Restore plc

Strong. Opportunity.

Annual Report for the year ended 31 December 2020

Restore plc

The UK's leading provider of integrated information and data management, technology recycling and commercial relocation services

For more information please see **www.restoreplc.com**

Highlights

A resilient performance throughout the year with a profitable result and strong cash generation. Looking ahead, we have a solid foundation and substantial opportunity to grow in the markets we serve.

Restore's strategy to expand through organic growth, strategic acquisition and margin improvement is confirmed by macro trends, growing market opportunities and our strong Environmental, Social and Governance credentials.

The Group has significant financial capacity, and the business is well placed for future growth.

Revenue	Adjusted profit before tax*	Leverage**	Adjusted basic earnings per share*
-15%	-35%	+0.2x	-8.2p
£182.7m	£23.2m	1.8x	15.0p

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 +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
- Statutory profit before tax of £4.0m (2019: £24.8m)

* Before amortisation of intangible assets, impairments and exceptional items (reconciled in note 10)
** Calculated using adjusted EBITDA for financial convenants (reconciled on page 22)

At a glance

Restore is the UK's leading provider of integrated information and data management, technology recycling and commercial relocation services.

Providing physical and virtual data storage, digitisation and automation of data, secure data erasure and destruction, relocation and IT recycling services, Restore's mission is to be the most trusted and environmentally responsible provider to the private and public sector.

We have a strong track record of success and a clear strategy to grow through organic momentum, acquisition and synergy from scale and cost efficiency.

Delivering excellence

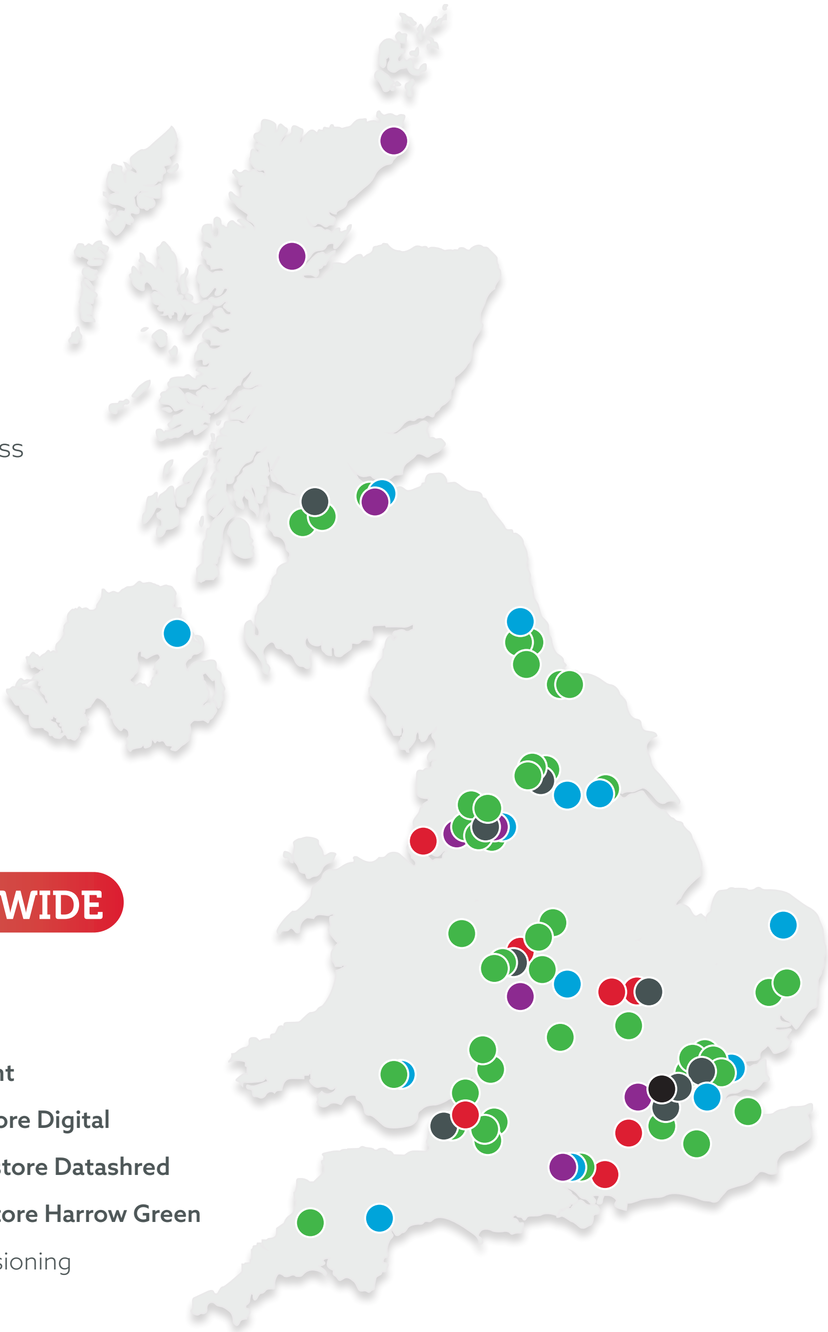
The business has a strong Board and a highly effective business management structure.

Each business unit is operated individually but under our One Restore principle and through the supervision of a strong Executive Committee that further binds the business together.

ESG principles are fundamental to how the business is run and are at the centre of what we provide to customers.

Our success is reflected in excellent customer satisfaction ratings, high customer retention rates and repeat business.

FULL UK COVERAGE WITH OVER 80 STORAGE AND PROCESSING CENTRES NATIONWIDE



We provide safe and secure services in:

- Data storage through **Restore Records Management**
- Digitalisation and automation of data through **Restore Digital**
- Secure erasure and destruction of data through **Restore Datashred**
- Commercial and workplace relocation through **Restore Harrow Green**
- IT asset deployment, management and decommissioning through **Restore Technology**

Key Facts

Restore plc has two divisions, Document Management and Relocation.

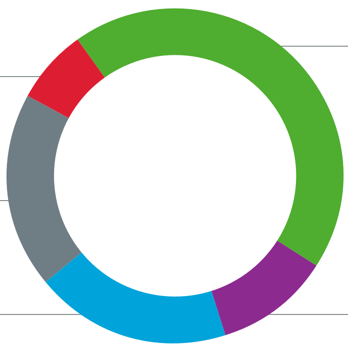
Restore's Document Management division comprises of Restore Records Management, Restore Digital and Restore Datashred providing services in information and data storage, digitisation and automation of data and secure data erasure and destruction. Restore's Relocation division comprises of Restore Harrow Green and Restore Technology. Restore Harrow Green is the UK leader in commercial relocations while Restore Technology is the UK leader in IT asset deployment, management, and decommissioning.

Our Markets

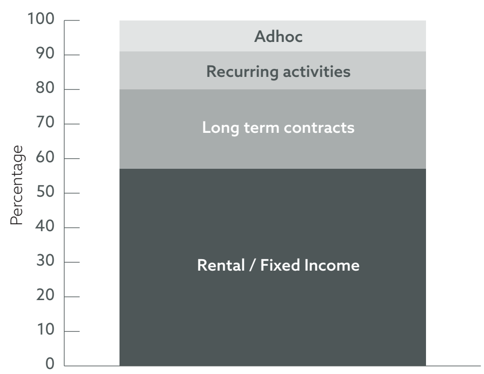
	Records	Digital	Datashred	Relocation	Technology	
Divisions	**Document Management**			**Relocation**		
Market Position	**No.2**	**No.2**	**No.2**	**No.1**	**No.1**	**Strong and improving**
Market Size	£450m	£250m-300m	£220m	£350m	£525m	£1.9b
Market Growth	c.1-2%	c.3-4%	c.0-1%	c.0-1%	c.5-6%	c.3%
Market Share*	22%	8%	19%	12%	5%	c.11%
Sites	48	7	11	9	6	81
Employees	737	296	318	352	160	1,863
Our services	Fully integrated, cost effective and customer focused document storage and management services provider with national scale but local service	Highly regarded national provider of large scale digital processing and transformation services	Highly accredited national provider of secure paper disposal and recycling services	UK's leading commercial relocation business	UK's largest secure IT disposal and recycling provider	
	• Long term storage of physical records • Secure digital tapes back up storage • Heritage asset protection and storage • Recurring and project based document management services	• Physical document to digital image processing • Digital transformation consultancy • Cloud-based document management services • Process outsourcing including digital mailroom	• Secure on site and offsite paper destruction • Paper recycling services and sales • Intellectual Property asset destruction	• Office and commercial relocations • Full project management • Furniture, light industrial and IT asset projects • Short and medium term asset storage • Recurring relocation and installation support services	• Highly accredited IT asset collection and disposal • High security onsite destruction services • IT refurbishment and resale • Asset installation • Asset relocation services • IT hardware secure storage	

Our Income

Revenue Mix



Recurring profit



* Management's estimate of market share

Strong

We have predictable, recurring revenues

We provide mission critical services where our expertise and scale provide assurance and efficiency in areas that are vital but non-core to our customers operations.

Consistent with the value placed on our services, the majority of revenue is contracted, and recurring in nature. This is particularly true of our Records Management business which accounts for around 70% of Group operating profit and the 22 million records we store for our customers produce consistent, steadily growing revenue streams. Our other four business units exhibit high customer retention rates and benefit from contracted, recurring revenues.

We have attractive operating margins

Our operating margins are excellent and reliable, averaging more than 20% over the past three years. This core strength of the business has been strongly demonstrated through the COVID-19 pandemic with flexibility in cost structures ensuring profitability was protected, despite the economic and social disruption caused by the crisis.

The security of margins reflects the critical nature of the services we provide to customers and the benefit of our scale gives us significant economic and service advantages. Our services are specialist in nature and with continued investment in technology and facilities we will maintain our strong cost advantage of efficiency with scale. The services we provide are critical to our customers' day-to-day operations but cannot be performed effectively in-house.

We are well-invested

We provide full coverage across the UK for all of our services. We have consistently improved the quality of our operating sites and, going forward, remaining within our historic capex envelope we can maintain this quality. We also continue to look at opportunities for business units to co-locate their sites and improve our cost and service footprint as we expand.

We are strongly cash-generative

The business has a track record of strong cash generation, demonstrating the quality of the Group's earnings. The strength and reliability of these cashflows provides significant potential for investment and capacity to secure further finance for expansion.

Operationally, we are very disciplined on cash management and strategically, we invest in cash generative growth. The predictability of our business model, the high quality of our customers, the very low levels of bad debt and the addition of cash generating businesses through acquisition, gives the Group a significant advantage in the sectors in which we operate.

We have delivered consistent growth in earnings per share

The Group has an excellent record in sustained growth in adjusted earnings per share, increasing from 6.9p in 2011 to 23.2p in 2019. A lower EPS for 2020 reflects the impact of COVID-19, although the performance remains a respectable 15.0p.

We have provided attractive dividends

The Board's objective is to provide shareholders with a regular dividend and from 2011 to 2019 dividends increased substantially.

Despite a pause in dividend for 2020, the Board intends to return to providing dividends and continuing to reward shareholders for their valued support.

We hold strong market positions with substantial room to grow

In all of the five markets we operate in we are either the UK market leader or the number two and all markets show steady growth. However, the fragmented nature of many of the markets we operate in and our modest share of 11% when taken together means we have significant opportunity to grow.

Revenue (£'m)

2018	£195.5m
2019	£215.6m
2020	**£182.7m**

Adjusted profit before tax* (£'m)

2018**	£33.5m
2019	£35.6m
2020	**£23.2m**

*Before amortisation of intangible assets, impairment and exceptional items.
**2018 comparative restated to apply consistent accounting policies.

Opportunity

We know our markets and deliver for customers

We have deep experience and knowledge of the UK's private and public sector working environments. We only focus on 'B2B' opportunities and understand how to improve efficiency and provide low cost solutions for our customers. We know what decision makers need and we tailor our services to their requirements. We are highly disciplined and deliver excellent levels of service to customers, generating strong customer satisfaction and retention.

We have significant opportunity to grow market share in all our sectors

The Group has grown quickly through organic growth and the addition of new businesses to become the number one or two in the markets in which we operate.

With underlying growth across the sectors and operating across a mixture of mature and less developed markets, the Group has a variety of opportunities to substantially expand market share from a relatively low 11% today.

We have a clear strategy to deliver organic growth

We have a clear strategy to grow organically and faster than the market through our high performance culture, scale advantage and commitment to high customer satisfaction.

Although customer churn rate is generally low in our sectors, each business unit has consistently grown its customer portfolio and recurring revenues.

In addition, operating as part of a wider Group, each business provides services to other Group businesses with cross-selling, providing better customer outcomes and more strategic relationships that our competition cannot match.

We have a clear strategy to drive acquisition growth

We have a demonstrated competence for successfully integrating new businesses into the Group and we plan to continue to build capability and further scale through the addition of earnings enhancing acquisitions which in turn deliver synergy opportunities to further enhance margins.

With substantial financial headroom and highly competent mergers and acquisitions and integration teams, the business has an excellent track record of identifying the right businesses for acquisition and operating from relatively low levels of leverage, the business has ample capacity to finance investment.

We have opportunity to grow operating margins

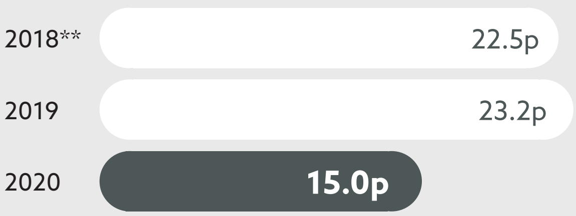
After a period of successful organic and acquisition driven growth, we see a substantial opportunity to deliver synergy and increased efficiency across the Group which will in turn benefit and grow operating margins.

A significant focus is the property portfolio which we believe can be rationalised to deliver cost savings over the next ten years. In addition, by taking advantage of the increasing scale and hence buying power of the Group we see opportunities to improve the unit cost in many areas.

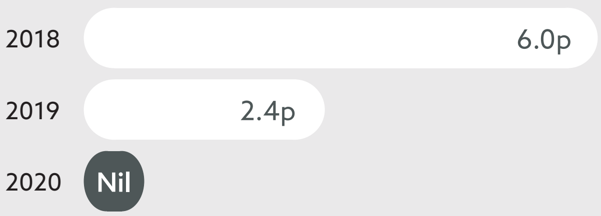
We have excellent customer relationships to cross sell more services

We know that existing customers are our first priority, and we deliver high levels of customer satisfaction leading to high retention rates. From this consistency in delivery, we generate repeat business and have a platform from which to sell more services from all five of our business units. This repeat business and cross-selling is one of the key foundations to generating sustained organic growth of the business.

Adjusted basic earnings per share* (p)



Dividend per share (p)



*Before discontinued operations, amortisation of intangible assets, impairment and exceptional items.
**2018 comparative restated to apply consistent accounting policies.

Chairman's Introduction

"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."

Martin Towers | Chairman

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 this year's strategic report on pages 12 to 34.

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.

M Towers

Martin Towers | Chairman

18 March 2020

Our Divisions

Document Management

Restore's Document Management division comprises of Restore Records Management, Restore Digital and Restore Datashred providing services in information and data storage, digitisation and automation of data and secure data erasure and destruction, working together to deliver customer requirements across the Document Management sector.

Revenue (£'m)

2018	£147.6m
2019	£159.5m
2020	**£134.1m**

Operating profit (£'m)*

2018	£38.5m
2019	£45.1m
2020	**£33.2m**

*2018 stated before IFRS16.

Records

No.2
UK Market Position

£87.6m
2020 Revenue

20 million
Boxes under management

>730
Staff

48
Sites

Accreditations
Cyber Essentials
ISO9001
14001, 27001

"National, full service storage business with excellent customer service that is fully integrated and focused on long term sustained growth"

Restore Records Management is the largest business unit in the Group accounting for a majority of operating profit.

With a consistent track record of organic growth and expansion through acquisition, we have become one the UK's largest and most trusted providers of fully integrated document storage and management services.

Our customer focused staff serve more than 6,000 high quality customers across the private and public sectors, providing storage and retrieval solutions for hard copy documents, magnetic data storage tapes and heritage assets. Around three-quarters of revenue is generated from storage fees which provide a predictable and consistent income stream together with strong cash generation, whilst requiring only modest levels of capital investment to maintain.

Our commercial proposition is that we can realise significantly lower storage and management costs than a customer could achieve through application of their own resources and that customer processes can be significantly enhanced through utilisation of Restore's highly accredited experience in handling high volumes of physical records.

Operating from 48 locations across the UK, the property estate is primarily leasehold and provides a mixture of deep and active storage options. The majority of facilities take the form of large, modern industrial units, although the business also operates from a number of cost effective locations in hardened aircraft shelters and former stone mines. The current capacity utilisation is around 94% which provides the optimum balance of cost effectiveness and operating efficiency.

Looking forward, management believe this is a market that can continue to grow organically with many customers continuing to produce paper documentation as part of their processes with further opportunity to secure unvended records that are using valuable office space and have yet to be outsourced to the storage marketplace.

The business is well invested and capital requirements are relatively low but after a period of fast growth through acquisition, we have the opportunity to expand margins through rationalisation, particularly consolidation of the property estate, and by achieving further operating efficiency through scale.

We have a strong track record of providing customers with local service within an organisation that has national scale and can offer a number of tailored document management service solutions.

Digital

No.2
UK Market Position

£18.5m	50m	> 290	7	Accreditations
2020 Revenue	Cloud hosted documents	Staff	Sites	ISO 9001, 27001, 14001, 45031, 22301, BS10008, Cyber Essentials Plus

"National digital transformation business focused on business critical document and information management services"

With national presence and scale, Restore Digital provides complex digital solutions including high volume processing of physical documents into digital images or data, customer process transformation and digital document storage and management solutions.

A high proportion of our revenue is recurring or contracted. This includes the annual UK exam scanning season and other large long-term projects such as the digitisation of health records.

From this solid platform, the business has built extensive industry knowledge and has operational and financial capacity to expand.

The sector is well established but evolving rapidly. We are at the forefront of developing complex customer transformation solutions and building new and innovative products for both public and private sector organisations.

We have an excellent reputation for successful delivery of complex projects and can quickly scale with customer requirements.

Operating from 7 sites across the UK, the business is well invested but has relatively low investment requirements with the majority of cost relating to operational labour, asset leases, IT network costs and product investment.

Being part of the wider Restore Group, the opportunity for synergy is significant and the business works in partnership with other Group companies to achieve tailored customer solutions.

As part of a growing market and with an increasing customer base, we are well placed to grow organically and through selective acquisition for scale or capability.

Datashred

No.2
UK Market Position

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

"Trusted paper shredding and recycling"

Restore Datashred is a highly accredited and trusted supplier of secure paper destruction services, operating with national scale but providing local customer service.

Competing with many smaller or less regulated suppliers, we are the most sophisticated operator in this fragmented and under-optimized recycling market.

Serving over 32,500 customers across more than 78,000 locations from SMEs to large national organisations, excellence in service delivery and positive customer experience is reflected in the 4.6/5 trust pilot rating.

The majority of income is highly contracted and the business provides both onsite destruction or secure collection and destruction at one of the regionally located processing plants. An average of 80,000 tonnes of paper is processed each year which is subsequently sold into the recycled pulp market for reuse.

Other competitors in the sector are more reliant on shredded paper resale values than us and, as such, the business is more resilient and able to take advantage of fluctuations in the highly commoditised shredded paper market.

Having grown through acquisition, we are currently number 2 in the UK marketplace. The business's scale is particularly important in a sector where the key factor driving profitability is route density and operational efficiency.

As part of a high quality public company environment, the business is operated to high standards of control, providing customers with a high degree of confidence in governance over their confidential waste disposal.

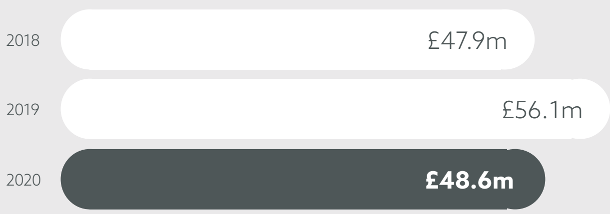
Looking ahead, as organisations respond to increasing environmental obligations and regulation, management believe that we have significant opportunity to grow share through organic expansion and market consolidation.

