019	Change
Revenue (£'m)	182.7	215.6	-15%
Adjusted PBT (£'m)*	23.2	35.6	-35%
Statutory PBT (£'m)	4.0	24.8	-84%
EBITDA**	57.4	70.0	-18%
Adjusted EBITDA***	37.4	54.0	-31%
Adjusted EPS (p)	15.0	23.2	-35.3%

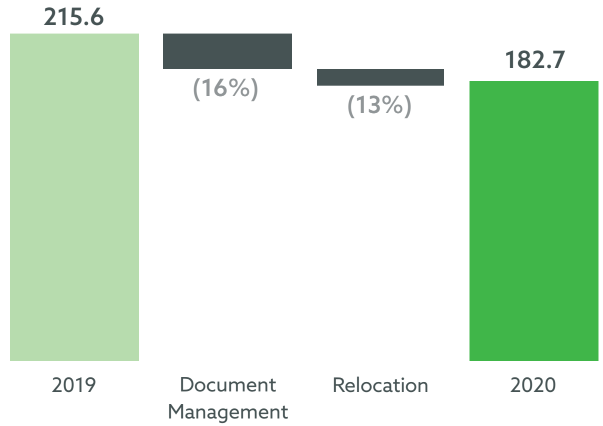
*Adjusted profit before tax is stated before amortisation, impairment of intangible assets, investments and exceptional items

**EBITDA - earnings before interest, taxation, depreciation, amortisation, impairment and exceptionals

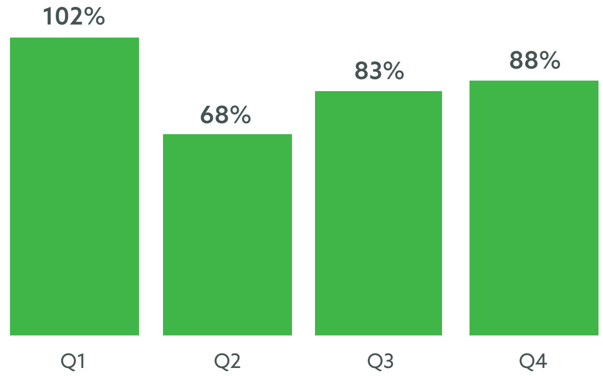
***Adjusted EBITDA - EBITDA adjusted for share-based payments and excluding IFRS16 (for financial covenants)

- Strong start with 2% revenue growth in Q1. Peak COVID-19 impact in Q2
- Sustained and steady recovery to 88% of pre COVID-19 levels in Q4 with Records Management exit rate at 95%
- Adjusted PBT of £23.2m (2019: £35.6m) with operating margin of 16% in H1 improving to 19% in H2 (2019: 21%)
- £7.0m non-cash impairment in Restore Datashred and £1.6m write-down on 40% minority interest in legacy investment
- Statutory profit of £4m with basic EPS of 0.2p (2019: 13.4p)
- Adjusted EPS of £15.0p (2019: 23.2p)

Revenue (£'m)



2020 revenue as a proportion of 2019 (Pre COVID levels)



COVID 19 Financial Impacts

Revenue

- Solid core of recurring income providing solid foundation
- Income requiring customer access impacted, particularly Restore Datashred
- Restore Harrow Green performance robust, driven by normal lease rotations and office reconfigurations
- Steady progress as economic activity continues to improve, with revenues of 67% of pre-COVID19 levels in Q2, reaching nearly 90% as we exit the year
- Strong H2 and revenue exit rates showing that London footfall and office occupancy represents less than 10% of Group profits as highlighted in October trading update

Cost

- £33m drop in revenue reduced to £13m at EBITDA through flexibility of cost structure
- Government CJRS utilised to preserve roles in Q2 & Q3 with 1,046 staff on scheme at peak in Q2 with use of scheme ending in December
- Restructuring of the business accelerated with c.250 staff leaving the business in Q4

Cash

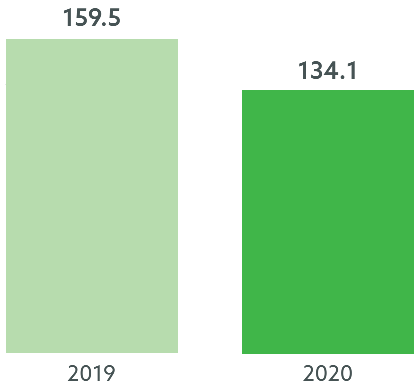
- Cash performance strong throughout period
- Very low bad debt due to high quality customer base
- Highly supportive banking syndicate and well within RCF capacity and covenants