Our Divisions

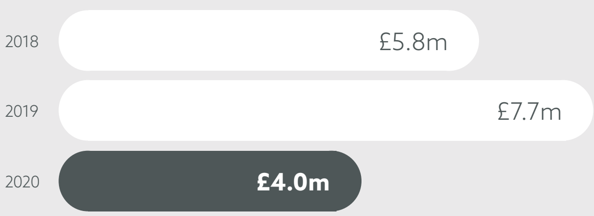
Relocation

Restore Relocation division comprises of Restore Harrow Green and Restore Technology. Restore Harrow Green is the UK leader in commercial relocations while Restore Technology is the UK leader in IT asset deployment, management, and decommissioning.

Revenue (£'m)



Operating profit (£'m)*



*2018 stated before IFRS16.

Relocation

No.1
UK Market Position

£33.3m
2020 Revenue

308,000 pa
Desks relocated

>350
Staff

9
Sites

130
Fleet size

"The UK's No.1 business relocation organisation"

Restore Harrow Green is the UK's leading commercial relocation company, supporting corporate and public sector clients with their complex and demanding workspace move projects.

The business provides a full project management service and delivers seamless physical relocation and installation of workspace, furnishings, documents and IT equipment so that relocated staff simply turn up at their new facility and can operate immediately post move.

In addition to the core office moves business, we also provide expert relocation services to a number of discrete sectors including IT, life sciences and military personnel.

These highly valued capabilities further underline our market leading position in the commercial relocations sector. The business also offers international move support for individuals or whole office relocations.

For many organisations, the additional services we can provide simplify a complex logistics challenge. For many clients, legacy furniture disposal and access to paper and IT recycling provide useful complementary solutions, triggered by a decision to change location.

With a team of its size above over 350 staff and operating a fleet of over 130 vehicles from 9 sites across the UK, we have the size and experience to manage significant complexity scale and can flex resources to accommodate demanding timetables required by clients seeking to minimise downtime.

Customer satisfaction is very high and whilst one-off moves are critical, over half of our revenue is generated through incremental activity and office reconfigurations from existing customers who typically develop a close and long term partnership with us.

We are particularly strong in London and have the opportunity to grow regionally. Additionally, there is potential to enter into further channels that require a high level of competence in moving assets including museums and the health sector.

Importantly, we also play a key role in introducing new customers to other Group companies as a physical move is often a trigger for housekeeping or business process development where the Group is well placed to provide additional services.

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

"The UK's largest, highly accredited full-service IT asset recycling and secure disposal business"

Restore Technology is the UK's largest market leading IT asset deployment, management and decommissioning business with the highest levels of process and security certification in the sector.

The majority of income is attributable to secure decommissioning services but with the provision of early and mid-life services, we support direct and sales channel partners with physical support for the whole asset lifecycle.

Our products include software imaging, physical installation and asset tagging at early stage initiation, through the mid-life provision of relocation services, hardware and software upgrades and at end of life, fully secure and certificated decommissioning solutions through repurposing, recycling or destruction.

The IT asset management and disposal market is growing, but not yet mature, and we have the potential to become the key reference point in the sector.

With an existing network of 6 processing sites across the UK, and the capability to operate onsite or remotely, our technical expertise and scale have substantial backing through the Group to invest and grow its product breadth and uniquely operate effectively with large channel partners and direct customers.

Operating in a fragmented and largely unregulated market, we provide customers with a trusted supply chain. The accredited processes provide high levels of customer assurance over the significant and under-estimated data risk on asset decommissioning. Additionally, with high levels of asset repurposing and zero landfill, the business provides a strong environmental case for organisations seeking to develop their ESG policies.

The market for assurance backed IT lifecycle and decommissioning services is increasingly visible and growing. With Restore's recent investment in its class leading site at Bedford and successful integration of 3 new ITAD businesses into our portfolio during the past 18 months, the business is very well placed to continue to expand significantly both organically and through further acquisition.

Case study – Restore Records Management:

Scan on Demand for HM Land Registry

The HMLR currently stores 88 million files in our Coventry record centre and, thanks to the sterling efforts of the operations and Public Sector teams, their caseworkers working from home can still access vital files for house move applications, deed changes and dispute resolution.

At short notice, we've set up a scan on-demand service that meets ISO27001 and BS10008 standards and assigned experienced team members to the project, to ensure its success. The team is currently processing around 200 file scans for a specific lease project, along with 50 scan-on-demand requests each day.

HMLR's Central Operations Manager, Eve Foster, has thanked Restore and 'specifically the team at Cross Point for the continued support they have provided to HMLR during this challenging period'. She added:

"Without this service, caseworkers wouldn't be able to process some essential applications."

Records

HM Land Registry

Strategic Report

Our Business Model & Strategy

Restore is the UK's leading provider of integrated information and data management, technology recycling and commercial relocation services.

Providing physical and virtual data storage, digitisation and automation of data, secure data erasure and destruction, relocation and IT recycling services, Restore's mission is to be the most trusted and environmentally responsible provider to the private and public sector.

Our services are critical to customer operations, reduce their costs and enhance their organisation. With national presence and integrated businesses we lead the sectors in which we operate.

Records	Digital	Datashred	Relocation	Technology
Store data	Digitise/process data	Securely destroy data	Move teams & IT assets	Erase data & recycle IT assets

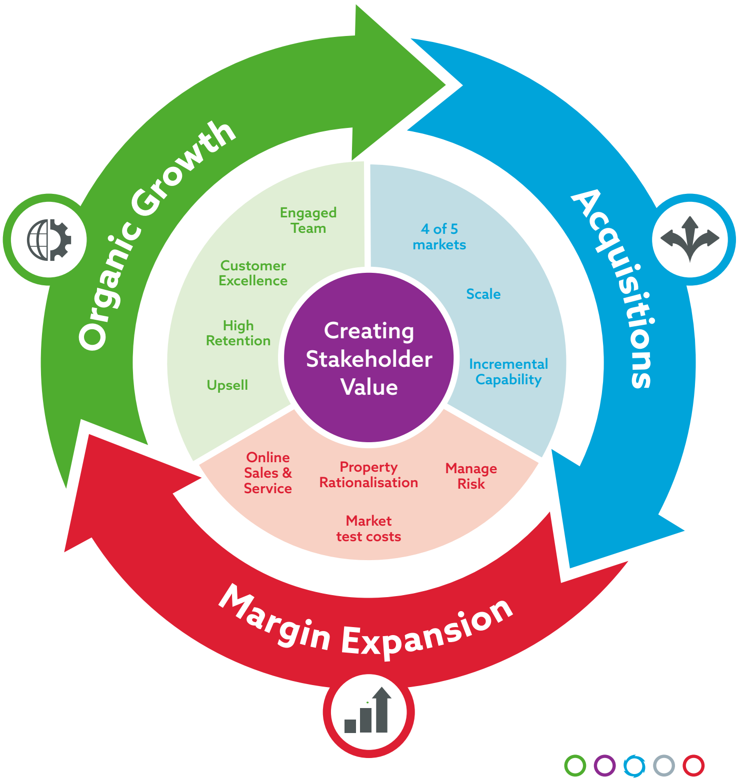
Our strengths

Our competitive advantage is based on bringing scale advantage to the markets we operate in to drive down costs and investing in our people and technology to deliver industry leading customer experience. We are focused on cash generative growth which creates value that is shared with our investors and used to fund continued growth.

Our strategy

The strategy we are driving is based on three core elements:

- **Organic Growth** – grow faster than the market relying on high retention, repeat business and cross-selling the wider services of the Group
- **Acquisitions** – four of the five markets have significant acquisition opportunities in still largely fragmented and in some cases immature markets
- **Margin Expansion** – after many years of acquisitive growth the cost base is much larger giving us further buying power to reduce cost. Additionally there is a significant opportunity in real estate rationalisation as we grow further.



Our Business Model & Strategy continued

+15%

Compound Annual Growth Rate since 2011 in adjusted earnings per share

+29%

Compound Annual Growth Rate since 2011 in revenues

Our business philosophy

We believe in empowering management and operate the Group through autonomous business units supported by a small head office. This provides customer responsiveness, operational excellence and a more profitable cash generative outcome.

Many industries, particularly B2B services, are based around an established channel to market. The key advantage that our business units derive from being part of the Group is that they all share a similar channel to market. Through our long established Groupwide Customer Relationship Management system, we know who the key decision makers are within our customers and to be able to offer them the other services that we provide.

Our key resources and capabilities

- Competitive advantage through scale and market knowledge
- Longstanding customer relationships
- Nationwide coverage providing a one stop shop
- Sector leading technology investments
- Motivated, capable people
- Track record in integrating acquisitions
- Responsible leadership
- Business model based on positive environmental outcomes

Our customers' needs

Restore provides a range of data management services. These services are operationally complex and mission-critical. These services generate recurring revenues and are highly contracted. High-quality performance is essential and, if this is delivered, customers are unlikely to change supplier.

Our business units benefit from being market leaders in sectors where scale generates significant cost effectiveness and enables larger multi-branch customers to be serviced by a single supplier. In a world where data in both a physical and digital form is becoming more valuable and subject to increasing regulation the services we provide which store, digitise, process, securely destroy and erase data are in increasing demand.

Customer Benefits

Reduce costs

Transform ways of working

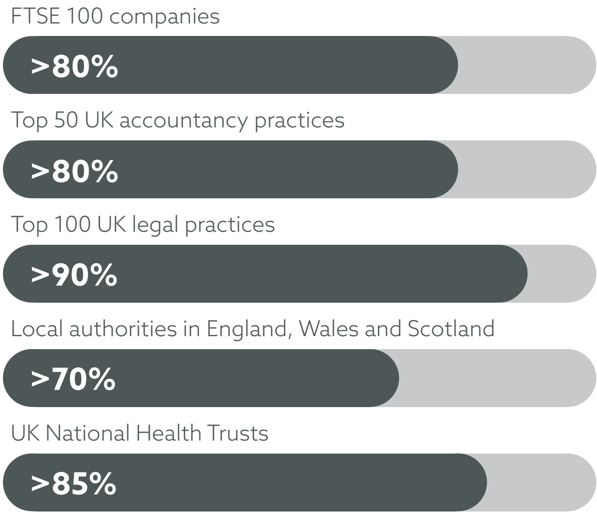
Eliminate data loss

Security of data

Improved quality & compliance

Our Customer Base

Our customer base covers a broad range of both private and public sector entities. Examples of our market sector penetration includes:



Our Acquisition strategy

Our business units benefit from scale in the UK market. The services we provide are those where customers see little benefit in changing suppliers. Acquisitions are the logical way to accelerate business growth and create value.

The synergies we can generate from acquisitions means that we can offer the owners of the acquired businesses an attractive valuation while achieving a highly attractive return on capital for our investors.

We have a proven track record in integrating acquired businesses and in maintaining and improving service levels to our acquired customers who see benefit in now being serviced by a company with increased financial strength and service excellence.

Acquisitions in the year

Restore Digital

- **Complete Scanning Ltd**
  July 2020

Restore Technology

- **E-Recycling Ltd**
  October 2020

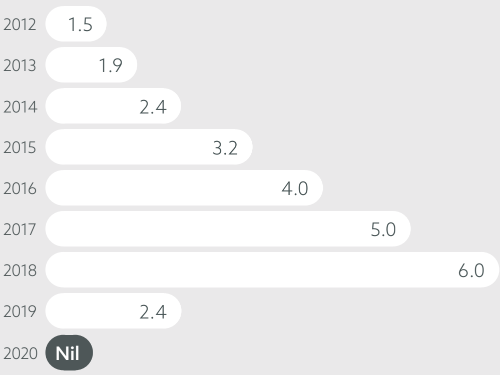
Chief Executive Officer's Statement

"A year of significant strategic progress with a resilient financial performance setting up the business for a strong bounce back as the macro environment recovers"

Charles Bligh | CEO

Adjusted earnings per share (p)*

Dividend per share (p)



* 2018 and prior excluded IFRS16 and share-based payments. From 2019, IFRS16 and share-based payments result in a charge to earnings. The effect in 2019 was to reduce EPS by 4.4p.

Introduction

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 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 £87.6m 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.

Chief Executive Officer's Statement continued

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.£300 million 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, of 1) Scale/Digitisation/Preservation 2) Cloud/Consultancy and 3) Process Outsourcing (ie 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 £41.0 million to £28.0 million 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 our 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.

Case study – Restore Digital

Lloyd George patient record scanning for the NHS

EMIS and Restore Digital have been working together since 2017 to support GP surgeries across the whole of England. To date we have digitised over 2.2 million patient records for 1.6m patients.

For over 30 years, EMIS have been working to ensure that healthcare professionals across the NHS have all the information they need by providing instant access to electronic patient records. EMIS technology is used by over 10,000 different organisations across every major healthcare setting, connecting healthcare teams, enabling efficiencies and supporting better patient care.

When the COVID-19 pandemic struck the UK, EMIS worked tirelessly alongside the NHS to ensure healthcare professionals were equipped with the technology they needed to respond to the crisis; from adapting to remote working, through to delivering the vaccination. At the same time, as the need for additional clinical space became more urgent because of social distancing, together we have provided an 'On-Premise' Packing Team service to deploy into GP surgeries, ahead of digitising the notes to remove the burden of cataloguing and packing patient files from practice staff and to expedite the freeing up of all available space within surgeries to allow additional consulting rooms. Since October last year, we have removed over almost 6000 boxes worth of notes from 20 practices – the equivalent to some two and a half tennis courts in space re-claimed! We have a further 30 practices to assist between now and the end of June and hope by 2022 to have supported upwards of 200 practices for one contract alone.

Digital

EMIS connecting healthcare

Chief Executive Officer's Statement continued

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.£8 million 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.

Charles Bligh
Chief Executive Officer

18 March 2021

Case study – Restore Harrow Green

Restore supports Crisis at Christmas 2020

Christmas is a time of sharing, indulgence and good times with family and friends for most of us, but sadly, not everyone is fortunate enough to have the means of celebrating as they'd like. This year the onset of the pandemic has made matters even harder for many who have lost their livelihoods or been unable to get back on their feet in what has been a very difficult few months.

Restore Harrow Green has always been very conscious of the struggles of the homeless and less fortunate, which is why every winter we make sure to collect, donate to and promote a number of charities close to our hearts, with Crisis at Christmas being a cause for which we collect a large quantity of goods for as well as handle their logistical challenges where possible.

This year a big part of the Restore Group came together, including Restore Harrow Green, Restore Records Management, Restore Digital as well as our head office, Restore plc, each of which donated £500. This gave us a total of £2,000 with which to purchase necessities for the homeless that Crisis supports over the holiday period. With the donated money we purchased £500 worth of men and women's clothing as well as £500 worth of groceries (toiletries, food, and drink) and delivered them to their London depot for distribution. We also purchased a further £500 worth of groceries which was sent to Crisis' centre in Newcastle.

Ian Richards, Head of Crisis at Christmas, said: "I am stunned by the big-heartedness of our supporters and especially at Christmas time. I would like to thank Restore for their donation of new clothing and groceries which helps us provide homeless people with vital support at Christmas.

"Our guests and the staff and volunteers I have the pleasure of working alongside, tell me that they are grateful that our work at Christmas time is just the beginning of ending someone's homelessness. During our time with guests, we encourage them to become a member of Crisis where they can access support to end their homelessness. It's personally rewarding that this all begins with the work my team and our supporters make happen."

Relocation

Crisis
Together we will end homelessness

Chief Financial Officer's Statement

"Restore has shown financial resilience and adaptability in a challenging year. The Group has delivered a profitable result with substantial debt reduction, once again illustrating the highly cash generative nature of the business."

Neil Ritchie | CFO

Financial Highlights

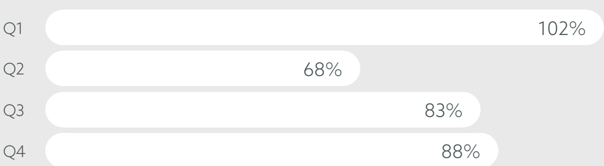
	2020 £'m	2019 £'m
Revenue	182.7	215.6
Adjusted profit before tax*	23.2	35.6
Statutory profit before tax	4.0	24.8
EBITDA**	57.4	70.0
Adjusted EBITDA***	37.4	54.0
Net debt	66.1	88.5

* Adjusted profit before tax is stated before amortisation, impairment of intangible assets and investment, and exceptional items (note 10)

** Earnings before interest, taxation, depreciation, amortisation, impairment and exceptional items (page 57)

*** EBITDA adjusted for share-based payments (2020: £1.0m; 2019: £3.8m) and excluding IFRS16 (2020: (£21.0m); 2019: (£19.8m)) for financial convenants

2020 revenue as proportion of 2019 revenue



Introduction

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.

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 £1.0 million.

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.

A number of strategic and tactical cost actions were implemented during 2020. This included the consolidation of three operating sites across Datashred and 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 measures of adjusted profit before tax and adjusted earnings per share provide shareholders and other stakeholders with a useful representation of the Group's underling 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 costs	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 items	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 costs 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.

Chief Financial Officer's Statement continued

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	2019
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 deductable 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 finance 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 a further year of strong cash generation.

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 cash generation, the Group's borrowings continued to reduce steadily to £66.1 million 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 £160 million. 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 acquisitions of Computer Disposals Ltd and The Bookyard Ltd (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).

Neil Ritchie
Chief Financial Officer

18 March 2021

Risk Management

Risk Committee

The Risk Committee consists of Sharon Baylay, Senior Independent Non-Executive Director as Chair, the Executive Directors and the Group Head of Risk acting as Secretary. Other senior leaders across the Group are invited to attend as required to discuss and progress areas of risk management.

During the year, the Committee was developed to further enhance the identification and mitigation of risk across the Group. The Board adopted an updated terms of reference which can be found on the Group's website at www.restoreplc.com and a new sub-committee structure was formed.

These sub-committees are in place across different functional specialisms including health and safety, property, IT and cyber risk, compliance and quality. These specialist teams support the Risk Committee directly and continue to be enhanced.

Meetings and activity in the year

The Risk Committee is pro-active in seeking to understand current and future risks with detailed risk registers maintained and reviewed by the Risk Committee at least annually.

The team meets at least three times a year to discuss existing and emerging risks facing the Group and more broadly in the macro -environment.

Across Restore and the wider environment, 2020 saw significant increase in levels of risk as result of COVID-19. The Committee is pleased to report that management action in response was measured and effective in steering the business through a turbulent year.

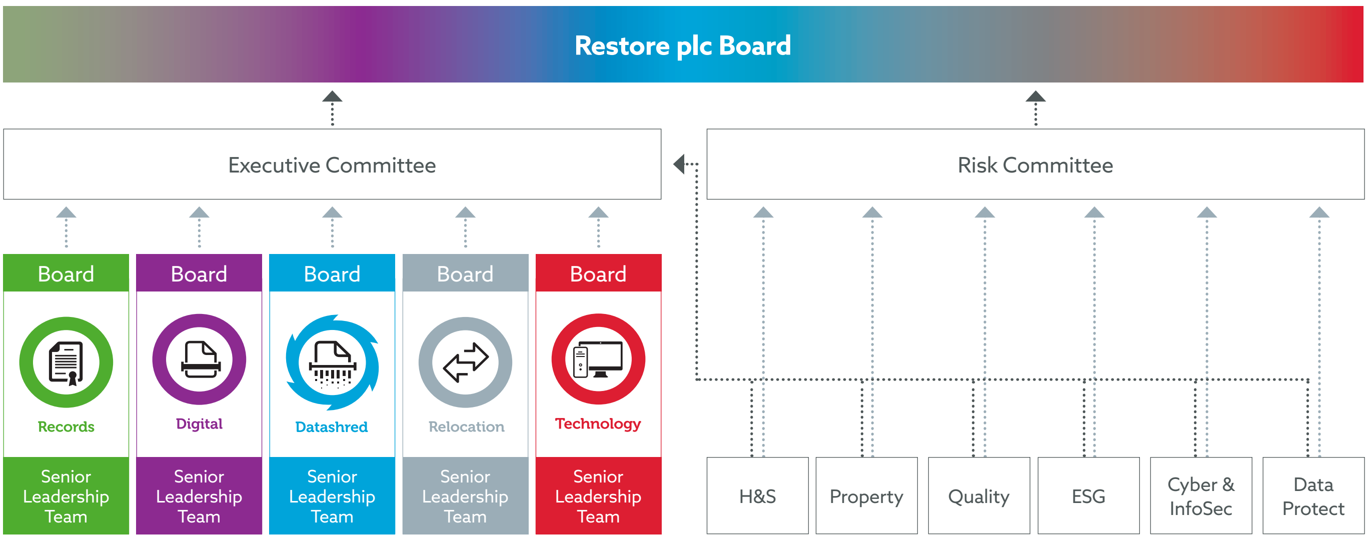
Activities of the Risk Management team during the year included:

- COVID-19 – Presenting a number of safety, operational and financial challenges, the outbreak of this virus has required a careful balance between ensuring the health and safety of our people and our customers and maintaining business operations and provision of our critical services. The Group successfully maintained safe working and continuity of business services throughout the pandemic and assisted the NHS and other front line services in their efforts in fighting the virus
- Brexit – Operating primarily across the UK, Restore is largely insulated from the risks that might result from BREXIT disruption. Our sub-committee in this area effectively assessed and continues to monitor the constantly evolving situation
- Property – A Group-wide review of security and IT network infrastructure across the property estate was performed during the year. Whilst the current status was deemed satisfactory, a long term investment plan to further enhance connectivity and improve efficiency and monitoring capability is underway
- Risk register – A full review of each Business Unit risk register was undertaken by the Committee with senior leaders from each business
- Business as usual – Ongoing management of business as usual risk has been undiluted. We were pleased to appoint a new Head of Group Risk during 2020 and this newly created role is responsible for further developing the Group's risk management frameworks.

Future Plans

The Risk Committee intends to continue to develop its structure during 2021 including further development of sub-committees and their respective terms of reference and development of the Group's risk management framework.

A broad agenda for 2021 has been established and shall include cyber crime, a review of external H&S audit and benchmarking and property amongst other matters.



Principal risks and mitigation controls

The following provides an overview of the key risks Restore faces. All are regularly reviewed and drive improvement action across the business.

Risk	Potential impact	Risk mitigations
Finance and liquidity	Lack of liquidity driven by lack of profitability, failure to meet banking covenants or reduced appetite from banks to lend impacting the continuation of the strategy of the Group.	All of the Group's businesses benefit from high levels of recurring revenues leading to strong cash generation and current trading is more than adequate to service financial obligations. The Group's credit line is provided by a broad and supportive banking syndicate with a credit facility up to £160m in place and the business operates well within borrowing covenants. Historically the Group has not had any issues in raising capital to fund its acquisition strategy. In addition further mitigating actions are available including cost or capex freezes as well as reducing discretionary payments such as dividends.
Systems, technology and cyber attack risk	Financial and operational impact of a loss of systems or operational data in one or more of the Group's operations impacting day to day services.	The Group has disaster recovery plans in place in all of its businesses which are reviewed at appropriate intervals. Systems data is stored in high security data centres and is fully replicated via a point to point network to secondary data centres where necessary. In addition to the mitigations that have previously been in place, the Group is undertaking a programme of security enhancements.
Business property	Damage or loss of access to business property through fire, flood, terrorism, loss of power or services.	Regular risk assessments and audits are undertaken to ensure risks are mitigated as far as is practical. Investment levels have been maintained and the Group is developing a strategic security and networking programme. Insurance cover is maintained over business property and covers business interruption.
Market changes	Material change to business dynamics such as a shift in the document storage market which results in a reduction in the volume of documents stored. The Group is subject to potential volatility of recycled paper pricing in Restore Datashred.	Business KPI's are monitored to identify any potential market trends to enable appropriate actions to be taken. In the event of a reduction in the storage of documents the Group expects to be able to manage its property portfolio down over a period of time in line with the nature of any such reduction. In respect of paper pricing, conservative assumptions have been built into the financial forecasts and further pricing reductions would not significantly impact the Group.
Material increase in UK business property costs	Due to the high level of property costs in the Group, particularly in the records management business, a material increase in property costs could have a significant impact on the Group.	The Group has a strategy to improve property cost through consolidation, increased density and enhanced capacity utilisation mitigating this risk.
HR and succession planning	Lack of succession planning across the Group for any potential key management positions.	Succession planning exercises have been undertaken for all of the key positions in the Group to identify potential internal development opportunities and where external appointments may be required. The Group's Chief People Officer is responsible for HR strategy which includes retention and further developing succession plans.
Loss of confidential customer records	Potential financial and reputational impact of a loss of customer records/data.	The Group ensure all staff adhere to training guidelines and understand data protection legislation. Where appropriate vehicles are tracked and staff vetted. All of the Group's operations maintain accreditations appropriate to the activities undertaken. The Group also maintains adequate insurance for such events.
Serious injury or death through workplace accidents	As many of the Group's operations involve physical labour, use of machinery and transport, there is a potential exposure to accidents, including RIDDOR incidents.	The Group operates an effective H&S Committee and has well established and continually improving H&S risk assessment processes, incident reporting procedures, and H&S training in place to improve Restore's H&S culture. Creating a strong H&S culture helps to drive down incident rates, increases colleague productivity and wellbeing and ultimately improves margins.
UK or Global public health crisis	Worsening of the COVID-19 pandemic or a new global health crisis might impact economic activity levels or restrict the Group's ability to perform its services.	The Group's Head of Risk oversees the Company's risk analysis process and provides observations on emerging public health risks to the Board through the Risk Committee. Restore provides a number of critical business and public sector services and the Group's strength and depth in H&S and underlying business agility was central to successful and safe continuity of business operations throughout the pandemic.
Unmatched changes in environmental legislation / societal attitudes to environmental impact	Failure to monitor and adapt to changing environmental legislation across the devolved nations or a failure to lead or keep pace with societal attitudes to environmental impact of business exposes Restore's reputation.	Whilst an emerging risk, the Group can already demonstrate good progress in mitigating this risk; there has been continued investment in property, a strategic approach to fleet rotation towards new technology, and improving carbon assessment to evolve a carbon reduction strategy.

Environment, Social and Governance Strategy (ESG)

Our commitment

Restore is fully committed to meeting its obligation to limit the impacts of climate change, meeting our duty to our local communities and ensuring we act responsibly.

During the year the Board continued to assess our CSR policies and have discussed extensively how to evolve our ESG strategy further. We continue to focus on this critical area, developing a robust strategy and action plan.

ESG and Restore

ESG at Restore is an internal consideration, as our commitment to ESG principles shapes how we operate the business, and also an external consideration as we provide services that help our customers meet their own ESG obligations.

The principle areas we consider are set out below. We recognise we can always do more in this area and that this area is constantly evolving. The subjects are assessed at Board level and through our operating structures as we manage and develop the business.

Environmental

Internal contribution
Sustainable land use
Zero landfill objective
Fleet electrification
Energy consumption management

External contribution
Paper recycling services
Technology asset refurbishment and reuse
Zero landfill technology asset decommissioning
Property consolidation

Social

Internal contribution
Sophisticated and well invested health and safety team
Significant regional employment
Apprenticeship scheme

External contribution
Charity and community sponsorship programmes
Major contributor to UK plc through low risk tax policy
Fair treatment of suppliers strategy

Governance

Internal contribution
QCA code adoption
Effective Board and sub-committee framework
Extensive ISO compliance
Gender pay strategy
Risk Management framework

External contribution
Secure storage of physical and digital assets
Certificated confidential waste destruction
Certificated asset disposal

ESG continued

Environment

Datashred

RECYCLED
50,000 tonnes of paper

SAVING
849,000 trees
from being felled

Technology

RECYCLED
372,000 IT assets

WITH
<1% going to landfill

Restore is committed to limit and enhance its environmental impact on the planet and to ensure the sustainability of the resources we use in delivering our services.

We aim to ensure good corporate citizenship through a strong culture of high efficiency, limiting consumption of limited resources, and by promoting environmentally friendly policies across our operations.

The services we offer, provide a significant benefit to the environment by supporting our customers in reducing their consumption of resources and to contribute to sustainability through recycling and responsible waste management.

We have implemented an 'energy portal' across the Restore Group, tracking carbon against the majority of our properties. An incentive scheme has been deployed for staff, targeting a reduction of 'carbon-output' via analysis from the portal. The buying policy for energy contracts is REGO (*Renewable Energy Guarantee of Origin*).

Environmental impacts

Restore has two areas of focus in relation to environmental management. An extensive property portfolio consisting of a variety of property types ranging from warehouses, former airfields and mines and a large fleet of vehicles.

We aim to limit or enhance our impact on the planet in the following ways:

Buildings and infrastructure

- Restore Records Management has completed its site extension in Rainham, East London. Photovoltaic panels and smart, low energy lighting is one aspect of the modern building method employed to reduce environmental impacts. Further Photovoltaic panels are planned at our Coventry site with our Landlord
- At Rainham we have installed electric charging points for vehicles, which we run from the energy we produce ourselves. EV chargers have also been installed at Redhill, Tewksbury, and Upper Heyford
- At our site in Ipswich anaerobic digesters run on a mix of locally sourced vegetables, maize silage and apple pressings to produce 'dark green' energy. It's a sustainable source that helps create long-term balance for the local farming community and land, and provides renewable energy for local businesses, and beyond
- At our largest facility (54 acres of secure underground storage in Monkton Farleigh) we followed a ten point plan from 'The Carbon Trust', resulting in our investment of significant capital spend. We underwent a long-term retro-fit from dehumidifiers to bespoke air-handling equipment, resulting in a substantial reduction of our carbon-footprint
- Restore Technology operates a flagship facility at Cardington Point in Bedford. Sixty one solar panels with daylight harvesting capability and ninety one smart motion detecting LG lights are reducing energy usage by up to 70%. While anti-leak and water waste reduction procedures mean this building is as efficient and sustainable as we can make it.

Fleet

- Restore Datashred is currently trialling electrification of collection vehicles. It is our anticipation that the Group will transition several hundred vehicles to electric power over the next ten years
- The Group has moved its company car policy to one of 'hybrid or electric only' thus supporting the UK's low emission objectives
- In line with these fleet goals, Restore is installing a network of electric charging points across its property estates so journeys between sites will be made fossil fuel free.

Our services

- The storage services we provide enable organisations to efficiently store their records in high density, low cost locations
- This reduces pressure on land resources to maintain long term asset storages
- Digital services, digitising assets and providing data management services enables efficient storage and communication where physical storage or movement is not required
- A significant buying decision in the Heritage storage arena was a desire from institutions to re-purpose existing sites for the storage of our Nation's priceless collections, avoiding additional carbon output from new property builds. Upper Heyford was chosen by the institution's buying consortium. The Hardened Air-craft shelters as Scheduled Monuments have become perfect hosts in their conversion for Heritage collection storage.

Sustainability

Sustainability is at the core of Restore's purpose and business model. A large part of the services that our businesses offer are the responsible and secure disposal of office-sourced paper, digital media, textiles, archive box contents, IT equipment and furniture. We are committed to a target of 0% landfill from processing operations.

Our values determine that we are good citizens and responsible curators of Earth's resources, so that energy conservation, waste management and the prevention of pollution are key considerations for us, and form part of the work carried out by our Group Environmental Committee.

We strive to:

- Reduce consumption of materials and promote re-use and recycling, including furniture unsuitable for redistribution
- Achieve ongoing improvement in environmental performance and minimise the impact of our operations on the environment
- Minimise the impact of our buildings, structures, and operational plant by reducing visibility and noise.

In practical terms, this is expressed through areas such as:

Recycling

- Restore Datashred processes and recycles approximately 80,000 tonnes of paper a year (50,000 in 2020 due to COVID-19)
- Restore Technology, processed 372,000 IT assets, either refurbishing or stripping them down to component level.

Use of natural resources

- Greener fleet management: across the Group, telematics, careful route planning and regular driver training all contribute to environmental performance, reducing running costs and our carbon footprint. All measured through schemes such as FORS and Masternaut, the latter rating us as performing 10% better than our industry average
- Greener vehicles: Restore Datashred is making rapid progress towards having a total Clean Air Zone and Ultra Low Emission Zone-compliant fleet
- Greener energy: photovoltaic panels, smart sensors to reduce lighting costs and, in the Ipswich area, bioenergy supplied to two of our Records Management facilities from a local power plant that uses locally produced biomass to fuel it
- Greener security: we use Inergen™ Premier as the inert gas in our fire suppression system as it has the smallest carbon footprint possible
- We are also moving to a more agile and flexible way of working for our back-office colleagues, with a blend of home-working and office-working in the future, contributing to reduced carbon emissions from travel
- Archive boxes: the boxes we use are made from 70% recycled, along with responsibly sourced FSC-certified raw material, archive box cardboard is sent for recycling as KLS (Kraft Liner Substitute) and is turned into cardboard reels (cores) used in toilet rolls, paper rolls, carpet rolls, cling film rolls.

Supporting customers with their sustainability targets by helping them to:

- Make more efficient use of their workspace and public service facilities by helping create smart office settings and by storing records
- Speed up access to important stored records through file tracking software and scan-on-demand services, while saving on vehicle journeys
- Reduce their carbon footprint by designing and implementing a digital transformation strategy whose aims include radically reduced paper use and increased recycling
- Contribute to charitable causes through donations of furniture, IT equipment and payments in lieu of cash-back programmes – a scheme both Restore Harrow Green and Restore Technology offer to their customers
- Keep track of their environmental impact after every transaction through Restore Datashred's Environmental Report, available through their online customer portal. This report details how much paper has been recycled, how many trees have been prevented from being felled, and how much water and energy have been saved. Restore Technology also supplies online custom sustainability reports, which document recycling levels, reduction in environmental impacts, energy savings and how many waste toxins have been diverted from landfill.

Working with trusted organisations

We look to demonstrate our credentials through accreditation and by learning best practise from sector experts including:

- The Carbon Trust: we continue to follow the plan produced for us a number of years ago by the Trust to reduce our environmental impacts through recycling and reducing energy consumption
- Restore Harrow Green is now in its 7th year of certification of the scheme, which has proven an excellent gauge of our performance but also a way of highlighting where improvements are needed
- The report for 2019/2020 has shown an increase in carbon footprint, but this is to be expected at times of growth and change
- In H2 of 2019 we experienced a significant increase in business activity, which culminated in a record performance year. This in turn resulted in a rise in travel emission of tC02e, or 31% on the previous year, due to increased fleet demand. The COVID-19 pandemic in 2020 also impacted output, due to the need to deploy a larger number of vehicles when transporting our workforce to customer sites, in order to adhere to social distancing regulations
- We anticipate that in this year's report our carbon footprint will be lower as in 2020 we acquired our fleet's first 5 electric vehicles, with further investment in the electrification process to come. Overall, our three-year average is still a 6.7% net reduction in carbon per employee, which is still an achievement. Our continued focus is long term reduction in all areas

ESG continued

- Restore Records Management plan a process of roll-out with the Planet Mark services in Q3 of 2021.

Detailed information about all our initiatives and ideas can be found on the part of our website dedicated to Corporate Responsibility www.restoreplc.com

Emissions and Energy use

We report our carbon dioxide emissions following the Greenhouse Gas protocol.

	Year ended 31 December 2020
Global Green House Gas(GHG) Emissions [b]	
Total CO2e (tonnes)	11,039
Scope 1 CO2e emissions (Tonnes) [c]	7,675
Scope 2 CO2e emissions (Tonnes) [d]	3,281
Scope 3 CO2e emissions (Tonnes) [e]	83
Intensity Ratio	
Average Full Time Employee (FTE)	2,006
Total CO2e per FTE (tonnes) [f]	530
Market-based emission	
Scope 2 CO2e market-based emissions (tonnes) [d]	243
Total gross Scope 1 & 2 (market-based) emissions (tonnes)	7,918
Energy consumption used to calculate above emissions (kWh) [g]	45,116,798

As this is the first year of SECR reporting for Restore plc there is not a requirement for performance comparison with the previous year. Going forward there will be a rolling year on year comparison.

a The carbon reporting year for our GHG emissions is 1 January to 31 December 2020. The carbon reporting year is fully aligned to the financial reporting year covered by the Directors' report

b Reported emissions come from consumption of grid supplied electricity, self generated electricity, grid supplied natural gas, company owned and operated transport, privately owned transport for business use, LPG, light and heavy goods vehicles

c Scope 1 (direct emissions)

Emissions are those from activities owned or controlled by the organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.

d Scope 2 (energy indirect)

Emissions are those released into the atmosphere that are associated with your consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of your organisation's energy use, but occur at sources you do not own or control

e Scope 3 (other indirect)

Emissions are a consequence of your actions that occur at sources you do not own or control and are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by your organisation. No other Scope 3 emissions are included in this report

f Intensity ratio calculations have been calculated based on the average number of employees in the year

g Energy consumption data is captured through utility billing metre reads or estimates

h We are also moving to a more agile and flexible way of working for our back-office colleagues, with a blend of home-working and office-working in the future, contributing to reduced carbon emissions from travel.

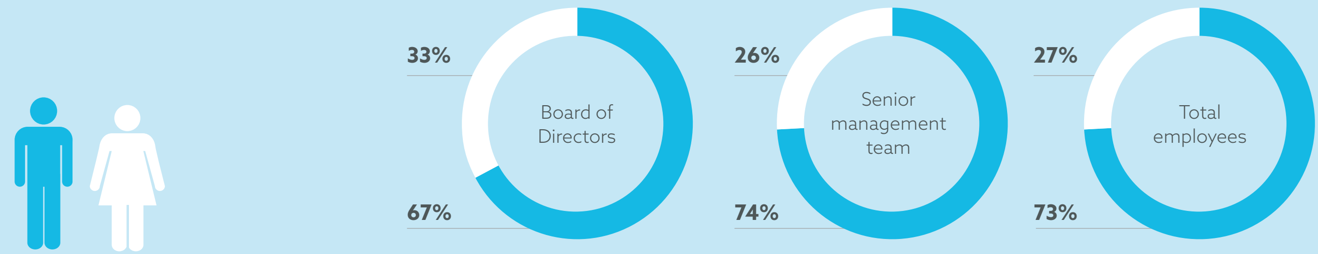
The emissions and energy usage presented covers the operations of all entities within the Group. As the Group only operates in the UK, the statistics show the emissions and energy consumption in the UK.

Climate Change

Restore's exposure to direct climate risk is assessed as low, but we remain alive to the changing political, legislative, and social environmental forces. Though not significantly affected we recognise the existential threat human activities are having on our ecosystems and remain committed to reducing our impacts wherever possible. We are therefore developing a comprehensive approach to environmental and social governance to build on the good work already achieved. Moreover we are implementing a progressive fleet electrification strategy, a commitment underpinned by our membership of The Climate Group EV-100 and an expanding network of EV chargers at our sites, and have invested in an online energy port to more accurately assess energy use.

Social

Group diversity as at 31 Dec 2020



Restore recognises its significant responsibility to the people working across our business, our suppliers, our customers and to the wider community.

The Board, senior management and our staff seek to make a positive impact on the lives of those with whom we interact, and we strive to make a positive contribution to society beyond the value of the products we provide.

The culture of doing the right thing is in our DNA and whilst we can always improve, we are dedicated to this philosophy.

We focus on our social responsibility in a number of areas we set out below.

Our People

Restore comprises of five business units that have grown together, increasingly working together under a ONE Restore banner which extends to common systems and back office processes while operating as discrete stand alone and empowered businesses in their own right.

At Restore we know that to maintain and build upon the great service that we offer our customers, we must ensure that we continue to invest in a safe, inclusive and rewarding environment for our employees to work in.

As part of this ongoing investment, Angie Wiseman, our Chief People Officer joined the team in early 2020 to represent staff interests and as a member of the Executive Committee is tasked with developing and progressing our people strategy.

Over the last year, we have also been focused on ensuring our colleagues have a voice and have put particular focus on developing our employee engagement plans both on a localised and Group level. We have provided all colleagues access to regular two-way communication through our new Intranet. We conducted a people survey in addition to town hall sessions and actively encouraged staff to participate in new ideas and ways to improve the working at Restore experience.

Wellbeing is also a particular area of focus for us. We have been promoting our Employee Assistance programme, launched an associated wellbeing app, have put Mental Health first aiders in place, along with other communications and support tools for colleagues.