Document Management

Revenue	2020	2019	Change
Restore Records Management (£'m)	87.6	95.9	-9%
Restore Datashred (£'m)	28.0	41.0	-32%
Restore Digital (£'m)	18.5	22.6	-18%
	134.1	**159.5**	**-16%**

Margin			
Operating Margin	33.2	45.1	-26%
Operating Margin %	24.8%	28.3%	-352 bp

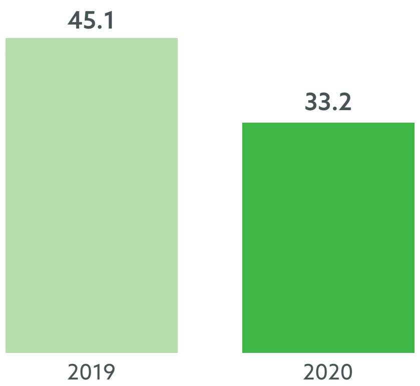
Revenue (£'m)



-£25.4m

- Records Management – robust revenue performance with storage +1.4% but service income impacted by COVID-19. Capacity utilisation on target at 94%
- Restore Digital – underlying revenue flat year on year but down in total due to cancellation of summer exam sessions
- Restore Datashred – impacted by customer access restrictions and reduced paper volumes with paper pricing increasing. Critical services maintained to front line public sector and commercial customers thoughout period
- Cost strategy progressed with 3 site consolidations and reduced headcount to carry forward in margin enhancement
- Margin 24.8% with H1 at 22.7% improving to 26.8% in H2 (2019: 28.3%)

Operating profit (£'m)



-£11.9m

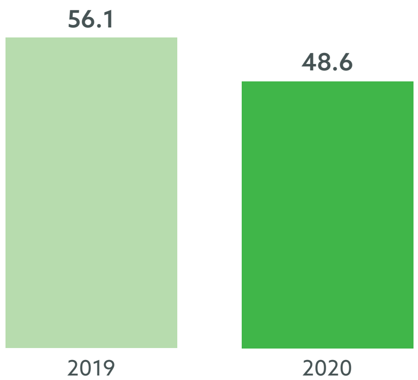
Relocation

Revenue	2020	2019	Change
Restore Harrow Green (£'m)	33.3	41.5	-20%
Restore Technology (£'m)	15.3	14.6	+5%
	48.6	**56.1**	**-13%**

Margin			
Operating Margin	4.0	7.7	-48%
Operating Margin %	8.2%	13.7%	-550 bp

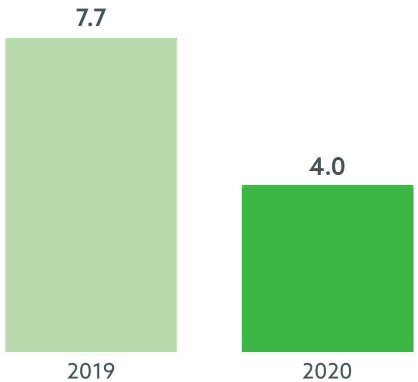
- Restore Harrow Green – Q2 impact due to lock down with strong bounce back in H2. Normal level of commercial relocations but discretionary internal moves reduced
- Restore Technology – access restrictions impacting collections and revenue deferred rather than lost
- Profit impacts well managed with revenue impact of £7.5m reduced to £3.7m at profit level
- Operating margin of 8.2% with H1 at 4.9% improving to 11.1% in H2 (2019: 13.7%)
- E-Recycling Ltd acquired by Technology (Q4) developing scale and capability

Revenue (£'m)



-£7.5m

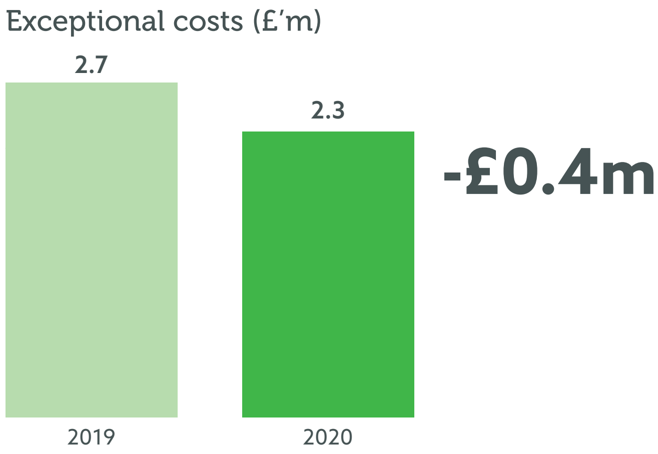
Operating profit (£'m)



-£3.7m

Exceptional Costs

	2020	2019	Change
Acquisition transaction costs	0.1	0.1	-
Acquisition restructuring costs	0.1	2.3	-96%
Restructuring & redundancy costs	1.3	-	-
Other exceptional	0.8	0.3	167%
	2.3	**2.7**	**-15%**



- Low exceptional costs in year
- Group reorganisation programme incurred one-off redundancy costs of £1.0m
- £0.2m acquisition related costs in 2020 (2019: £2.4m). 2019 largely related to the completion of restructuring on prior year acquisitions
- Other exceptional items include
  - £0.3m legacy share option schemes
  - £0.2m and corporate restructure
  - £0.3m to settle prior year legal liability

Cash Flow (pre IFRS16)

	2020 £'m	2019 £'m	Change
Adjusted EBITDA*	37.4	54.0	-31%
Working capital/other	9.1	0.4	+2,187%
Interest	(2.9)	(3.1)	-6%
Tax	(7.2)	(5.7)	+26%
Capex	(7.3)	(9.0)	-19%
Free cashflow	**29.2**	**36.6**	**-20%**
Exceptionals	(2.3)	(2.7)	-15%
Acquisitions	(3.7)	(2.8)	+32%
Dividend	-	(8.0)	-100%
Other/Equity	(0.8)	(0.3)	+167%
Net cash flow	22.4	22.8	-2%
Opening net debt	88.5	111.3	
Closing net debt	66.1	88.5	

*Adjusted EBITDA - EBITDA adjusted for share-based payments and excluding IFRS16 (for financial covenants)

- Strong EBITDA to cash conversion
- Cash collection excellent with debt profile improved from good to excellent
- Unwind of working capital as debt book decreased
- Suppliers paid on time
- CAPEX investment lower than previous year but increased spend in digitisation & IT
- Two acquisitions in year
  – Complete Scanning Ltd in Restore Digital
  – E Recycling in Restore Technology
- Net debt reduced by £22.4m

Net Debt Reduction

Restore plc

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
Leverage 2.1x	Leverage 1.8x	Leverage 1.6x	Leverage 1.7x	Leverage 1.8x

- Further period of substantial net debt reduction
- Group leverage of 1.8x despite reduced EBITDA effect
- At 2019 EBITDA, leverage would be 1.2x
- Group operating well within banking covenants
- Supportive banking syndicate with facility of £160m, expiring March 2023

Balance Sheet

	2020 £'m	2019 £'m
Non-current assets	**428.5**	**449.8**
Trade and other current assets	42.4	49.3
Cash and cash equivalents	26.4	17.0
Current Assets	**68.8**	**66.3**
Trade and other current liabilities	(39.2)	(39.5)
Financial liabilities – borrowings	(16.7)	(16.9)
Current liabilities	**(55.9)**	**(56.4)**
Financial liabilities – borrowings	(203.0)	(222.8)
Deferred tax and provisions	(19.8)	(18.4)
Non-current liabilities	**(222.8)**	**(241.2)**
Assets held for sale	-	-
Net assets	**218.6**	**218.5**
Shareholders equity	**218.6**	**218.5**

- Strong current ratio of 1.1x (2019: 1.2x)
- Debtor days improved to c.43 days due to working capital unwind (2019: c.48 days)
- High cash position maintained at end of year in anticipation of January acquisition
- Fair play policy on supplier payments during the year
- £7m impairment in intangible at H1 reflecting change in short term forecast assumptions on Datashred and housekeeping write down of £1.6m minority share investment

Financial Summary

- Resilient and profitable financial performance
- Strong cash generation and a further period of reduction in net debt
- Effective management team in control of tactical profit management
- Strategic cost initiatives setting up the business for future margin enhancement
- Strong balance sheet and well positioned to benefit from market acquisition opportunities
- Increasing momentum of revenue recovery, strategic cost action and accretive acquisition, build confidence in growth prospects in 2021 and beyond

Operational Review

Strong. Opportunity.