We continue to operate a whistleblowing policy across the Group that provides employees with guidance on how to raise concerns about fraud, security, unethical behaviour, health and safety, bullying, discrimination, bribery and corruption, data protection and any other matter they feel should be reported.

Collaborative working has similarly been a key priority. We have created more cross functional working, sharing expertise and best practice opportunities while maintaining our devolved structures that allow us the flexibility to win in the marketplace.

Inclusion and diversity

Restore is committed to equality and fairness and we do not discriminate on the grounds of gender, gender reassignment, marital status, race, ethnic origin, disability, sexual orientation, religion or age.

We aim to ensure our workforce is representative of society and that each employee feels respected and able to give their best.

With increased investment in our recruitment team we are committed to building strategies to actively attract more diversity into our business.

With increasing scale comes the ability to offer greater development and career opportunities to our people whilst maintaining the flexibility to treat people as individuals.

We actively communicate on and celebrate diversity events within the business.

Our Board are proud to have good representation of gender across the plc Board with four to two male to female ratio. We have good representation of female management in senior executive and subsidiary leadership roles, thirty nine to fourteen male to female ratio, but recognise that senior manager female representation can be improved which forms part of our consideration of development and recruitment strategies.

We are committed to identifying and addressing any risks of Modern Slavery across all parts of our business and supply chain, including those of our subcontractors and partners. Our statement can be found on our website www.restoreplc.com. In Restore's supply chain our Terms & Conditions ensure mandatory compliance with:

- Modern Slavery and Human Trafficking Policy
- Environmental Policy
- Corporate and Social Responsibility Policy
- Equal Opportunity Policy
- Dignity at Work Policy.

ESG continued

Health and safety

Health and safety and the wellbeing of our employees, sub-contractors and customers is of paramount importance to us. During 2019 and 2020 we have invested in new structures and reviewed the business in detail to ensure we had the right governance and accountabilities in place, and mechanisms for continuous improvement, as well as providing comprehensive training for our employees.

Health and safety is overseen by our health and safety compliance group who report to the Risk Committee and ultimately the Group Board with both the CEO and CFO actively participating in health and safety matters.

We strive for continuous improvement through new policies and procedures, audits, risk assessments, training sessions and toolbox talks and with the recruitment of a dedicated Head of Risk in 2020, we are evolving a more strategic approach to health and safety with improvement in use of media assets for training and greater depth of reporting to improve working practises further.

Health and safety is the first agenda item at the plc Board meetings and at subsidiary meetings and the team is fully dedicated to strong health and safety.

In addition to the central and subsidiary level oversight, we have regional or site based Health and Safety Committees, which are attended by at least three employees, per Committee, on a quarterly basis. This encourages everyone's voice to be heard and we can monitor any concerns raised by employees. The Committees report into our Health and Safety Compliance Group.

Community and charitable initiatives

We care for the communities in which we work and take part in a number of Group-wide initiatives to ensure our presence is a positive one for our neighbours and colleagues.

For many years, teams from across the Group have worked together with Crisis at Christmas, donating many boxes of clothing, toiletries, food, transport and their time to help the charity set up their shelters every December.

Each business in the Group supports charities and community groups with whom they have a personal connection.

For 2020, Restore Harrow Green raised money for charities, including Macmillan and Crisis at Christmas and continued their working relationship with St Joseph's Hospice in London, voluntarily moving furniture and equipment so that hospice employees could focus on their frontline work.

Business2schools partnership

Restore Harrow Green also partnered Business2schools, a small charity with dreams of helping schools and companies come together under an umbrella of sustainability and growth. The scheme has a twofold benefit for the schools; by acquiring computers of much higher specs than they would be able to purchase, the students learn on better machines than they would normally, and the schools are free to divert their IT budgets to other uses.

Proud to support our local East End community

Archive boxes that would usually house confidential files, account ledgers, patient records or x-rays were put to more immediate use by staff and volunteers in the London Borough of Tower Hamlets. Our Records Management Team supported the local council to pack essential food and household supplies into our sturdy Restore boxes which, during the COVID-19 crisis, provided a vital lifeline to the most vulnerable in the Tower Hamlets area. After hearing of the Council's need for boxes, Restore stepped in, and provided and filled 8,000 boxes, which were delivered around the East End of London.

Manchester Digital Centre Foodbank donation

In December, the Manchester Production team delivered the equivalent of 20 food hampers to Salford Food Bank to support families in need at Christmas.

Salford Food Bank relies heavily on donations from the general public and businesses throughout the year to help and support the local area. Given the challenges this year has brought to so many, it was truly an honour to pull this together with the team and give something back to the local community and families in desperate need during Christmas time.

Datashred's Mission Christmas project

In the run-up to Christmas, we were on a prime-time local radio spot several times a day, in association with the Cash for Kids Mission Christmas appeal. We were delighted to be involved in helping bring the magic of Christmas to thousands of disadvantaged children in the Greater Manchester area.

In total, Mission Christmas raised a magnificent £1,074,853 worth of gifts. Supporters and volunteers then worked tirelessly to deliver out to 30,712 children, helping bring them a glow of hope and the feeling that someone does care.

Datashred were the online donate sponsor – appearing in a radio jingle on network radio and in the online campaign – and helped raise a wonderful £18,087 in online donations. When you consider that 2019's online donation total was £7,924 you can see why we and Mission Christmas are so delighted.

Computers for homeschooling children

Working with National Grid, Restore Technology pledged to support the initiatives to get 1,000 laptops for school children and students struggling with learning during COVID-19. Restore Technology handled the sourcing of the laptops, donating the majority from Restore's stock while using our network of contacts to order in the remainder. The laptops were worth over £200,000.

We processed the laptops, cleaning and testing them before installing Windows 10 on every device. Once complete, Restore were delighted to carry out the distribution process, delivering them to the required locations.

Eight hundred of the laptops were delivered to various primary and secondary schools, with the rest being sent to the youth charity, The Prince's Trust.

Whether our people undertake business-led fundraising or their own, personal projects – many involving extraordinary physical and emotional effort – it is clear that Restore people are, as our Company values state, 'good people'.

Governance

Accreditations as at 31 Dec 2020

ISO 9001	ISO 14001	ISO 27001
Restore Records Management, Restore Digital, Restore Datashred, Restore Harrow Green, Restore Technology	Restore Records Management, Restore Digital, Restore Datashred, Restore Harrow Green, Restore Technology	Restore Records Management, Restore Digital, Restore Datashred, Restore Technology

Key: Restore Records Management, Restore Digital, Restore Datashred, Restore Harrow Green, Restore Technology

Governance at Restore relates to how we run the business and the services we offer.

Management of the Business

The business is led by a highly qualified and experienced Board with sector and specialism relevance drawn from working across FTSE 100 and FTSE 250 organisations. The Group has adopted the QCA code of conduct and our application of the code to our business can be found on www.restoreplc.com.

In addition to the main Board, the Group operates Audit, Remuneration, Nomination and Risk Committees each of which is led by a one of our highly qualified Non-Executive Directors.

As ESG evolves as a subject area, the Board is reviewing leadership over this area although ESG is inherently managed within the business rather than seen as a standalone topic

The strong governance structure extends into the day to day running of the business through the highly competent Executive Committee comprising the CEO and CFO, Company Secretary, our Chief People Officer each of the business unit Managing Directors, and the Director of Corporate Development.

Legal Structure, Market Compliance and Assurance

While the main Board assesses operation of the Group as a whole, each Business Unit is operated as a standalone business with its own Senior Leadership Team under the direct guidance of the CEO and CFO who sit on the business unit boards.

These subsidiary boards meet regularly to assess performance and develop business strategy across a balanced scorecard of management areas.

The legal structure is relatively straight forward and is maintained to a good standard with high quality professional support including KPMG, Field Fisher and Peel Hunt.

Peel Hunt act as the Groups nominated advisor (Nomad) and guide management in ensuring adherence to current and preparing for future market requirements and best practise.

Reporting assurance is provided by PwC who act as the Group's auditors with rotation from time to time in accordance with good practise.

Process Accreditation

Restore is recognised as the sector leader in providing secure, highly accredited services to public and private sector organisation.

Delivering consistent high quality is central to our customer focused approach and assurance is provided to the Board and customers through the extensive Quality and Compliance Team who manage process quality to an exceptionally high standard.

Processes are subject to both internal and external audit and our continuous improvement culture ensures our operational leadership team are continually enhancing process effectiveness to improve quality and efficiency

Directors Duties

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

Directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environments
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company'.

ESG continued

As part of their induction at Restore plc, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company and details of this can be found in our Governance Statement on pages 38 to 40.

The following paragraphs summarise how the Directors' fulfil their duties

Risk Management, we provide business-critical services to our clients. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment please see pages 25 to 26.

Our People, the Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.

For further details on our people, please see page 31.

Business Relationships, our strategy is based on three core elements, organic growth, acquisitions and margin expansion. We need to develop and maintain strong customer relationships and we value all of our suppliers.

The Group has a formal policy in place for new suppliers, which includes new suppliers contracting with and agreeing to Restore's terms of business. Existing supplier relationships are also periodically reviewed.

For further details on how we work with our customers and suppliers, please see pages 13 to 14.

Community and Environment, the Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

For further details on how we interact with communities and the environment, please see pages 28 to 32.

Shareholders, the Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private, or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

For further details on how we engage with our shareholders, please see page 39.

This Strategic Report on pages 12 to 34 was approved by the Board of Directors on 18 March 2021 and signed on their behalf by:

Charles Bligh
Chief Executive Officer
18 March 2021

Neil Ritchie
Chief Financial Officer
18 March 2021

Governance

Board of Directors

Our key principle is that power and responsibility go hand in hand. Our people know what is expected of them and we give them the power to make their own decisions.

Martin Towers
Non-Executive Chairman Age 68

Martin Towers was appointed Chairman in January 2018 having joined the Board as a Non-Executive Director in September 2017.

Martin stepped down as Non-Executive Chairman of Norcros plc with effect from 30 July 2020 and stepped down as Non-Executive Chairman of Tyman plc with effect from 1 December 2020.

Martin was Group Finance Director of Kelda Group plc from 2003 until 2008 and was previously Group Finance Director of McCarthy & Stone plc, The Spring Ram Corporation plc and Allied Textile Companies plc. Martin served as Chief Executive of Spice plc from 2009 until its sale to Cinven in 2010 and was Non-Executive Director of Homestyle Group plc from 2004 to 2006, KCOM Group plc from 2009 to 2015 and was a Senior Independent Director of RPC Group plc from 2009 to 2018.

Martin is Chairman of the Company's Nomination Committee and a member of the Audit and Remuneration Committee.

Charles Bligh
CEO
Age 53

Charles Bligh was appointed CEO of the Group in March 2019.

Charles was previously Chief Operating Officer and main Board Director at TalkTalk Telecom Group plc, which he joined in 2011. He previously spent 20 years at IBM Corporation in various countries, culminating in his role as Vice President, Commercial Sector in UK and Ireland.

Charles was until December 2020 a trustee of the National Children Orchestras of Great Britain.

Neil Ritchie FCA
CFO
Age 49

Neil Ritchie was appointed CFO of the Group in October 2019.

Neil is a Chartered Accountant and was previously Chief Financial Officer of AIM-listed Mulberry Group plc and prior to this spent 14 years with the technology business Dyson, where he held a variety of commercial and finance roles.

Neil serves on the Board as an Executive Director, reporting to CEO Charles Bligh.

Sharon Baylay

Senior Independent Director
Age 52

Sharon Baylay joined the Board in September 2014.

Sharon is Non-Executive Director and Remuneration Committee Chair of Hyve plc, the listed organiser of international trade exhibitions and conferences. Sharon is also Non-Executive Chair at Unique X Ltd, backed by the Business Growth Fund (BGF), and also Non-Executive Chair at Foundation SP Ltd, backed by Lloyds Development Capital (LDC). She has previously been Marketing Director and main Board Director of the BBC, responsible for Marketing Communications and Audiences, and spent much of her career at Microsoft where she was Board Director of Microsoft UK and Regional General Manager of MSN International.

Sharon is also a holder of the FT/Pearson Non-Executive Director Diploma and a Fellow of Chartered Institute of Marketing.

Sharon is Restore plc's Senior Independent Director, Chair of the Group's Risk Committee and is a member of the Company's Nomination, Remuneration and Audit Committees.

Susan Davy

Non-Executive Director
Age 51

Susan Davy joined the Board in January 2019.

Susan has been Chief Executive Officer at Pennon Group plc since July 2020 having served as Pennon's Chief Finance Officer for the previous five years.

Susan is Chair of CBI South West, a Board member of Water UK and has previously been a member of the A4S (Accounting for Sustainability) CFO leadership network.

Susan is Chair of the Company's Audit Committee and a member of the Nomination and Remuneration Committees.

Jamie Hopkins

Non-Executive Director
Age 52

Jamie Hopkins joined the Board in January 2020.

He was previously Chief Executive Officer of Workspace Group plc from 2012 until May 2019. Formerly served as Chief Executive and then a Non-Executive Director of Mapeley plc from 2002 until 2010 and a Director of Chester Properties from 2009 to 2012. Also acted as Investment Director of Delancey Estates and Savills between 1990 to 2002. A member of the Royal Institution of Chartered Surveyors. Jamie is currently a Non-Executive Director at Allsop LLP and St Modwen.

Jamie is Chairman of the Company's Remuneration Committee and a member of the Audit and Nomination Committee.

Governance Statement

The role of the Board

The Board ensures that the Group is managed for the long-term benefit of all shareholders with corporate governance being an essential element of this and has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code which is considered appropriate for an AIM listed company. The Board is responsible for the overall leadership, strategy, development and control of the Group in order to achieve its strategic objectives.

The Group provides inter-related office support services to customers throughout the UK, using our proven acquisition-based model, resources and expertise to create value that is shared with our investors and used to fund continued growth.

The Group is led and controlled by the Board which currently consists of two Executive Directors and four Non-Executive Directors and is chaired by Martin Towers. Board meetings are held on a regular basis and no significant decision is made other than by the Directors. All Directors participate in the key areas of decision making, and there is a written statement of matters which require Board approval. These include:

- any changes to the range of services offered by the Group
- the release of all RNS announcements except for those relating to the share-based incentives or notifications of changing in holdings from investors
- the release of all press announcements
- the issue of equity outside of the existing share-based incentive schemes
- the issue of new grants under existing share-based incentive schemes
- the creation of any new equity-based employee incentive schemes or bonus schemes for the Executive members
- the disposal of any Group company
- the annual budget, business plan and Group strategy
- any change in auditors
- Directors share dealing
- market purchase of shares in the Group
- approval of material capex outside of the Group budget
- appointment of new Directors and approval of Directors remuneration
- major new contracts
- approval of annual report and interim statement
- approval of all dividends
- approval of changes in accounting policies
- approval of Group policies
- approval of conduct of any major litigations
- approval of policies on political and charitable contributions.

Skills Experience and Independence

The Board is satisfied that there is a suitable balance between Company knowledge and independence in order to discharge its duties and responsibilities effectively. All Non-Executives are considered to be independent and are able to commit the required time necessary to fulfil their roles. Information is circulated to the Directors in advance of the meetings. No one individual has powers to make decisions.

During 2020 there were eleven Board meetings.

As the Group has developed, the composition of the Board has been under review to ensure that it remains appropriate. All Directors retire annually and are required to be reappointed by the shareholders at the AGM.

Further information on the remuneration arrangements for the Directors and senior management is set out in the Directors' Remuneration Report on pages 43 to 47.

The Board takes decisions regarding the appointment of new Directors and this is done following a thorough assessment of a potential candidates' skills and suitability for the role.

The Directors are responsible for preparing the financial statements as set out in the Statement of Directors' Responsibilities on page 50. The responsibilities of the auditors are described in the Independent auditor's report.

The Board considers and reviews the requirement for continued professional development and undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates.

The Nomad and external advisers also support this development, by providing guidance and updates as required.

The biographies of each of the Directors, including their experience and skills are shown on pages 36 and 37.

Board Committees

The Company has established an Audit Committee, chaired by Susan Davy, comprising the Chairman and Non-Executive Directors who are responsible for monitoring the integrity of the financial statements of the Company, advising on appropriate accounting policies and reviewing management judgements, reviewing effectiveness of internal control and approving the external audit plan and reviewing the effectiveness of the external auditor, Governance Statement continued

PricewaterhouseCoopers LLP. The Audit Committee report is set out on pages 41 and 42.

The Company has an established Remuneration Committee, chaired by Jamie Hopkins, comprising the Chairman and Non-Executive Directors and its report is set out on pages 43 to 47.

The Nomination Committee comprises of the Non-Executive Directors. The Committee is chaired by Martin Towers unless the matter under discussion is his own succession. Other Directors are invited to attend as appropriate. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. It is anticipated that the Committee will usually meet to discuss succession planning for key senior executives.

The Board and Nomination Committee undertake regular assessments of management to ensure that they maintain a successful strategy in order that succession plans are in place. The Board aim to maximise development of internal talent and where appropriate involve external recruitment.

Our Chairman continues to ensure that contributions made to the Board are relevant, independent, effective and encourage debate. Over the next 12 months further review of the Board functionality will be undertaken to include assessments of whether Board members attend and actively contribute to meetings as well as thoughts on board composition, external advisers and other relevant matters.

Relations with Shareholders

The Chief Executive Officer and the Chief Financial Officer are the Company's principal contact for investors, fund managers, the press and other interested parties. The Company meets regularly with its large investors and institutional shareholders who along with analysts are invited to meetings by the Company after the announcement of the Company's results. The Company conducts bi-annual investor roadshows in the UK and holds a Capital Markets Day each November. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The key procedures that have been established and which are designed to provide effective control are as follows:

- Management structure – the Board meets regularly to discuss all issues affecting the Group
- Investment appraisal – the Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

2020 Board and Committee meetings and attendance

	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of Nomination Committee meetings
	Total 11	Total 5	Total 4	Total -
Executive Directors				
Charles Bligh	11	5	2	–
Neil Ritchie	11	5	2	–
Non-Executive Directors				
Martin Towers	11	5	4	–
Sharon Baylay	11	5	4	–
James Wilde*	4	2	4	–
Susan Davy	11	5	4	–
Jamie Hopkins**	11	5	4	–

* Retired 21 May 2020
** Appointed 2 January 2020

Governance Statement continued

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the Turnbull guidance for Directors on reporting on internal financial control.

The Board considers that, in light of the control environment described above, there is no current requirement for a separate internal audit function. The Board will review this during 2021.

Martin Towers
Chairman
18 March 2021

Audit Committee Report

Audit Committee

The Audit Committee consists of Susan Davy as Chair and the other independent Non-Executive Directors.

Meetings and attendance

The Audit Committee has met five times in the year and all members attended all Committee meetings. The Committee is scheduled to meet four times in 2021.

The meetings are also attended by the Chief Executive Officer and Chief Financial Officer. The external auditor attends meetings by invitation. Other members of senior management attend meetings by invitation.

Principal responsibilities

The principal responsibilities of the Committee are focused on the key areas elsewhere:

- ensuring the adequacy of the financial reporting; an activity that includes the assessment of the application of accounting policies given underlying standards, testing of accounting judgements made in preparing financial reporting and the assessment as to whether the presentation is fair balanced and understandable
- reviewing the effectiveness of the internal control environment.

The responsibilities are discharged throughout the year in accordance with a schedule of business reflecting the annual reporting cycle of the Group. As part of the half year and year end reporting review process we reviewed and challenged the key financial reporting judgements of management. Significant matters considered by the Committee both during the year and in relation to the year end financial statements are laid out in this report.

Looking ahead to 2021, the Committee will continue to monitor developments and adapt its approach where necessary to best support the Group's stakeholders.

Matters considered by the Audit Committee

The calendar of business of the Committee sets in place a framework for ensuring that it manages its affairs efficiently and effectively. The most significant matters the Committee considered are set out below;

- monitored the integrity of the financial statements of the Group and the half-year and full-year results announcements relating to the Group's financial performance, including reviewing and discussing significant financial reporting judgements contained in the statements
- reviewing the internal assessment of going concern on behalf of the Board
- advised the Board that the presentation of the Annual Report & Accounts is fair, balanced and understandable in accordance with reporting requirements and recommended their approval for publication
- review of internal management reports on processes across the Group
- considered the auditor's report on its audit of the annual results focusing on key findings
- assessed external auditor effectiveness in respect of the previous year's external audit process
- recommended to the Board reappointment of the external auditor for approval at the Annual General Meeting with the Committee being authorised to agree the external auditor's remuneration
- considered and approved the audit plan and audit fee proposal for the external auditor
- considered the auditor's report on control themes and observations for the year ended 31 December 2020, which did not identify any significant deficiencies
- recommended to the Board the reappointment of PwC as senior statutory auditor following a thorough review and benchmarking of their operation following the conclusion of the 2019 audit.