Restore plc

Resilient business, underpinned by high quality, long term revenues

- Sustained recovery in H2. Activity approaching 90% of pre COVID-19 levels by Q4

Decisive leadership as management navigated through pandemic to optimise bounce back

- Operating margin 16% H1 improving to 19% in H2 (2019: 21%)

Highly cash generative

- Leverage 1.8x with strong cash reserves to fund acquisitions

Participate in markets of £1.9bn and growing at c.3%pa and overall we have c.11% share

- Strong market position with room to grow

	Records	Digital	Datashred	Relocation	Technology	
Market Position	No.2	No.2	No.2	No.1	No.1	Strong and improving
Market Size	£450m	£250m-300m	£220m	£350m	£525m	£1.9b
Market Growth	c.1-2%	c.3-4%	c.0-1%	c.0-1%	c.5-6%	c.3%
Market Share	22%	8%	19%	12%	6%	c.11%

Market trends last 40 years... and likely the next 30 years

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Market trends, likely accelerated by COVID-19 are very positive for Restore

	Records	Digital	Datashred	Relocation	Technology
Digitisation	- & +	+	- & +	+	+
Flexible working	+	+	- & +	+	+
Security of data	+	+	+	=	+
Environmental	+	=	+	+	+

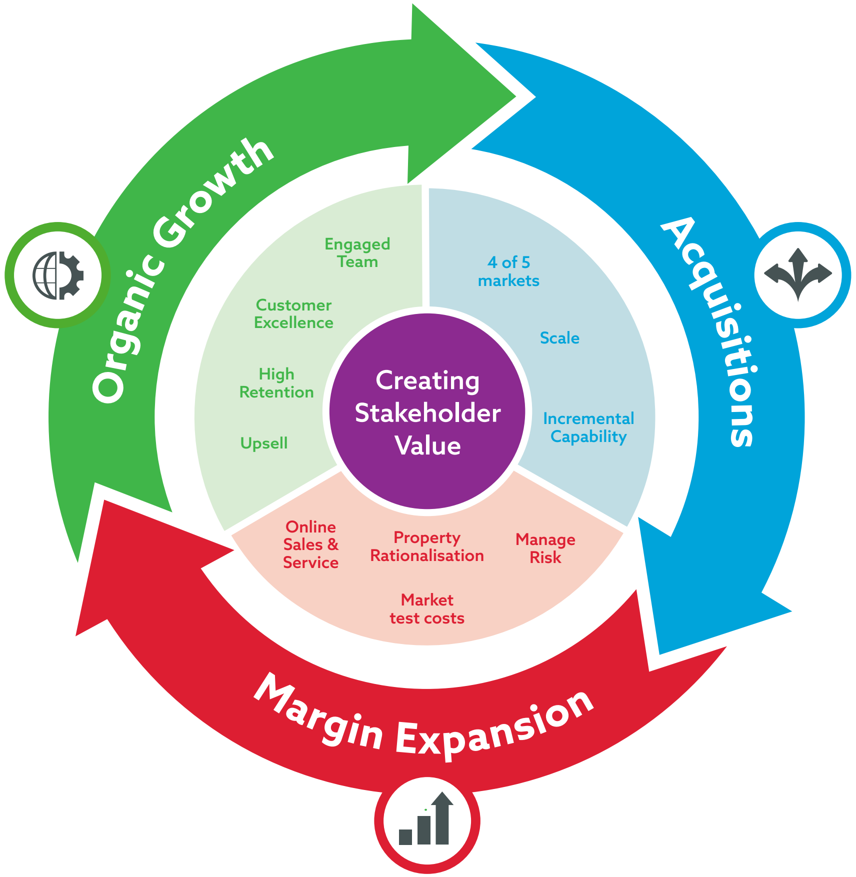
'- & +' in Records: negative because organic growth of boxes may slow but we generate even more significant revenues helping customers digitise