At the Committee meetings throughout the year the Committee and the external auditor have discussed significant matters arising in respect of financial reporting during the year together with the areas of particular focus. These included:

- a detailed review of Group's intangible assets and investments in order to assess the appropriate carrying value
- reviewed the level of distributable reserves in Group companies and approved a corporate restructuring project to increase these reserves
- considering relevant alternative performance measures for the Group in order to show the underlying profit and earnings per share
- considered the need for an internal audit function for the Group
- reviewing corporate tax matters
- reviewing the Group's treasury policy, and
- monitored developments over the year in relation to COVID-19 and the implication for corporate reporting.

External auditor

The Audit Committee oversees the relationship with the external auditor and reviews their performance and ongoing independence. The Audit Committee has reviewed the independence of PricewaterhouseCoopers LLP and the conduct of the audit for the financial year ended 31 December 2020. The Committee concluded that the external audit process has been effectively run and that PricewaterhouseCoopers LLP remains independent and has

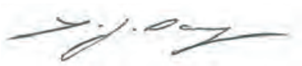
Audit Committee Report continued

recommended their reappointment. The external auditor attends meetings by invitation and the Committee meets with the external auditor without management present at least once a year.

Risk management and internal controls

The Board is responsible for the effectiveness of the Company's risk management and internal controls. The Committee has received a report on policies and procedures in place, the assurance work done to check adherence to those polices and the follow up actions taken to address any issues identified.

A whistleblowing policy is in place across the Group to encourage employees to report any malpractice or illegal acts or omissions. All reported incidents are followed up and the actions taken reviewed by the Restore plc Board.



Susan Davy
Chair of the Audit Committee
18 March 2021

Directors' remuneration report

Remuneration Committee

The Committee is responsible for determining the remuneration policy for the Executive Directors and senior management, as well as its implementation over time, with the aim of ensuring that this supports the delivery of the Group's strategy. The Committee has an agreed set of Terms of Reference which are available on our website www.restoreplc.com. These are kept under regular review to ensure that they remain appropriate and reflect any changes which may be required as a result of changing regulation, legislation, or best practice.

The members of the Remuneration Committee are Jamie Hopkins (who chairs the Committee) and the Non-Executive Directors. The Committee meets at least once a year and at other times as appropriate and uses Ellason where appropriate as remuneration consultants. In 2020, the Committee met four times. Its main activities during the year were to:

- review the approach to senior executive remuneration to ensure it remains fit-for-purpose and appropriately incentivises delivery of the Group's strategy
- review and agree parameters for the 2020 designated Annual Bonus Scheme and Long-Term Incentive Plan (LTIP)
- approve the individual packages of the Executive Directors and senior management members
- approve a loan to the Restore employee benefit trust in order to purchase Company shares in the market on order to be able to satisfy share-based awards
- review and agree the structure of this Directors' remuneration report.

The Committee is committed to adhering to good practice for executive pay and pay reporting.

Directors' Remuneration Policy

The Group's Remuneration Policy is aimed at aligning the interests of the Executive Directors with the growth strategy of the Group and creation of shareholder value over the longer-term.

The Committee reviews the Remuneration Policy periodically to ensure that it:

- reinforces the achievement of Restore's long-term goals and support its culture
- reflects market practice
- is competitive for companies of similar size and complexity; and
- is simple.

Directors' remuneration report continued

Executive Directors' remuneration policy

Element of package	Objective	Policy	Opportunity
Base salary	To provide a competitive base salary for the market in which the Group operates, to help attract, motivate and retain directors with the experience and capabilities required to achieve the Group's strategic aims.	Salaries are reviewed annually taking into account Group performance, role, experience, and market positioning.	Salary increases are reviewed in the context of, and generally set in line with, the increases awarded to the wider workforce.
Benefits	To provide a market competitive benefits package as part of a competitive total package.	Executive Directors receive benefits in line with market practice, principally private medical insurance, life assurance and a car allowance.	Set at a level which the Committee deems appropriate.
Pension	To provide an appropriate level of retirement benefit.	Executive Directors are eligible to participate in the Group's defined contribution pension plan or receive a cash allowance in lieu thereof.	Pension contributions are paid at an agreed rate.

Incentive plan	Objective	Operation	Opportunity	Performance linkage
Annual bonus	Rewards achievement of short-term financial and strategic goals.	The outcome of the annual bonus is based on the achievement of annual performance targets set at the start of the year. The Committee has discretion to amend the pay-out should the formulaic outcome not reflect the Committee's assessment of underlying business performance. Any bonus earned is paid in cash. Awards may also be subject to clawback for a period of up to three years in the event of material financial misstatement or gross misconduct, at the discretion of the Committee.	The maximum annual bonus opportunity is 125 per cent of base salary.	The performance measures, weightings and targets are set annually by the Committee. The bonus opportunity will be linked to the achievement of challenging financial and, when appropriate, non-financial performance targets. Details of the measures and their weightings will be disclosed annually in the Annual Report on Remuneration.

Incentive plan	Objective	Operation	Opportunity	Performance linkage
LTIP	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership by Executive Directors.	Awards of nil-cost share options may be made annually. Vesting will be subject to the achievement of specified performance conditions over a period of three years. To the extent that an award vests, it may be subject to a further holding period of up to two years. Awards may also be subject to malus over the vesting period, and clawback for a period of up to two years after vesting, at the discretion of the Committee. Dividend equivalents may also accrue over the vesting period and be paid on any awards that vest.	The normal maximum LTIP opportunity is 125 per cent of salary in respect of a financial year. Under the LTIP rules, an award of up to 175 per cent of salary may be granted in respect of a financial year in exceptional circumstances.	The vesting of LTIP awards will be subject to the achievement of defined performance targets. Performance measures include Return on Capital Employed and Total Shareholder Return measured over the performance period.

Directors' remuneration report continued

Non-Executive Directors' remuneration policy

The remuneration policy for the Non-Executive Directors is to pay fees necessary to attract an individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role.

Details are set out in the table below:

Approach to setting fees	Basis of fee	Other items
The fees of the Non-Executive Directors are agreed by the Chairman and Executive Directors. Fees are reviewed annually. Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director.	Fees may include a basic fee and additional fees for further responsibilities (for example Chairman of the Remuneration and Audit Committee). Fees are paid in cash.	Non-Executive Directors do not receive any benefits or pension contributions. Travel and other reasonable expenses incurred in the course of performing their duties are reimbursed.

Directors' Contracts and Letters of Appointment

The Company's policy on Executive Directors' service contracts is that, in line with the best practice provisions of the UK Corporate Governance Code, they are to be terminable by the company on six months' notice.

Executive Directors	Date of contract	Notice period
Charles Bligh	12 December 2018	6 months
Neil Ritchie	16 May 2019	6 Months

The Non-Executive Directors do not have service contracts but have letters of appointment.

Non-Executive Directors	Date of letter	Notice period
Martin Towers	10 August 2017	3 months
Sharon Baylay	12 August 2014	3 months
Susan Davy	12 December 2018	3 months
Jamie Hopkins	28 November 2019	3 months

Annual Report on Remuneration

Directors' Emoluments

The aggregate emoluments of the Directors of the Company during 2020 and 2019 were:

£'000	Salary & Fees	Bonus	Benefits	Pension Costs	Total 2020
Executive Directors					
Charles Bligh	420	–	17	43	480
Neil Ritchie	290	–	13	15	318
Non-Executive Directors					
Martin Towers	97	–	–	–	97
Sharon Baylay	56	–	–	–	56
James Wilde*	18	–	–	–	18
Susan Davy	50	–	–	–	50
Jamie Hopkins**	50	–	–	–	50
	981	–	30	58	1,069

* retired 21 May 2020
** appointed 2 January 2020

Directors' remuneration report continued

During the year both the Executive Directors and the Non-Executive Directors took a 20% salary cut whilst the impacts of COVID-19 were being assessed.

Using targets set in January 2020 and before the COVID-19 restrictions the achievement for the CEO/CFO against the profit target was zero and the achievement against the cash target was close to 100% therefore a bonus was due to the CEO/CFO for the year. Given the circumstances of the year and notwithstanding the exceptional circumstances shown by the whole leadership team, the Board and the Executive Directors have agreed that there will not be a CEO/CFO cash bonus for the year.

£'000	Salary & Fees	Bonus	Benefits	Pension Costs	Total 2019
Executive Directors					
Charles Bligh	344	231	13	34	622
Neil Ritchie	75	40	3	4	122
Non-Executive Directors					
Martin Towers	90	–	–	–	90
Sharon Baylay	55	–	–	–	55
James Wilde	45	–	–	–	45
Susan Davy	49	–	–	–	49
	658	271	16	38	983

Long Term Incentive plan (LTIP)

Awards were made in 2020 under the Long Term Incentive Plan to senior employees of the Company. The awards are calculated as a percentage of the participants' salaries and scaled according to seniority.

Share options were awarded as follows to Charles Bligh and Neil Ritchie on 3 June 2020 shown in the table below.

	Number of options awarded	Percentage of salary awarded	Date from which exercisable	Expiry date
Charles Bligh	145,917	125%	2 June 2023	2 June 2030
Neil Ritchie	80,000	100%	2 June 2023	2 June 2030

In 2019 share options were awarded as follows to Charles Bligh and Neil Ritchie on 21 March 2019 and 1 October 2019 respectively.

	Number of options awarded	Percentage of salary awarded	Date from which exercisable	Expiry date
Charles Bligh	253,840	175%	20 March 2022	20 March 2029
Neil Ritchie	110,295	150%	30 September 2022	30 September 2029

Legacy Share Plans

2010 share option scheme

The last grants under this scheme were made in 2018, the share options under the scheme have no performance conditions.

The closing price for Restore plc shares at 31 December 2020 was 415.0p. During the year the market price of the Company's ordinary shares ranged between 554.0p and 286.0p.

Directors' remuneration report continued

Directors' Interests in Shares

The beneficial interests of the Directors who were in office at 31 December 2020 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 5p each 2020	**Number of ordinary shares of 5p each 2019**
Charles Bligh	26,012	16, 802
Neil Ritchie	14,346	6,000
Martin Towers	15,000	15,000
Sharon Baylay	2,563	1,750
Susan Davy	–	–
Jamie Hopkins	7,406	–

As at 18 March 2021 there has been no change in any of the above holdings.

Jamie Hopkins
Chairman of the Remuneration Committee
18 March 2021

Directors' report

Directors' report

Restore plc is an AIM listed support services company focused on providing services to offices and workplaces in the public and private sectors. The Company is incorporated and primarily in the United Kingdom where the vast majority of trading occurs.

Restore plc has two divisions: Document Management and Relocation. As a Group we provide safe and secure services in:

- Document storage, cloud and media storage
- Document shredding
- Digital services, including specialist project scanning
- Commercial and workplace relocation; and
- Management of IT assets from full deployment until end of life Recycling or Re-Use.

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2020.

The Governance statement on pages 38 to 40 also forms part of this Directors' report.

Review of the Business

The Strategic report on pages 12 to 34 provides an operating and financial review of the business, the Group's trading for the year ended 31 December 2020, as well as risk management and an indication of future developments.

Result and Dividend

The Group has reported its Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. The Group's results for the year are set out in the Consolidated statement of comprehensive income on page 57.

The Directors do not recommend a final dividend for the year (2019: nil per share). An interim dividend of nil was paid during the year (2019: 2.4p). The Directors expect to resume dividend payments during 2021.

Directors

On 2 January 2020 Jamie Hopkins was appointed to the Board and as Chairman of the Remuneration Committee.

On 21 May 2020, James Wilde retired from the Board.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Executive

Charles Bligh
Neil Ritchie

Independent Non-Executive

Martin Towers (Chairman)
Sharon Baylay (Senior Independent Director)
James Wilde (retired 21 May 2020)
Susan Davy
Jamie Hopkins (appointed 2 January 2020)

The biographical details of the Directors are given on pages 36 and 37.

Directors' remuneration, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 43 to 47.

The Company maintains liability insurance for its Directors and Officers, the Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law. Indemnities in favour of the Directors have not been entered into during the year.

Share Capital and Substantial Shareholdings

Full details of the authorised and issued share capital of the Company are set out in note 25 to the financial statements.

At 16 March 2021, the latest practicable date prior to the approval of this document, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

Significant Shareholder	Percentage of issued share capital
Octopus Investments	11.3%
Invesco	11.3%
Franklin Resources	9.7%
Canaccord Genuity Group Inc	7.4%
Polar Capital	4.5%
Charles Stanley Group	3.9%
Slater Investment	3.9%
M&G	3.1%
Janus Henderson Group plc	3.1%

Property Values

The Directors are aware that a significant difference may exist between market and book values, as shown in the Consolidated statement of financial position at 31 December 2020, for the Group's freehold properties, some of which have a market value in excess of the book value recorded.

Directors' report continued

Employee Involvement process

The Directors believe that the involvement of employees is an important part of the business culture. Employees are its most important asset and contribute to the successes achieved to date (view our Environment Social and Governance Strategy on pages 27 to 34).

Equal Opportunities

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that each employee is able to perform to the best of their ability. The Group will not make assumptions about a person's ability to carry out their work, for example on their ethnic origin, gender, sexual orientation, marital status, religion or beliefs, age or disability.

Disabled Employees

In the event of an employee becoming disabled, every effort is made to retain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Environmental Policy

Maintaining and improving the quality of the environment in which we live is an important concern for the Group, our staff, customers, suppliers, sub-contractors and communities. We have adopted high standards of environmental practices and aim to minimise our impact on the environment wherever this is practical. In particular, we comply with, and endeavour to exceed the requirements of all laws and regulations relating to the environment. For further details see our Environment Social and Governance Strategy on pages 27 to 34.

Refer to page 30 for our reporting in respect of emissions and energy use.

Health and Safety

The Group recognises the importance of maintaining high standards of health and safety for everyone working within our business and also for anyone who may be affected by our business. Further details on health and safety are given on page 32.

Political and Charitable Donations

Donations of £9,000 were made by the Group for charitable purposes during the year (2019: £8,000). The Group does not make political donations. Further details on our charitable initiatives are given on page 32.

Financial Risk Management

Information in respect of the financial risk management objectives and policies of the Group, is contained in note 3.

Related party transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed in note 35 to the financial statements.

Modern Slavery Act

Our Anti-slavery policy, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website www.restoreplc.com.

Post Balance Sheet Events and Future Developments

Details of post balance sheet events are given in note 36 of the financial statements. The Board intends to continue to pursue its business strategy as outlined in the Strategic report on pages 12 to 34.

Annual General Meeting

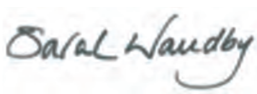
The notice of the Annual General Meeting to be held on 27 May 2021 is set out on pages 106 to 110.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operation for a period of at least 12 months from the approval of these consolidated financial statements and that it is appropriate to prepare financial statements on the going concern basis. Further details are given in note 2 to the financial statements on page 61.

Approval

This Directors' report was approved by order of the Board on 18 March 2021.



Sarah Waudby
Company Secretary

18 March 2021

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors' report to the members of Restore plc

Report on the audit of the financial statements

Opinion

In our opinion, Restore plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 December 2020; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the group financial statements, the group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

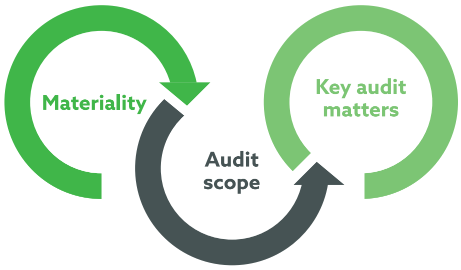
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Audit scope

- We performed full scope audits at the parent company (comprising Restore Records Management and head office), Restore Datashred, and Restore Harrow Green.
- Our full scope audits account for 82% of group revenue and 77% of profit before tax and exceptional items.
- We completed an analytical review of Restore Digital and Restore Technology.

Key audit matters

- Impairment of intangible assets and goodwill (group and parent)
- Impact of COVID-19 (group and parent)

Materiality

- Overall group materiality: £1,150,000 based on 5% of three-year average of profit before tax, adjusted for exceptional items.
- Overall company materiality: £870,000 based on 5% of three-year average of profit before tax, adjusted for exceptional items.
- Performance materiality: £862,500 (group) and £652,500 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to General Data Protection Regulation (GDPR), UK Tax Legislation, breaches of Employment Law and Health and Safety Executive Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that

Independent auditors' report continued

have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions of compliance with the Group Head of Risk, Chief People Officer, Divisional management teams, the Group management team and external tax advisors including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Inspection of external press releases, legal correspondence and whistle-blowing reports.
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates, in particular in relation to impairment of intangible assets and goodwill (see related key audit matters below).
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement and unusual words.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impact of COVID-19 is a new key audit matter this year since it has brought increased estimation uncertainty to key areas of the financial statements. Adoption of IFRS 16 "Leases", which was a key audit matter last year, is no longer included because of management's consistent application of the accounting standard subsequent to the initial adoption and because no new significant management judgments have been taken this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets and goodwill (group and parent)	
As at 31 December 2020, the net book value of intangible assets and goodwill held by both the group and parent company is significant, £247.4m and £172.9m respectively. Goodwill is subject to an annual impairment test and impairment tests for intangible assets are also required if there are any indications of an impairment trigger. Management prepared a discounted cash flow model at a cash generating unit ('CGU') level in order to support the carrying value of intangibles and goodwill. We determined there to be a significant audit risk that the carrying value of goodwill and intangible assets may not be supportable when compared to its recoverable amount given deterioration in trading conditions during the financial year due in particular to COVID-19 and with a £7m impairment recognised at half-year by management for the Datashred CGU. We determined impairment to be a key audit matter because of the complexity, estimates and judgement involved in management's assessment. Refer to Note 13 and Note 37 of the financial statements ('Intangible assets').	We applied particular focus to the Datashred CGU given the impairment booked at half-year and the Datashred CGU being most impacted by COVID-19. In evaluating management's annual impairment assessment for goodwill, we performed the following procedures: - We assessed the allocation of goodwill and acquired intangibles to CGUs; - We evaluated the allocation of assets to the CGUs and assessed whether this was a reasonable basis for allocation; - We obtained the Board-approved 2021 budget and 2022-2024 Strategic Plan which formed the basis of the model used in management's impairment calculation. We considered whether data used in the impairment model was consistent with the Board-approved cash flows; - We challenged management forecasts and compared future cash flow expectations to historic levels as part of our assessment as to whether the planned performance was considered achievable, particularly for Datashred;

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets and goodwill (group and parent) (continued)	
	○ We reviewed key assumptions used by management (revenue growth, EBITA, discount rate, and long term growth rate) and sensitised these to determine whether there were any reasonably possible changes in these assumptions that would lead to an impairment; ○ Where possible, we corroborated key assumptions through to contracts and third party data sources such as external market data available; ○ We assessed the appropriateness of the discount rate and long term growth rate applied using the support of our internal valuation experts; ○ We ensured that the key sensitivity was appropriately disclosed in accordance with IAS 36, 'Impairment of assets'. Based on our work, we have concluded that management's assessment is supportable and related disclosures are appropriate.
Impact of COVID-19 (group and parent)	
The Group has been comparatively resilient through the COVID-19 pandemic as most of the Group's divisions have a high proportion of recurring, secured revenue. The revenue streams most impacted were those that require access to customer premises or provision of assets to the plants for processing, with activity driven levels in Datashred particularly affected. The key areas COVID-19 has had the most impact are: i) The Group has intangible assets and goodwill held by both the group and parent of £247.4m and £172.9m respectively as at 31 December 2020. Given the impact of the pandemic on the Group's trading results to date, there is heightened risk of impairment, in particular to the Datashred CGU. ii) The risk of ongoing restrictions and changes to customer operations has been considered in the going concern assessment with a severe but plausible downside model being considered alongside the base case to assess whether there is any heightened risk in relation to liquidity and covenant compliance. iii) The group took advantage of the HMRC Coronavirus Job Retention Scheme ('CJRS'), claiming compensation in respect of UK employee wages over the period from March to December 2020. This has been disclosed in Note 32 in accordance with IAS 20, 'Accounting for government grants and disclosure of government assistance'. The Group also moved to remote working to comply with government guidelines and adapt their ways of working leading to potential risks around operation of controls and remote accessing of IT systems.	In response to the these risks we performed the following procedures: i) Refer to our Key Audit Matter above for procedures over impairment of goodwill and intangible assets; ii) With respect to management's going concern analysis, we evaluated management's base case and downside scenario, challenging key assumptions together with assessing the Group's available facilities, compliance with banking covenants and the reasonableness of management's planned mitigating actions. Our conclusions in respect of going concern are set out separately in this report. iii) We tested a sample of HMRC claims and associated cash receipts in respect of the CJRS income recorded. We assessed management's accounting treatment and disclosures to confirm they were in line with the standards. We undertake a substantive audit and therefore do not place reliance on controls. However, recognising the risk that the general control environment may have been impacted as a result of the pandemic we discussed with management including IT management to understand how the business had adapted; management did not identify any deterioration in the operation of key controls. We did not identify any significant control observations as a result of our substantive audit. We conducted our year end work remotely but we did not encounter any difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions. We considered the appropriateness of management disclosures in the financial statements in respect of the impact of the current environment and the increased uncertainty around certain accounting estimates outlined above and consider these to be appropriate.

Independent auditors' report continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group operates in the United Kingdom through two divisions which comprise five business units: Restore Records Management, Restore Datashred and Restore Digital (within the Document Management division), and Restore Harrow Green and Restore Technology (within the Relocation division). There is also a central head office function. There were considered to be three financially significant operating units which required a full scope audit being the parent company (comprising Restore Records Management and head office), Restore Datashred, and Restore Harrow Green. The remaining operating units were not individually financially significant enough to require a full scope audit but were subject to review procedures by the group engagement team. The group team performed procedures on exceptional items.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£1,150,000.	£870,000.
How we determined it	5% of three-year average of profit before tax, adjusted for exceptional items	5% of three-year average of profit before tax, adjusted for exceptional items
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax adjusted for exceptional items is the primary measure used by the shareholders in assessing the performance of the Group. A three-year average measure has been used given the significant and one-off impact of COVID-19 on the Group's financial performance during the year. In the prior year, profit before tax and exceptional items for the year was used as our benchmark, resulting in overall materiality of £1,500,000.	Based on the benchmarks used in the annual report, profit before tax adjusted for exceptional items is the primary measure used by the shareholders in assessing the performance of the Parent. A three-year average measure has been used given the significant and one-off impact of COVID-19 on the Company's financial performance during the year. In the prior year, profit before tax and exceptional items for the year was used as our benchmark, resulting in overall materiality of £1,200,000.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £335,000 and £800,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £862,500 for the group financial statements and £652,500 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £57,500 (group audit) and £43,500 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Management has prepared a going concern paper, alongside detailed calculations supporting their assessment of future cash flows, available funding sources and covenant compliance. Management have highlighted why they are comfortable that the Group remains a going concern for the period of at least one year from the signing of the financial statements. We have understood, evaluated and challenged the key assumptions made by management in their paper and are satisfied with rationale used in these forecasts;
- We have agreed the underlying cash flow projections to management forecasts;
- We have tested the mathematical accuracy for the forecast models;
- We have considered the basis for the forecasts by reference to historical performance of the Group and assessing a severe but plausible downside scenario of how COVID-19 may continue to impact the business and the recovery during FY21;
- We have evaluated key assumptions regarding the growth projections for FY21 and FY22 across all business units;
- We have reviewed the terms of the financing agreements and forecasts used in the compliance testing of the covenants for FY21 and January- June FY22 and tested the calculation of the covenant ratios based on the forecast results and cash flows;
- We have considered availability of extra financing through both Debt and Equity;
- We have assessed the impact of the mitigating factors available to management to reduce cash outflows and increase cash availability such as reduced capex spend, selling of contracts/ freehold sites and debt factoring;
- We have assessed the appropriateness of the related disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Independent auditors' report continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 March 2021

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	4	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	13	(8.3)	(8.1)
Impairment of intangible assets	13	(7.0)	–
Impairment of investment	16	(1.6)	–
Exceptional items	6	(2.3)	(2.7)
Operating profit	7	12.5	34.4
Finance costs	8	(8.5)	(9.6)
Profit before tax		4.0	24.8
Taxation	9	(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	5	–	(0.2)
Profit attributable to owners of the parent		0.2	16.7
Earnings/(loss) per share attributable to owners of the parent (pence)	10		
Total – basic		0.2p	13.4p
Total – diluted		0.2p	12.9p
Continuing operations – basic		0.2p	13.6p
Continuing operations – diluted		0.2p	13.1p
Discontinued operations – basic		–	(0.2p)
Discontinued operations – diluted		–	(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	13	8.3	8.1
Impairment of intangible assets	13	7.0	–
Impairment of investment	16	1.6	–
Exceptional items	6	2.3	2.7
Adjustments	10	19.2	10.8
Adjusted operating profit		31.7	45.2
Depreciation of property, plant and equipment and right of use assets	7	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

Company registered no. 05169780	Note	**31 December 2020 £'m**	31 December 2019 £'m
ASSETS			
Non-current assets			
Intangible assets	13	247.4	257.5
Property, plant and equipment	14	70.6	71.8
Right of use assets	15	107.1	115.1
Investments	16	–	1.6
Deferred tax asset	23	3.4	3.8
		428.5	449.8
Current assets			
Inventories	17	0.9	1.4
Trade and other receivables	18	41.2	47.9
Corporation tax receivable		0.3	–
Cash and cash equivalents	20	26.4	17.0
		68.8	66.3
Total assets		497.3	516.1
LIABILITIES			
Current liabilities			
Trade and other payables	19	(38.8)	(35.5)
Financial liabilities – borrowings	20	–	(0.4)
Financial liabilities – lease liabilities	21	(16.7)	(16.5)
Current tax liabilities		–	(3.9)
Provisions	24	(0.4)	(0.1)
		(55.9)	(56.4)
Non-current liabilities			
Financial liabilities – borrowings	20	(92.5)	(105.1)
Financial liabilities – lease liabilities	21	(104.0)	(111.0)
Deferred tax liabilities	23	(19.8)	(18.4)
Provisions	24	(6.5)	(6.7)
		(222.8)	(241.2)
Total liabilities		(278.7)	(297.6)
Net assets		218.6	218.5
EQUITY			
Share capital	25	6.3	6.2
Share premium account	26	150.3	150.3
Other reserves	27	6.0	6.1
Retained earnings	28	56.0	55.9
Equity attributable to the owners of the parent		218.6	218.5

These financial statements on pages 57 to 105 were approved by the Board of Directors and authorised for issue on 18 March 2021 and were signed on its behalf by:

Charles Bligh
Chief Executive Officer

Neil Ritchie
Chief Financial Officer

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 (note 27)	–	–	(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	29	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	12	(3.4)	(2.2)
Purchase of trade and assets	12	(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	20	26.4	17.0
Bank overdraft	20	–	(0.4)
		26.4	16.6

Notes to the Group financial statements

For the year ended 31 December 2020

1. General Information

Restore plc and its subsidiaries specifically focus on providing services to offices and workplaces in the public and private sectors and has two divisions: Document Management and Relocation. The Group primarily operates in the UK. The Company is a public limited company limited by shares incorporated and domiciled in England, the United Kingdom. The address of its registered office is The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey, RH1 5DY, England.

The Company is listed on the AIM.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 18 March 2021.

2. Significant Accounting Policies

Basis of Preparation

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 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with International Accounting Standards in conformity with the requirements of the Companies Act, the consolidated financial statements also comply with International Financial Reporting Standards adopted pursuant to Regulation EC No 1602/2002 as it applies in the European Union.

The 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.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report on pages 12 to 34.

The Group meets its day-to-day working capital requirements through its financing facilities which are due to expire on 26 March 2023. Details of the Group's borrowing facilities are given in note 22 of the financial statements.

The Group's budget for 2021 and forecasts for 2022, show that the Group should be able to operate within the level of its current facility.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the approval date of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In making this assessment, the Directors have considered the financing arrangements available to the Group and the Group's cashflow forecasts, taking into account reasonably possible downside trading scenarios, including the impact of COVID-19 on the business.

Basis of Consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Contingent Consideration

Contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity.

Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Notes to the Group financial statements continued

In the opinion of the Directors, the chief operating decision maker is the Board of Restore plc and there are two segments, Document Management and Relocation, whose reports are reviewed by the Board in order to allocate resources and assess performance. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

Revenue Pricing

The revenue is measured at the transaction price agreed under contract and the consideration is due on full delivery of services to the client in line with the agreed timeframe.

Revenue Recognition

Revenue is recognised in accordance with IFRS15. Revenue for services is recognised in the Consolidated income statement on the delivery of those services based upon the proportion of the total delivered at the year end date. It is recognised at the fair value of consideration received or receivable net of discounts, VAT, returns, rebates and after eliminating intra-group sales.

Sale of services – Document Management

Revenue from records management represents amounts billed or due for the storage and retrieval of customers' files and boxes. Revenue is recognised on retrieval of documents or time-apportioned for the period for which the documents are stored.

The Group provides all round secure document destruction and recycling processes, including the rental and servicing of office recycling units as well as larger secure waste containers providing a confidential waste destruction process. Revenue is recognised on a time-apportioned basis in respect of rental and when destruction is complete. For the sale of paper products, revenue is recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer.

The Group sells scanning and IT services which are provided on a time basis or as a fixed price contract with contract terms ranging up to three years. Revenue is recognised based upon the value of work completed, or on a contractual basis, either as a fixed proportion of managed costs or other fee mechanism, in which case revenue is recognised once those contractual conditions have been satisfied, either based on managed costs incurred, on a time basis, or other appropriate contractual measurement.

Sale of services – Relocation

Revenue represents amounts in respect of relocation, furniture storage, asset disposal and recycling. Revenue is recognised over the service period and is based upon the value of the work completed for removals, storage revenue is recognised on a per day basis for the furniture stored on behalf of its customers and when a disposal is complete.

Sale of goods

Revenue from the sale of goods is recognised when control of the goods has been transferred to the customer, the amount of revenue can be measured reliably and the recovery of the consideration is probable.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Exceptional Items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains or losses on disposal of investments and subsidiaries, redundancy, integration and other restructuring costs, acquisition costs relating to business combinations, and national insurance costs on the legacy exercise of share options.

Profit Measures

Due to the one-off nature of exceptional items and the non-cash element of certain charges, the Directors believe that an adjusted measure of operating profit, EBITDA, profit before tax and earnings per share provide shareholders with a more appropriate representation of the underlying earnings of the Group. The items adjusted for in arriving at these are amortisation of intangible assets, impairment charges, exceptional items and a standard tax charge.

Government grants

Government grants are recognised in the Consolidated Statement of Comprehensive Income so as to match with the related expenses that they are intended to compensate. They are recorded as an offset to the relevant expense and are capped to match the relevant cost incurred.

Intangible Assets

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Group financial statements continued

Other intangible assets

Other intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured.

Customer relationships

Acquired customer relationships are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually and management believes that a 5–10% customer attrition rate is appropriate giving the life of customer relationships as ten to twenty years, depending upon the nature of the customer contract. All customer relationships are being amortised on a straight-line basis. The customer lists are considered annually to ensure that this classification is still appropriate.

Trade names

Acquired trade names are identified as a separate intangible asset. Trade names are being written off on a straight-line basis over ten years. The life of the trade name is assessed annually.

Application software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (expected to be up to five years). Residual values and useful lives are reviewed each year.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis on all property, plant and equipment, except freehold land. The useful economic lives of the Group's different asset classes are set out below:

	Basis
Freehold and long leasehold buildings	2–5% per annum
Long leasehold land	over the remaining life of the lease
Leasehold improvements	over the life of the lease
Plant and machinery	5–50% per annum
Racking	5% per annum
Office equipment, fixtures and fittings	10–40% per annum
Motor vehicles	20–25% per annum

Leased Assets

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments (less any lease incentives receivable) and variable lease payment that are based on an index or a rate. The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined interest rate structures based on the lessee's incremental borrowing rate have been used, to reflect the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Group have applied the practical expedient as permitted by IFRS16 to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. To determine the incremental borrowing rate, the Group starts with a risk-free interest rate which factors in Group specific credit risk, and makes adjustments specific to the lease, for example based on the type of asset being leased and the lease term.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and low-value assets comprise IT-equipment and small items of office furniture.

Notes to the Group financial statements continued

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Investments

Investments are carried at cost. An impairment test is performed on the carrying value of the investment when there is an impairment trigger. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, when there is objective evidence for impairment including significant or prolonged decline in fair value below cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which inventories can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective inventories.

Trade and Other Receivables

Trade receivables, classified as loans and receivables in accordance with IFRS 9 'Financial Instruments', are recorded initially at fair value and subsequently measured at amortised cost. A provision for impairment is established when the Company considers that there is a significant increase in credit risk, in line with the expected credit loss ('ECL) model. The movement in the provision is recognised in profit or loss.

Any other receivables are recognised at their initial fair value less the value of the impairment calculated.

Customer Incentives

Incentives provided to new customers are in the form of either costs borne on behalf of new customers or the provision of services free of charge. Such incentives are recognised as an asset at amortised cost at the point when the contract is signed and the costs are incurred, or when the service is provided and are amortised in the income statement over the period of the contract.

Cash and Cash Equivalents

Cash and cash equivalents as defined for the Consolidated statement of cash flows comprise cash in hand, cash held at bank with immediate access, overdrafts, other short-term investments and bank deposits with maturities of three months or less from the date of inception.

Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If this condition is no longer met and the assets and disposal groups are held for continuing use they are transferred out of assets held for sale in the current year. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets and disposal groups classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are measured to the latest estimate of fair value less costs to sell. As a result of this measurement any impairment is recognised by charging to profit or loss.

Trade Payables

Trade payables, classified as other liabilities in accordance with IFRS 9, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other payables are stated at amortised cost.

Borrowings

Borrowings are classified as other liabilities in accordance with IFRS 9 and are recorded at the fair value of the consideration received, net of direct transaction costs. Finance charges are accounted for in profit or loss over the term of the instrument using the effective interest rate method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profits nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised

Notes to the Group financial statements continued

based upon tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also dealt with in other comprehensive income and equity.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

Equity Instruments

Equity instruments issued by the Company are recorded at fair value net of transaction costs.

Share-Based Payments

The Group has applied the requirements of IFRS 2 Share-based payments.

The Group issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of a stochastic pricing model. Where employees' contracts are terminated the options are treated as having been forfeited and accordingly previous charges are credited back to profit or loss if the option has not yet vested or retained earnings if the option has vested.

The Group has the ability to net-settle share options such that only shares equating to the gain over the option price are issued directly to the option holder. This has the benefit of reducing the number of shares that must be issued in connection with an option exercise thereby reducing shareholder dilution.

The Group recognise an accrual in respect of National Insurance payable on the exercise of all share options. The liability recognised depends on the number of options that are expected to be exercised, and the liability is adjusted by reference to the fair value of the options at the end of each reporting period.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to profit or loss as incurred.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument. The Group uses derivative financial instruments when considered appropriate such as interest rate caps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Exceptional items

Management is required to exercise judgement in identifying items of expenditure or income which are one-off and non-recurring in nature, and which are presented as exceptional items within the financial statements. Principally included within exceptional items, and as disclosed in note 6, are costs in respect of restructuring and reorganisation incurred by the Group during the year. These items warrant separate additional disclosure within the financial statements in order to fully understand the underlying performance of the Group.

Determination of lease term (IFRS16)

In determining the lease term used to calculate the present value of future lease payments as required by IFRS16, management exercise judgement in considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of separable intangibles on acquisition

The Group has made two acquisitions during the year. The key estimate that has been made is in respect of the valuation of customer relationships.

When valuing the intangibles acquired in a business combination, management estimate the expected future cash flows from the asset and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on

Notes to the Group financial statements continued

acquisitions made in the year related to customer relationships and were valued at £2.2m (2019: £1.9m) as detailed further in note 13.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate and long-term growth rate in order to calculate the present value of those cash flows. Further details are given in note 13.

Incremental borrowing rate (IFRS16)

The Group have applied the practical expedient as permitted by IFRS16 to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. To determine the incremental borrowing rate, the Group starts with a risk-free interest rate which factors in Group specific credit risk, and makes adjustments specific to the lease.

Adoption of New and Revised Standards

The Group has applied the following new standards and amendments to standards which were effective for the first time during the financial year: Definition of Material – Amendments to IAS 1 and IAS 8; Definition of a Business – Amendments to IFRS 3; Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39; and Revised Conceptual Framework for Financial Reporting.

New standards and interpretations not yet adopted

As at 31 December 2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020: Covid-19-related Rent Concessions – Amendments to IFRS 16; Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 7, IFRS 4 and IFRS 16; Classification of Liabilities as Current or Non-current – Amendments to IAS 1; Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16; Reference to the Conceptual Framework – Amendments to IFRS 3; Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; Annual Improvements to IFRS Standards 2018-2022; and Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

These new standards and interpretations are not expected to have a material effect on the Group financial statements.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group may use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out centrally under policies approved by the Board of Directors. The Group evaluates and hedges financial risks. The Board provides written principles for overall risk management.

Market risk

Foreign exchange risk

The Group operates primarily in the UK and has limited exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rates were denominated in pounds sterling. The Group analyses its interest rate exposure using financial modelling. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate swaps when considered appropriate. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates at a certain level. Interest rate swaps are an agreement with other parties at quarterly intervals, to exchange the difference between fixed and floating rate calculated by reference to the notional principal amount. The Group does not currently hold any interest rate swaps.

Credit risk

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new customers before standard payment, delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. The maximum exposure is the carrying amount.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Notes to the Group financial statements continued

Liquidity risk

The Group monitors its risk to a shortage of funds using a forecasting model. This model considers the maturity of both its financial assets and financial liabilities and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance in order to ensure that there is sufficient cash or working capital facilities to meet the requirements of the Group for its current business plan. A detailed analysis of the Group's debt facilities is given in note 22.

Capital risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis. The Group considers its capital to include share capital, share premium, other reserves, retained earnings and net debt as noted below. Net debt includes short and long-term borrowings (including overdrafts) net of cash and cash equivalents.

The Group's strategy is to strengthen its capital base in order to sustain the future development of the business.

Debt to Capital Ratio	2020 £'m	2019 £'m
Borrowings	92.5	105.5
Less: cash and cash equivalents (note 20)	(26.4)	(17.0)
Net debt	66.1	88.5
Total equity	218.6	218.5
Debt to capital ratio	0.3	0.4

On a consistent accounting policy basis, the gearing reduced during 2020 compared to that in 2019 as a result of the strong cash generation in the year. The Group does not have any externally imposed capital requirements.

Fair value estimation

The fair value of financial instruments is market value.

4. 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 Strategic 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

Notes to the Group financial statements continued

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

Profit before tax	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 investments	(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

5. Discontinued operations

There were no discontinued operations in 2020. The 2019 discontinued operations relate to the Group's sale of ITP Group Holdings Limited, a printer cartridge recycling business, on 25 February 2019, in exchange for a 40% stake in Ink and Toner Recycling Limited, also a printer cartridge recycling company, and resulted in a loss on disposal of £0.2m.

Notes to the Group financial statements continued

6. 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 through 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 redundancy 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).