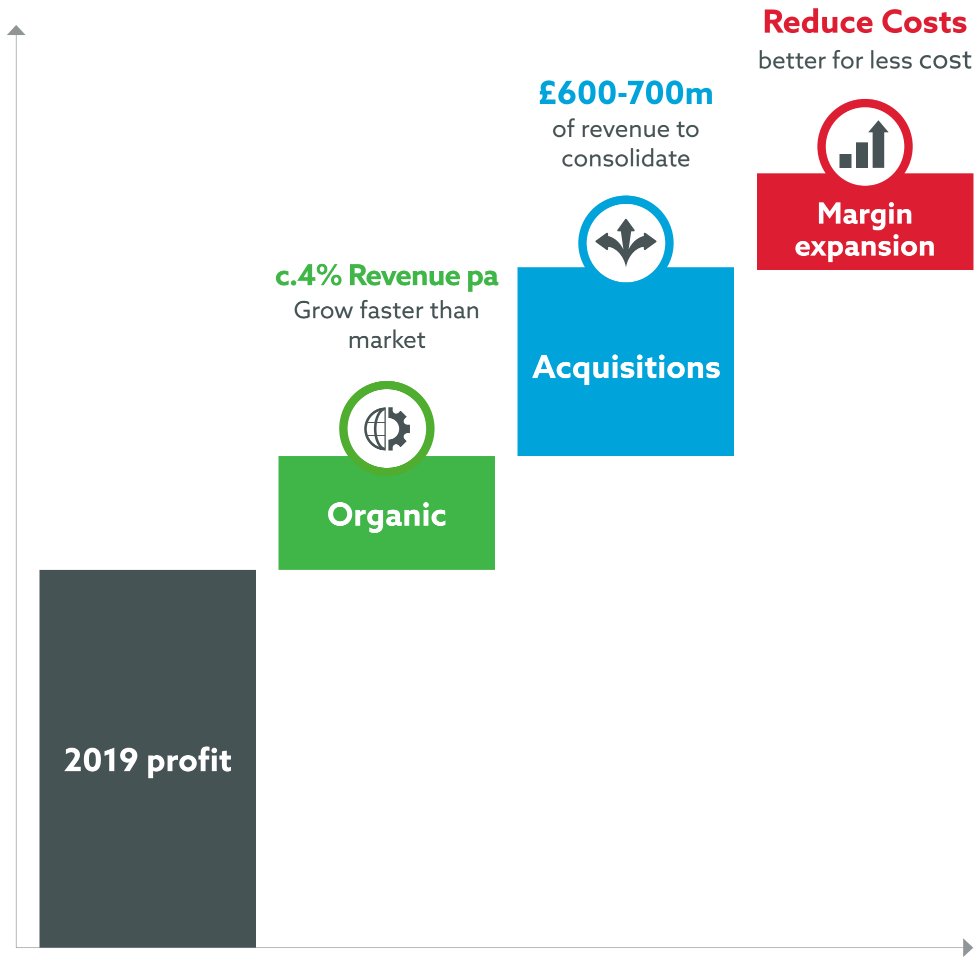
'- & +' in Datashred: negative because market growth may slow but it will drive consolidation which is a net positive for Restore

Clear Strategy to grow in growing markets

Restore plc

Substantial Profitable growth and cash generation





Restore Records Management

Restore plc

FY 2020 Results

- 0.9% net box increase coupled with 1.4% growth in storage income
- Revenues down 9% to £87.6m. Q4 exit returned to 95% of pre-COVID-19 levels
- 98% customer retention rate
- Margins remained resilient
- Strong, reliable customer base with high levels of customer satisfaction (4.7 Trustpilot ★★★★★)
- Optimal occupancy rate at 94%
- Q4 – Rainham extension completed +700k boxes

Records

No.2
UK Market Position

£87.6m	20 million	>730	48	Accreditations
2020 Revenue	Boxes under management	Staff	Sites	Cyber Eseentials ISO9001, 14001, 27001

Growth Strategy

Organic

- 1-2% Organic box growth
- Hybrid customer offering (Digitised & Physical records)
- Revenue growth opportunities:
  - Secure offline media storage
  - Heritage services
  - Digital services
- Unvended market opportunities

Acquisitions

- Consolidation of small to medium operators

Margin Expansion

- Rational price increases
- Cost reduction through property optimisation

Restore Digital

Restore plc

FY 2020 Results

- Revenues £18.5m (2019: £22.6m), with reduction linked to cancellation of summer exams
- Underlying business robust, with growth in long term customer relationships and continuation of project wins
- Capacity and margins maintained
- Strategic progress through consolidation of 2 sites and enhancement of product offerings
- Improving sales outlook. Significant wins:
  - Numerous NHS contracts won and delivered
  - Nuclear sector
  - Education sector
  - Digital mailroom wins