7. Operating Profit

	2020 £'m	2019 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets	8.3	8.1
Depreciation of property, plant and equipment and right-of-use assets	25.7	24.8
Impairment of intangible assets	7.0	–
Impairment of investment	1.6	–
Gain on disposal of property, plant and equipment and right-of-use assets	(0.1)	–
Share-based payments charge (including related NI)	1.0	3.8
Fees payable to the company's auditors:		
– Audit of the parent company and consolidated financial statements	0.2	0.2
– Audit of the company's subsidiaries pursuant to legislation	0.1	0.1
Expenses by function:		
Staff costs (note 32)	62.6	73.1
Depreciation of property, plant and equipment and right-of-use assets	25.7	24.8
Gain on disposal of property, plant and equipment and right-of-use assets	(0.1)	–
Property related costs (excluding rent)	11.5	8.5
Materials costs	10.5	11.0
Subcontractor costs	12.3	20.6
Selling and distribution expenses	11.4	6.5
Transport costs	6.1	13.5
Computer costs	5.1	4.8
Audit and tax costs	0.4	0.3
Legal and professional costs	3.3	3.2
Telecommunication costs	0.7	0.7
Exceptional items	2.3	2.7
Other expenses	1.5	3.4
Total cost of sales and administrative expenses	153.3	173.1
Amortisation and impairment of intangible assets and investment	16.9	8.1
Total operating costs	170.2	181.2

Notes to the Group financial statements continued

8. Finance 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

9. 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: (note 23)		
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% (2019: 19%)	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.

Notes to the Group financial statements continued

10. 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 investments	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% (£'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

11. 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).

Notes to the Group financial statements continued

12. 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.

Notes to the Group financial statements continued

13. 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.

Notes to the Group financial statements continued

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2019	163.4
Acquired – Secure IT Asset Disposals	0.7
31 December 2019	164.1
Acquired – Euro-Recycling	1.7
31 December 2020	165.8
Accumulated impairment	
1 January 2019 and 31 December 2019	10.6
Impairment	7.0
31 December 2020	17.6
Carrying amount at 31 December 2020	148.2
Carrying amount at 31 December 2019	153.5

Goodwill has been allocated to the Group's operating segments or divisions as follows:

	2020 £'m	2019 £'m
Document Management	139.4	146.4
Relocation	8.8	7.1
	148.2	153.5

Annual test for impairment

Under IAS 36, Goodwill is tested annually for impairment, irrespective of there being any impairment indicators. For the purpose of impairment testing, goodwill and other intangibles are allocated to business units which represent the lowest level at which that those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit ('GCU') is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the Directors.

While Goodwill is to be assessed for impairment at least annually, given the material effect of COVID-19 on the economy, an impairment assessment was also conducted at the half-year. At the half-year, the Group's revenue projections within the model were reduced with a prudent baseline view taken which resulted in a non-cash impairment of £7.0m being charged to the income statement in relation to historic acquisitions in the Datashred business.

At the year-end, another impairment review was conducted including downside scenario modelling, which indicated that no further impairment was required to the Datashred business. This model also indicated no impairment to any of the Group's other CGU's. The year-end model utilises forecasts based upon the Group's budget for FY21 and the Group's Strategy Plan for FY22, FY23 and FY24. Over the 4 year forecast, the CGUs have compound average growth rates for revenue ranging from 5%-17%, with pre IFRS16 EBITDA average margin varying between 12%-41%. Terminal cash flows are based on the Group's 4 year projections, assumed to grow perpetually at 2%. In accordance with IAS 36, the growth rates for beyond the initially forecast years do not exceed the long-term average growth rate for the industry. The forecasts have been discounted at a pre-tax rate of 8.8% (2019: 7.6%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

Sensitivity

Other than the Datashred CGU, the Group have not identified any reasonably possible changes that would result in an impairment. For Datashred, as an impairment was recognised in the year, we have considered what would cause an additional impairment. An additional impairment would result if the Datashred business was to not return to pre-COVID-19 levels of trading by FY24, which is considered unlikely.

Notes to the Group financial statements continued

14. Property, Plant and Equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2019	30.0	15.8	39.1	4.5	3.4	92.8
Additions	0.3	4.9	2.1	0.6	–	7.9
Disposals	–	–	–	(0.1)	(0.1)	(0.2)
Acquisitions	–	–	0.1	–	0.2	0.3
Transfer from assets held for sale	–	–	–	0.2	–	0.2
31 December 2019	30.3	20.7	41.3	5.2	3.5	101.0
Additions	0.2	2.1	2.9	0.8	–	6.0
Disposals	–	(0.3)	(1.9)	(0.1)	(1.9)	(4.2)
Acquisitions	–	–	0.3	–	0.1	0.4
31 December 2020	30.5	22.5	42.6	5.9	1.7	103.2
Accumulated depreciation						
1 January 2019	1.6	3.5	12.7	2.2	1.7	21.7
Charge for the year	0.6	1.5	3.9	1.0	0.7	7.7
Disposals	–	–	–	(0.2)	(0.1)	(0.3)
Transferred to assets held for sale	–	–	–	0.1	–	0.1
31 December 2019	2.2	5.0	16.6	3.1	2.3	29.2
Charge for the year	0.6	1.6	3.9	0.9	0.6	7.6
Disposals	–	(0.3)	(1.9)	(0.1)	(1.9)	(4.2)
31 December 2020	2.8	6.3	18.6	3.9	1.0	32.6
Net book value						
31 December 2020	27.7	16.2	24.0	2.0	0.7	70.6
31 December 2019	28.1	15.7	24.7	2.1	1.2	71.8

Capital expenditure contracted for but not provided in the financial statements is shown in note 33.

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

Notes to the Group financial statements continued

15. Right of use assets

	Leasehold Property £'m	Office equipment, fixtures and fittings £'m	Motor Vehicles £'m	Total £'m
Cost				
1 January 2019	110.2	0.7	9.4	120.3
Additions	6.3	0.1	5.6	12.0
Disposals	(0.1)	–	–	(0.1)
31 December 2019	116.4	0.8	15.0	132.2
Additions	6.8	0.5	3.3	10.6
Disposals	(6.3)	(0.1)	(0.5)	(6.9)
31 December 2020	116.9	1.2	17.8	135.9
Accumulated depreciation				
1 January 2019	–	–	–	–
Depreciation charge for the year	13.3	0.6	3.2	17.1
31 December 2019	13.3	0.6	3.2	17.1
Charge for the year	13.5	0.5	4.1	18.1
Disposals	(5.8)	(0.1)	(0.5)	(6.4)
31 December 2020	21.0	1.0	6.8	28.8
Net book value				
31 December 2020	95.9	0.2	11.0	107.1
31 December 2019	103.1	0.2	11.8	115.1

16. Investments

	2020 £'m	2019 £'m
Investments	–	1.6

The Group holds a 40% investment in Ink and Toner Limited, a printer cartridge recycling business company. This shareholding is being held as an investment at historic cost, as due to the shareholder structure the Directors did not have the ability to exhibit significant influence over the operations of the business. This investment was fully impaired during 2020, as a result of an impairment review conducted at the half year.

17. Inventories

	2020 £'m	2019 £'m
Finished goods and goods for resale	0.9	1.4

£7.0m (2019: £5.5m) of inventories were recognised as an expense in cost of sales in the year.

Notes to the Group financial statements continued

18. Trade and Other Receivables

	2020 £'m	2019 £'m
Trade receivables	22.8	29.0
Less: provision for impairment of trade receivables	(0.3)	(0.4)
Trade receivables – net	22.5	28.6
Other receivables	0.6	0.7
Prepayments and accrued income	18.1	18.6
	41.2	47.9

The average credit period is 35 days (2019: 41 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance.

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2020 £'m	2019 £'m
1 January	0.4	1.8
Additional provision	0.2	–
Utilised	(0.1)	(1.0)
Released	(0.2)	(0.4)
31 December	0.3	0.4

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 22 for an analysis of trade receivables that were past due but not impaired.

Customer incentives are included within prepayments as follows:

	2020 £'m	2019 £'m
Incentives recognised – 31 December	3.5	4.9
Credit to income in the year	2.3	2.4

19. Trade and Other Payables

	2020 £'m	2019 £'m
Trade payables	12.5	14.4
Other taxation and social security	12.4	6.4
Other payables	–	0.1
Accruals and deferred income	13.9	14.6
	38.8	35.5

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 46 days (2019: 39 days).

Notes to the Group financial statements continued

20. 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. The interest rate profile and an analysis of borrowings is given in note 22. 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)

21. Financial Liabilities – lease liabilities

	2020 £'m	2019 £'m
Obligations under leases – present value of lease liabilities	120.7	127.5
Repayable by instalments:		
In less than one year	16.7	16.5
In two to five years	51.8	52.8
More than five years	52.2	58.2
	120.7	127.5

22. Financial Instruments

The Group's financial instruments comprise cash at bank, bank loans and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

	2020 £'m	2019 £'m
Cash at bank	26.4	17.0
Bank overdraft	–	(0.4)
Cash and cash equivalents	26.4	16.6

Notes to the Group financial statements continued

An expected credit loss ('ECL') model in accordance with IFRS 9 has been applied to the Group's trade receivables. The Group have utilised a simplified approach which is permitted by the standard, which applies a credit risk percentage based upon historical risk of default against receivables that are grouped into age brackets. The group's trade receivables share similar risk characteristics and therefore we have chosen to apply the same default percentage of 1.3% on all outstanding receivables. The Group has a low credit risk on its trade receivables and historic defaults.

We review our loans and receivables in line with the application of IFRS 9 and the expected credit loss ('ECL') model in accordance with our Group policy and this will continue on an ongoing basis.

As at 31 December 2020, trade receivables of £1.3m (2019: £1.4m) were past due but not impaired.

These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2020 £'m	2019 £'m
60–90 days	0.8	0.5
Greater than 90 days	0.5	0.9

The main financial risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flow forecasts are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and liabilities excluding cash and borrowings

	2020 £'m	2019 £'m
Loans and receivables	23.1	29.8
Financial liabilities measured at amortised cost	(147.1)	(147.6)

Trade and other receivables/payables are carried through comprehensive income where the carrying values are either fair value or approximate fair value.

Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at LIBOR plus a margin of between 1.79% and 2.51%, depending on the leverage covenant.

The interest rate risk profile of the Group's gross borrowings for the year was:

Currency	**Total £'m**	**Floating rate financial liabilities £'m**	**Weighted average interest rates %**
Sterling at 31 December 2020	92.5	92.5	2.3
Sterling at 31 December 2019	105.5	105.5	2.8

The exposure of Group borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2020 £'m	2019 £'m
6 months or less	92.5	105.5

Interest rate sensitivity

At 31 December 2020, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Group's profit before tax would be approximately £0.5m (2019: £0.6m) lower. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

The Group's sensitivity to future interest rates changes has reduced during the current year due to the increased reduced debt.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Notes to the Group financial statements continued

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities (including interest payments) other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	Other financial liabilities* £'m	2020 Total £'m
Within one year, or on demand	–	43.1	43.1
Between two and five years	92.5	51.8	144.3
More than five years	–	52.2	52.2
	92.5	147.1	239.6

* Other financial liabilities include trade payables, interest accruals, amounts owing under lease arrangements and contingent and deferred consideration.

Borrowing facilities

The Company has a finance facility with The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank which expires on 26 March 2023. The enlarged facilities consist of a single £160m RCF (which is partly reduced by an on demand net overdraft facility of £1.5m). In addition there is an uncommitted accordion facility (RCF) of £30.0m, and an overdraft of £1.5m. £1.5m of the overdraft facility was unutilised at 31 December 2020 (2019: £1.1m). Committed but undrawn borrowing facilities as at 31 December 2020 amounted to £65.5m (2019: £52.5m).

All of the Company's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Group's financial assets and liabilities bear floating interest rates and are relatively short-term in nature. In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

The Group does not currently hold any interest rate swaps to mitigate the risk of changing interest rates on the issued variable rate debt held due to the current interest rates incurred and forecasted market rates. This policy is reviewed on a regular basis by the Board.

23. Deferred Tax

Summary of balances

	2020 £'m	2019 £'m
Deferred tax liabilities	(19.8)	(18.4)
Deferred tax assets	3.4	3.8
Net position at 31 December	(16.4)	(14.6)

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2020 has been calculated at 19% (2019: 17%).

The recent change in the UK corporation tax rate to 25% in 2023 announced on 3 March 2021 has not been reflected in the calculation of deferred tax as the rate has not yet been substantively enacted.

The movement in the year in the Group's net deferred tax position is as follows:

	2020 £'m	2019 £'m
1 January	(14.6)	(15.1)
Charge to income statement for the year	(0.1)	(0.7)
Tax (charged)/credited directly to equity	(1.3)	1.4
Acquisitions	(0.4)	(0.2)
31 December	(16.4)	(14.6)

Notes to the Group financial statements continued

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	Intangible assets £'m	Properties £'m	Total £'m
1 January 2019	(1.0)	(15.7)	(0.9)	(17.6)
(Charge)/credit to income for the year	0.3	(0.9)	–	(0.6)
Acquisition	–	(0.2)	–	(0.2)
31 December 2019	(0.7)	(16.8)	(0.9)	(18.4)
Charge to income for the year	(0.1)	(0.8)	(0.1)	(1.0)
Acquisition	–	(0.4)	–	(0.4)
31 December 2020	(0.8)	(18.0)	(1.0)	(19.8)
Deferred tax liabilities are analysed as follows:				
Current	(0.3)	(0.8)	–	(1.1)
Non- current	(0.5)	(17.2)	(1.0)	(18.7)
Total	(0.8)	(18.0)	(1.0)	(19.8)

Deferred tax assets

	Share-based payments £'m	Losses £'m	Provisions £'m	Leases £'m	Total £'m
1 January 2019	1.2	0.3	1.0	–	2.5
Charge to income for the year	0.3	(0.3)	(0.1)	–	(0.1)
Credit/(charge) directly to equity	0.6	–	(0.9)	1.7	1.4
Transactions with owners	–	–	–	–	–
31 December 2019	2.1	–	–	1.7	3.8
Credit to income for the year	–	–	–	0.9	0.9
Charge directly to equity	(1.3)	–	–	–	(1.3)
31 December 2020	0.8	–	–	2.6	3.4
Deferred tax assets are analysed as follows:					
Current	0.5	–	–	0.9	1.4
Non- current	0.3	–	–	1.7	2.0
Total	0.8	–	–	2.6	3.4

24. Provisions

	Dilapidation provision £'m
1 January 2020	6.8
Additional provision	0.2
Utilised/released	(0.1)
31 December 2020	6.9

The dilapidation provision relates to the future anticipated costs to restore leased properties into their original state at the end of the lease term. This provision has been discounted at an average discount rate of 3.9%.

Notes to the Group financial statements continued

Provisions are analysed as follows:

	2020 £'m	2019 £'m
Current	0.4	0.1
Non-current	6.5	6.7
Total	6.9	6.8

In 2019, the dilapidation provision was included within lease liabilities. The disclosure has been amended to match the current year presentation in separating out the dilapidation provision from lease liabilities.

25. Called Up Share Capital

	2020 £'m	2019 £'m
Authorised:		
199,000,000 (2019: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
125,654,025 (2019: 124,419,734) ordinary shares of 5p each	6.3	6.2

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2019	123,940,899	
14 June 2019 – exercise of share options	386,357	5.0p
24 September 2019 – exercise of share options	20,768	5.0p
18 October 2019 – exercise of share options	16,377	5.0p
23 December 2019 – exercise of share options	55,333	5.0p
31 December 2019	124,419,734	
16 January 2020 – exercise of share options	478,000	5.0p
22 April 2020 – exercise of share options	42,142	5.0p
16 June 2020 – exercise of share options	33,077	5.0p
9 July 2020– exercise of share options	340,536	5.0p
19 August 2020 – exercise of share options	340,536	5.0p
31 December 2020	125,654,025	

The 1,234,291 (2019: 478,835) ordinary shares shown as issued above are as a result of the exercise of share options which were net-settled at the market price on the day of exercise (note 31).

26. Share Premium Account

	2020 £'m	2019 £'m
1 January and 31 December	150.3	150.3

The Company may use the reserve to reduce a deficit in the retained earnings of the Company from time to time subject to shareholders and court approval and the Company may release the reserve upon transferring to a blocked trust bank account a sum equal to the remaining amount outstanding to non-consenting creditors that existed at the date of the capital reduction.

Notes to the Group financial statements continued

27. Other Reserves

	Share-based payments reserve £'m	Treasury shares £'m	Total £'m
1 January 2019	3.8	–	3.8
Current tax on share-based payments	2.1	–	2.1
Deferred tax on share-based payments	0.3	–	0.3
Share-based payments charge	0.6	–	0.6
Transfers*	(0.7)	–	(0.7)
31 December 2019	6.1	–	6.1
Current tax on share-based payments charge	0.8	–	0.8
Deferred tax on share-based payments charge	(1.3)	–	(1.3)
Share-based payments charge	1.2	–	1.2
Purchase of treasury shares	–	(0.8)	(0.8)
31 December 2020	6.8	(0.8)	6.0

* In 2019 a net amount of £0.7m was reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options.

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments under the Group's equity compensation schemes.

The Group's Employee Benefit Trust ('EBT') was established on 15 January 2019. The Trustee of the EBT holds shares in the Company for future satisfaction of options to employees granted under the Group's Share Option Plans. These shares are accounted for as treasury shares.

28. Retained Earnings

	2020 £'m	2019 £'m
1 January	55.9	45.7
Profit for the year	0.2	16.7
Deferred tax credited directly to equity	–	0.8
Issue of shares	(0.1)	–
Dividends	–	(8.0)
Transfers*	–	0.7
31 December	56.0	55.9

* In 2019 a net amount of £0.7m was reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options.

Retained earnings are the balance of income retained by the Group. Retained earnings may be distributed to shareholders by a dividend payment.

Notes to the Group financial statements continued

29. 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

30. Pensions

The Group operates a number of defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to profit or loss of £1.8m (2019: £1.7m) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

31. Share-Based Payments

Savings Related Share Option Scheme (Sharesave)

The Group operates a Savings Related Share Option Scheme which is open to all employees with more than 6 months continuous service. This is an approved HMRC scheme and was established in 2018.

Under Sharesave, participants remaining in the Group's employment at the end of the three year savings period are entitled to use their savings to purchase shares in the Company at a stated exercise price.

Employees leaving for certain reasons are able to use their savings to purchase shares within six months of their leaving. No new options were granted during 2020 (2019: 668,439 granted).

Options were valued using a stochastic model. The fair value per option and the assumptions used in the calculation for the options issued in 2019 were as follows:

Grant date	2020	2019
Share price at grant date	–	339.0p
Exercise price	–	274.0p
Share options	–	668,439
Expected volatility	–	30%
Risk free rate	–	0.8%
Expected dividends expressed as a dividend yield	–	1.3%
Fair value per option	–	139.8p

The total fair value of options issued in 2019 was £0.9m. The volatility was measured by calculating the standard deviation of the natural logarithm of share price movements.

Notes to the Group financial statements continued

A reconciliation of share option movements over the two years to 31 December 2020 is:

	2020 Number	2020 Weighted average exercise price	2019 Number	2019 Weighted average exercise price
Outstanding at 1 January	781,703	306.0p	590,311	432.0p
Issued under Sharesave	–	–	668,439	274.0p
Lapsed	–	–	(17,492)	405.0p
Cancelled	(104,168)	327.0p	(459,555)	418.0p
Exercised from Sharesave	–	–	–	–
Outstanding at 31 December	677,535	302.7p	781,703	306.0p
Exercisable at 31 December	–	–	–	–

There were no options granted in 2020. The exercise price of the 2019 grant was 274.0p. The weighted average remaining contractual life of the options outstanding at 31 December 2020 was 1.2 years (2019: 2.2 years).

Long Term Incentive Plan (LTIP)

A new LTIP was established in 2018 and the first awards were made in 2019. Under the Long Term Incentive Plan, shares are conditionally awarded to senior employees of the Company. The awards are calculated as a percentage of the participants' salaries and scaled according to seniority.

Performance is measured at the end of the three year performance period. If the required performance conditions have been met, the awards vest and may be subject to a further holding period of up to two years.

	2020 Number	2019 Number
Outstanding at 1 January	691,184	–
Number of options over ordinary shares granted	615,556	691,184
Number of awards forfeited	(85,325)	–
Outstanding at 31 December	1,221,415	691,184
Exercisable at 31 December	–	–

The weighted average remaining contractual life of the LTIP awards is 8.9 years (2019: 9 years).

Volatility is a measure of the amount by which the underlying share price is expected to fluctuate during the life of the option.

Valuation details

The fair value of the options granted without market-based performance conditions is estimated using a Black-Scholes model taking into account the terms and conditions upon which the options were granted. The fair value of the options granted with market-based performance conditions are estimated using Monte Carlo model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the 2020 grants.