Digital

No.2
UK Market Position

£18.5m	50m	> 290	7	Accreditations
2020 Revenue	Cloud hosted documents	Staff	Sites	ISO 9001, 27001, 14001, 45001, 22301, BS 10008, Cyber Essentials Plus

Growth Strategy

Organic

- Growth generation through:
  - Scale/Digitisation/Preservation
  - Cloud/Consultancy
  - Digital mailrooms
- Opportunities with NHS & Nuclear sector in 2021 and beyond

Acquisitions

- Develop scale to drive economies
- To accelerate and enhance product mix

Margin Expansion

- Altering service mix
- Site consolidation, automation and investment in staff

Restore Datashred

Restore plc

FY 2020 Results

- Resilient year impacted by COVID-19 restrictions and non essential office working
- £28m Revenue (2019: £41m) with Q2 most significantly affected. Paper volumes and service visits increased over H2
- All sites remained operational throughout
- Concerted focus on costs & margins:
  - Paper prices avg £150 per tonne from a low of £125 per tonne at start of year
  - Flagship Crayford site facilitated the closure of Cuffley
  - Operational efficiencies, benefitting 2021 and beyond
- Strengthened leadership team with three key appointments
- Customer engagement high (Trustpilot improved to 4.6 ★★★★★)
- Crowned paper recycling business of the year

Datashred

Awards for EXCELLENCE in Recycling and Waste Management

WINNER

No.2
UK Market Position

£28.0m	849,000 pa	> 310	11	4.6/5
2020 Revenue	Trees saved	Staff	Sites	Trust pilot

Growth Strategy

Organic

- Enhanced range – Launching "work from home" offerings
- Good pipeline of organic opportunities for 2021

Acquisitions

- Consolidation of smaller operators

Margin Expansion

- Operational efficiencies through labour & utilisation as activity levels return
- Fleet optimisation & investment

Restore Harrow Green

Restore plc

FY 2020 Results

- Strong start. Q2 COVID-19 impacted as relocation projects delayed. Significant improvement across H2
- Revenue £33.3m (2019: £41.5m) with margin growth YoY
- Outperformed peers
- Margin growth via disciplined cost control and flexibility
- Strategic aims:
  - Electrification: 5 fully electric vehicles added to fleet
  - Sustainability: Planet Mark Certification (7th Year)
  - Recycling: New partnerships to redistribute furniture
  - Digitisation: Improved customer experience
- Cambridge facility opened to service key Life Sciences and pharmaceuticals sector

Relocation

No.1
UK Market Position

£33.3m	**308,000 pa**	**>350**	**9**	**130**
2020 Revenue	Desks relocated	Staff	Sites	Fleet size

Growth Strategy

Organic

- Maintain market leadership and grow share through strong commercial relocation offering
- Develop specialist capabilities across Life Sciences and pharmaceuticals

Margin Expansion

- Cost control culture which will continue to enhance margins
- Value added product mix
- Fleet strategy

The Planet Mark

Restore Technology

Restore plc

FY 2020 Results

- 5% Revenue growth to £15.3m in spite of delayed infrastructure projects due to COVID-19
- Businesses likely to accelerate investment to drive agility, flexibility and digitise operations, in turn driving ITAD activity
- Optimisation of network to extend reach across the UK
- E-Recycling Ltd acquired in Q4 – UK largest specialist onsite destructions business
- No.1 ITAD operation following the acquisition of Computer Disposal Limited in January 2021 and The Bookyard in March 2021

Growth Strategy

Organic

- Double digit revenue growth
- Significantly increase channel mix
- Develop e-commerce platform to increase revenue of assets
- Cost effective service underpinned by scale and synergies

Acquisitions

- Develop capability into Apple ITAD market (10% of UK ITAD)
- Acquisitions in a fragmented market to improve scale

Margin Expansion

- Increase processing capacity across estate
- Technology investment to drive efficiencies through fleet and standardisation

Technology

No.1
UK Market Position

£15.3m	372,000 pa	>160	6	Accreditations
2020 Revenue	Assets processes	Staff	Sites	ADISA Certified, ISO 9001, 14001, 27001, 45001, National Police clearance

Acquisition Strategy

Restore plc

- 2020 largely impacted by COVID-19. We focused on:
  - Business continuity and cash preservation
  - Unlock operational efficiencies and build towards a strong bounce back
  - Engagement of strong acquisition pipeline leading into 2021
- We completed two acquisitions with a total consideration of £4.8m adding scale and capability
- Our strategy going forward is to grow significantly with acquisitions in most of the markets we operate in to increase scale and cost advantage and use this to create synergies to generate good ROIC for shareholders

2020 Acquisitions

Restore Digital

- **Complete Scanning Ltd – July 2020**
  Provider of Digitisation services

Digital

Restore Technology

- **Euro Recycling – October 2020**
  Leading provider of Secure On-Site Data Media Destruction Services

Technology

2021 Acquisitions

Restore Technology

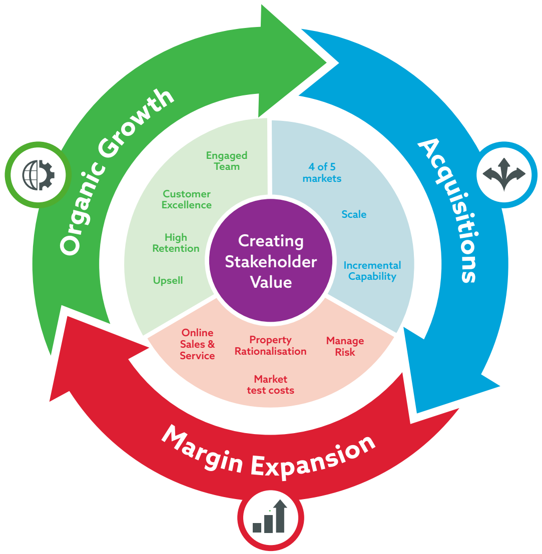
- **Computer Disposals Ltd – January 2021**
  Experienced and successful IT recycling and asset disposal business
- **The Bookyard Ltd – March 2021**
  Leading Apple recycling and e-commerce business

Technology

Summary and Outlook

Summary

- Resilient performance in a challenging year
- Excellent cash generation
- A clear strategy for growth
- Strong market position with substantial room to grow



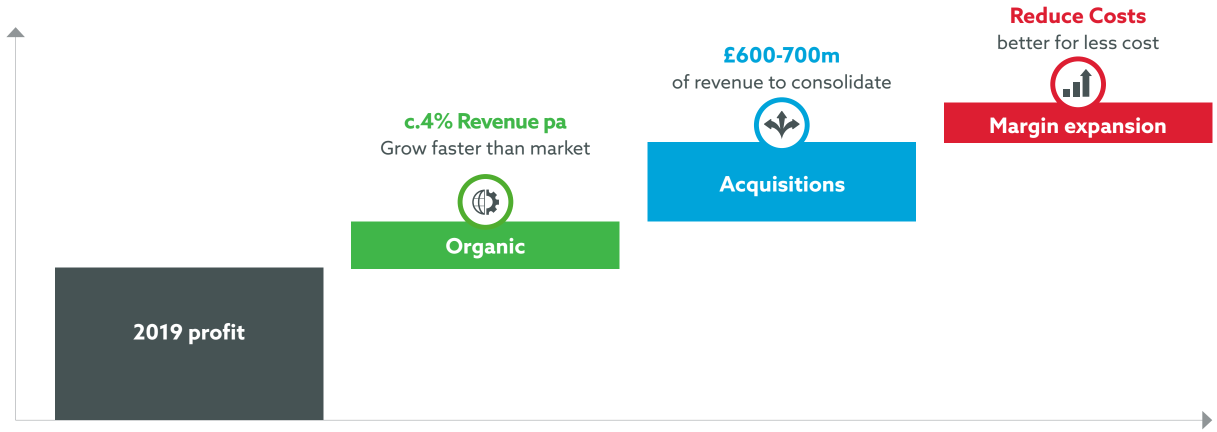
Outlook

Looking ahead, we anticipate a strong return to our established growth trajectory in 2021 and beyond, based on the continued success of the UK vaccination programme and improving macro-economic conditions.

Records Management we are targeting increased net box growth of 1-2% (2020: 0.9%) and expect Harrow Green and Restore Digital to return at least to pre-COVID-19 revenue levels on a run rate basis. Restore Technology targeting significant year on year organic growth, together with material contribution from recently acquired businesses. Restore Datashred's revenue recovery profile will depend on restrictions easing, albeit cost base significantly reduced from 2020, positively impacting profit levels.

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.



For more information please visit:

Records

Digital

Datashred

Relocation

Technology

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15/19 Cavendish Place
London, W1G 0QE

T: 020 7409 2420
E: info@restoreplc.com
W: www.restoreplc.com