	Long-Term incentive plan	
2020 LTIP share awards	**Subject to ROIC**	**Subject to TSR**
Dividend Yield	0%	0%
Expected Volatility	28.83%	28.83%
Risk Free rate of return	0.69%	0.69%
Expected life of options (years)	3	3
Weighted Average share price	£3.66	£3.66
Fair value at date of grant	£3.75	£1.25
Exercise price	£nil	£nil
Model Used	Black Scholes	Monte Carlo

The volatility is based on the historical observed volatility from trading in the Company's shares over a period equal to the time to expiry for each option.

Notes to the Group financial statements continued

Legacy Share Schemes

Share option scheme

The Restore share option scheme was introduced in April 2010 and the last award under the scheme was made in December 2018. Under the scheme the Remuneration Committee could grant options over shares in the Company to Directors and employees of the Group.

Options were granted at a fixed price equal to the market price of the shares under option at the date of grant. The contractual life of the options is 10 years. Awards under the scheme were generally reserved for employees at senior management level and above.

Between 2010 and 2018 the Company made grants of options to senior management and Directors, on which there are no performance conditions and which are exercisable within 0–10 years.

A reconciliation of the share option movements over the two years to 31 December 2020 is:

	2020 Number	2020 Weighted Average Exercise price	2019 Number	2019 Weighted Average Exercise price
Outstanding at 1 January	3,625,072	234.6p	4,711,429	241.6p
Granted	–	–	–	–
Exercised	(371,000)	294.7p	(375,000)	151.0p
Lapsed	–	–	(325,000)	501.0p
Forfeited	(450,000)	506.7p	–	–
Exercised from EIP	(1,159,072)	–	(386,357)	–
Outstanding at 31 December	1,645,000	312.1p	3,625,072	234.6p
Exercisable at 31 December	1,095,000	240.2p	2,325,072	105.0p

The 371,000 options exercised as shown in the table above were net-settled at the market price on the day of exercise and resulted in 75,219 ordinary shares being issued (note 25), (2019: 375,000 options exercised, 92,478 ordinary shares issued).

The exercisable options outstanding at 31 December 2020 had an exercisable price of between 50.0p and 516.0p and a weighted average remaining contractual life of 3.8 years (2019: 6.5 year).

As the scheme is a legacy scheme no options were issued in the year (2019: nil). The volatility of the options previously issued was measured by calculating the standard deviation of the natural logarithm of share price movements.

Executive Incentive Plan (EIP)

On 26 November 2016, the performance conditions under the EIP were met and the performance units previously held by the Directors were converted into nil-cost options which were granted on 5 December 2016. During 2020, Charles Skinner exercised his remaining 1,159,072 nil cost options resulting in 1,159,072 ordinary shares being issued (note 25).

32. Directors and Employees

Staff costs during the year	2020 £'m	2019 £'m
Wages and salaries	53.9	61.5
Social security costs	5.9	6.1
Post employment benefits	1.8	1.7
Share-based payments charge (including related NI)	1.0	3.8
	62.6	73.1

Average monthly number of employees during the year	2020 Number	2019 Number
Directors	2	2
Management	114	114
Administration	386	391
Operatives	1,504	1,658
	2,006	2,165

Notes to the Group financial statements continued

During the year, the Group made use of the Coronavirus Job Retention Scheme (CJRS). The CJRS income received of £7.5m has been accounted for as a government grant in accordance with IAS 20, and has been deducted in reporting the related staff costs expense.

Total amounts for Directors' remuneration and other benefits	2020 £'m	2019 £'m
Emoluments for Directors' services	1.3	2.9
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits*	0.7	1.7

* £0.2m (2019: £nil) related to bonus payment in respect of the previous period.

Key management compensation	2020 £'m	2019 £'m
Short-term employment benefits	5.5	4.8
Social security costs	0.4	0.6
Post employment benefits	0.9	0.3
Other benefits	0.1	0.1
Share-based payments charge	1.0	3.8
Long-term incentives vesting*	–	1.5
	7.9	11.1

* £0.3m (2019: £0.3m) of employers national insurance has been categorised within exceptional items.

The key management of the Group are management attending divisional board meetings.

33. Capital Commitments

Capital expenditure	2020 £'m	2019 £'m
Contracted for but not provided in the financial statements	3.3	5.7

The capital commitments consist of £3.0m (2019: £4.9m) in respect of general plant and equipment and £0.3m (2019: £0.8m) in respect of land and buildings.

34. Contingent Liabilities

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £66.1m at 31 December 2020 (2019: £88.5m). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

35. Related Party Transactions and Controlling Party

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 32. No dividends were paid during 2020 (2019: £1,075, £320, £112 were paid to Charles Bligh, Martin Towers and Sharon Baylay respectively).

The Directors do not consider there to be a controlling party.

36. 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.

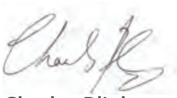
Company statement of financial position

At 31 December 2020

Company registered no. 05169780	Note	**2020 £'m**	2019 £'m
ASSETS			
Non-current assets			
Intangible assets	37	172.9	177.1
Property, plant and equipment	38	53.9	53.2
Right of use assets	39	73.8	80.8
Investments	40	89.0	98.0
Deferred tax asset	47	3.1	3.7
		392.7	412.8
Current assets			
Inventories	41	0.4	0.5
Trade and other receivables	42	31.2	30.8
Corporate tax receivable		0.3	0.3
Cash and cash equivalents	44	17.0	7.9
		48.9	39.5
Total assets		441.6	452.3
LIABILITIES			
Current liabilities			
Trade and other payables	43	(17.1)	(17.0)
Financial liabilities – borrowings	44	–	(0.4)
Financial liabilities – leases liabilities	45	(10.9)	(10.6)
Provisions	48	(0.3)	–
		(28.3)	(28.0)
Non-current liabilities			
Financial liabilities – borrowings	44	(92.5)	(105.1)
Financial liabilities – lease liabilities	45	(74.8)	(81.3)
Other long term liabilities	45	(16.7)	(41.8)
Deferred tax liability	47	(15.3)	(14.0)
Provisions	48	(5.5)	(5.7)
		(204.8)	(247.9)
Total liabilities		(233.1)	(275.9)
Net assets		208.5	176.4
EQUITY			
Share capital	49	6.3	6.2
Share premium account		150.3	150.3
Other reserves		5.4	5.5
Retained earnings		46.5	14.4
Equity attributable to the owners of the parent		208.5	176.4

The Company's profit for the financial year was £8.3m (2019: £15.2m).

These financial statements were approved by the Board of Directors and authorised for issue on 18 March 2021 and were signed on its behalf by:



Charles Bligh
Chief Executive Officer

Neil Ritchie
Chief Financial Officer

Company 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	3.7	4.9	165.1
Profit for the year	–	–	–	15.2	15.2
Total comprehensive income for the year	–	–	–	15.2	15.2
Transactions with owners					
Dividends	–	–	–	(8.0)	(8.0)
*Transfers	–	–	(0.7)	0.7	–
Share-based payments charge	–	–	1.6	–	1.6
Current tax on share-based payments	–	–	0.3	–	0.3
Deferred tax on share-based payments	–	–	0.6	–	0.6
Deferred tax taken to equity	–	–	–	1.6	1.6
Balance at 31 December 2019	6.2	150.3	5.5	14.4	176.4
Balance at 1 January 2020	6.2	150.3	5.5	14.4	176.4
Profit for the year	–	–	–	8.3	8.3
Total comprehensive income for the year	–	–	–	8.3	8.3
Transactions with owners					
Issue of shares during the year	0.1	–	–	(0.1)	–
Impact of corporate restructure	–	–	–	23.9	23.9
Share-based payment charge	–	–	1.2	–	1.2
Current tax on share-based payments	–	–	0.8	–	0.8
Deferred tax on share-based payments	–	–	(1.3)	–	(1.3)
Purchase of treasury shares	–	–	(0.8)	–	(0.8)
Balance at 31 December 2020	6.3	150.3	5.4	46.5	208.5

* A net amount of £nil has been reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options (2019: £0.7m).

Company 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	50	51.5	55.0
Net finance costs		(6.8)	(7.3)
Income taxes paid		(5.6)	(4.6)
Net cash generated from operating activities		39.1	43.1
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software		(5.5)	(6.4)
Purchase of trade and assets		–	(0.4)
Disposal of subsidiary, net of cash disposed		–	(0.2)
Cash flows used in investing activities		(5.5)	(7.0)
Cash flows from financing activities			
Dividends paid		–	(8.0)
Purchase of treasury shares		(0.8)	–
Repayment of revolving credit facility		(13.0)	(17.4)
Principal lease repayments		(10.3)	(9.7)
Net cash used in financing activities		(24.1)	(35.1)
Net increase in cash and cash equivalents		9.5	1.0
Cash and cash equivalents at start of year		7.5	6.5
Cash and cash equivalents at end of year	44	17.0	7.5
Cash and cash equivalents shown above comprise:			
Cash at bank	44	17.0	7.9
Bank overdraft	44	–	(0.4)
		17.0	7.5

Company accounting policies

For the year ended 31 December 2020

These financial statements for the Company have been prepared under the historical cost convention and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with International Accounting Standards in conformity with the requirements of the Companies Act, the Company financial statements also comply with International Financial Reporting Standards adopted pursuant to Regulation EC No 1602/2002 as it applies in the European Union. The Directors consider that the accounting policies as shown on pages 61 to 66 are suitable, are supported by reasonable judgements and estimates and have been consistently applied except where stated below. A summary of the more important accounting policies is as follows.

Going Concern

The going concern basis has been applied in these financial statements.

The going concern position is discussed further in the consolidated financial statements of the Group on page 61 and applies to the Company.

Company Profit And Loss Account

In accordance with section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The results for the financial year of the Company are given on page 88 of the financial statements.

Notes to the Company financial statements

For the year ended 31 December 2020

37. Intangible Assets

	Goodwill £'m	Customer Relationships £'m	Applications Software £'m	Total £'m
Cost				
1 January 2019	102.1	90.9	2.8	195.8
Additions – external	–	–	0.5	0.5
Arising on acquisition of trade and assets	–	0.4	–	0.4
31 December 2019	102.1	91.3	3.3	196.7
Additions – external	–	–	0.8	0.8
31 December 2020	102.1	91.3	4.1	197.5
Accumulated amortisation and impairment				
1 January 2019	3.8	8.8	2.1	14.7
Charge for the year	–	4.5	0.4	4.9
31 December 2019	3.8	13.3	2.5	19.6
Charge for the year	–	4.6	0.4	5.0
31 December 2020	3.8	17.9	2.9	24.6
Carrying amount				
31 December 2020	98.3	73.4	1.2	172.9
31 December 2019	98.3	78.0	0.8	177.1

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

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2019 and 31 December 2019	102.1
1 January 2020 and 31 December 2020	102.1
Accumulated impairment	
1 January 2019 and 31 December 2019	3.8
1 January 2020 and 31 December 2020	3.8
Carrying amount at 31 December 2020	98.3
Carrying amount at 31 December 2019	98.3

Annual test for impairment

Under IAS 36, Goodwill is tested annually for impairment, irrespective of there being any impairment indicators. The recoverable amount is determined from value-in-use calculations. The calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the Directors.

Notes to the Company financial statements continued

At the year-end, an impairment review was conducted which indicated that no impairment was required. The year-end model utilises forecasts based upon the Group's budget for FY21 and the Group's Strategy Plan for FY22, FY23 and FY24. Terminal cash flows are based on the Group's 4 year projections, assumed to grow perpetually at 2%. In accordance with IAS 36, the growth rates for beyond the initially forecast years do not exceed the long-term average growth rate for the industry. The forecasts have been discounted at a pre-tax rate of 8.8% (2019: 7.6%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

Sensitivity

The Company has not identified any reasonable potential changes to key assumptions that would cause the carrying value of the remaining goodwill or intangibles to exceed its recoverable amount.

38. Property, Plant and Equipment

	Freehold and long leasehold land & buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2019	23.7	10.6	27.1	1.9	0.1	63.4
Additions	0.3	4.4	0.6	0.4	–	5.7
Acquisitions	–	0.2	–	–	–	0.2
31 December 2019	24.0	15.2	27.7	2.3	0.1	69.3
Additions	0.3	1.7	2.3	0.4	–	4.7
31 December 2020	24.3	16.9	30.0	2.7	0.1	74.0
Accumulated depreciation						
1 January 2019	0.9	2.9	7.2	1.1	0.1	12.2
Charge for the year	0.6	1.0	2.0	0.3	–	3.9
31 December 2019	1.5	3.9	9.2	1.4	0.1	16.1
Charge for the year	0.6	1.1	2.0	0.3	–	4.0
31 December 2020	2.1	5.0	11.2	1.7	0.1	20.1
Net book value						
31 December 2020	22.2	11.9	18.8	1.0	–	53.9
31 December 2019	22.5	11.3	18.5	0.9	–	53.2

Capital expenditure contracted for but not provided in the financial statements is shown in note 53.

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

Notes to the Company financial statements continued

39. Right of use assets

	Leasehold Property £'m	Motor Vehicles £'m	Total £'m
Cost			
1 January 2019	84.8	1.0	85.8
Additions	5.2	0.8	6.0
31 December 2019	90.0	1.8	91.8
Additions	3.0	1.1	4.1
Disposals	(5.1)	(0.3)	(5.4)
31 December 2020	87.9	2.6	90.5
Accumulated depreciation			
1 January 2019	–	–	–
Depreciation charge for the year	10.4	0.6	11.0
31 December 2019	10.4	0.6	11.0
Depreciation charge for the year	10.3	0.8	11.1
Disposals	(5.1)	(0.3)	(5.4)
31 December 2020	15.6	1.1	16.7
Net book value			
31 December 2020	72.3	1.5	73.8
31 December 2019	79.6	1.2	80.8

Notes to the Company financial statements continued

40. Investments

Shares in subsidiary undertakings

	£'m
Cost	
1 January 2019	135.0
Capital contribution – subsidiary share-based payment	0.9
Additions	1.6
31 December 2019	137.5
Capital contribution – subsidiary share-based payment	0.9
Corporate restructuring*	(85.1)
Addition – Restore Group Holdings Limited	76.8
31 December 2020	130.1
Accumulated impairment	
1 January 2019 and 31 December 2019	39.5
Impairment	1.6
31 December 2020	41.1
Net book value	
31 December 2020	89.0
31 December 2019	98.0

* During the year the Group carried out a corporate restructuring which resulted in a number of the Company's directly owned subsidiaries becoming indirectly owned. The subsidiaries impacted were: Harrow Green Limited, Restore Technology Limited, Restore Digital Limited, and Restore Datashred Limited. Restore Group Holdings Limited was incorporated during the year and is now the direct parent entity of these subsidiary undertakings.

The Group's 40% investment in Ink and Toner Limited (£1.6m), a printer cartridge recycling company was fully impaired during the year.

Notes to the Company financial statements continued

At 31 December 2020 the Company held directly and indirectly equity and voting rights of the following undertakings:

Company	Class of holding	% held	Country of incorporation	Nature of business
Holding Company				
The holding company is registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*Restore Group Holdings Limited	Ordinary	100%	England and Wales	Holding company
Document Management Division				
All companies within this division are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*Baxter Confidential Limited	Ordinary	100%	England and Wales	Dormant
*Data Solutions 2019 Limited	Ordinary	100%	England and Wales	Dormant
*Datashred Limited	Ordinary	100%	England and Wales	Dormant
*ID Secured Limited	Ordinary	100%	England and Wales	Dormant
*Lombard Recycling Limited	Ordinary	100%	England and Wales	Dormant
Optical Records Systems Limited†	Ordinary	100%	England and Wales	Dormant
ORS Group Limited†	Ordinary	100%	England and Wales	Dormant
*Peabody QED Thurrock Management Limited†††	Ordinary	33%	England and Wales	Management of real estate
Restore Datashred Limited**††	Ordinary	100%	England and Wales	Shredding Services
Restore Digital Limited**†	Ordinary	100%	England and Wales	Digital Services
*Restore Shred Limited	Ordinary	100%	England and Wales	Dormant
*Restore (Spur) Limited	Ordinary	100%	England and Wales	Dormant
Safe-Shred UK Limited††	Ordinary	100%	England and Wales	Dormant
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Dormant

Notes to the Company financial statements continued

Company	Class of holding	% held	Country of incorporation	Nature of business
Relocation Division				
All UK companies within this division are registered at 2 Oriental Road, Silvertown, London, E16 2BZ.				
E-recycling Limited	Ordinary	100%	England and Wales	Technology
Euro-Recycling Limited	Ordinary	100%	England and Wales	Dormant
Harrow Green Limited	Ordinary	100%	England and Wales	Relocation
*The ITAD Works Limited	Ordinary	100%	England and Wales	Dormant
*Ink and Toner Recycling Limited††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
International Technology Products (UK) Limited††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
International Technology Products GmbH***	Ordinary	40%	Germany	Printer Cartridge Recycling
ITP Group Holdings Limited††††	Ordinary	40%	England and Wales	Holding Company
Office Green Limited**††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling
Relocom Limited	Ordinary	100%	England and Wales	Dormant
Restore Technology Limited**	Ordinary	100%	England and Wales	Technology
Secure IT Destruction Limited	Ordinary	100%	England and Wales	Dormant
Secure IT Disposals Limited	Ordinary	100%	England and Wales	Dormant
Takeback Limited††††	Ordinary	40%	England and Wales	Printer Cartridge Recycling

* Held directly
** The Company has taken the exemption from audit under section 479A of the Companies Act 2006.
*** The registered address is Röntgenstraße 4, Hainburg, D-63512, Germany.
† The registered address is Unit 2, Tally Close, Agecroft Commerce Park, Swinton, Manchester, M27 8WJ.
†† The registered address is Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, Essex, RM19 1NA.
††† The registered address is 3rd Floor Solar House, 1-9 Romford Road, London, E15 4RG.
†††† The registered address is Riley Accounting Solutions, Gable End, Sparrow Hall Business Park, Leighton Road, Edlesborough, Bedfordshire, LU6 2ES.

Dormant companies are exempt from filing accounts under section 394 of the Companies Act 2006.

Notes to the Company financial statements continued

41. Inventories

	2020 £'m	2019 £'m
Finished goods and goods for resale	0.4	0.5

£2.7m (2019: £2.7m) of inventories were recognised as an expense in cost of sales in the year.

42. Trade and Other Receivables

	2020 £'m	2019 £'m
Due in less than one year		
Trade receivables	11.3	12.6
Less: provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables – net	11.2	12.5
Amounts due from group undertakings	3.8	0.3
Other receivables	0.4	0.3
Prepayments and accrued income	8.1	10.7
	23.5	23.8
Due after more than one year		
Amounts due from group undertakings	7.7	7.0
	31.2	30.8

The average credit period is 38 days (2019: 40 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at 2% per annum on the outstanding balance.

Trade receivables are provided for based on estimated irrecoverable amounts, determined by reference to past payment history and the current financial status of the customers.

Movement in the allowance for impairment	2020 £'m	2019 £'m
1 January	0.1	0.3
Utilised in year	–	(0.2)
31 December	0.1	0.1

In determining the recoverability of the trade receivables, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. See note 46 for an analysis of trade receivables that were past due but not impaired.

43. Trade and Other Payables

	2020 £'m	2019 £'m
Trade payables	6.6	7.0
Amount due to group undertakings	0.4	0.2
Other taxation and social security	5.7	2.9
Other payables	0.1	0.1
Accruals and deferred income	4.3	6.8
	17.1	17.0

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 52 days (2019: 62 days).

Notes to the Company financial statements continued

44. Financial Liabilities – Borrowings

	2020 £'m	2019 £'m
Current		
Overdraft on demand	–	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. The interest rate profile and an analysis of borrowings is given in note 46. 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	17.0	7.9
Bank overdrafts	–	(0.4)
Bank loans due after one year	(92.5)	(105.1)
	(75.5)	(97.6)

45. Other Financial Liabilities

	2020 £'m	2019 £'m
Financial liabilities – present value of lease liabilities	85.7	91.9
Repayable by instalments:		
In less than one year	10.9	10.6
In two to five years	37.5	36.8
More than five years	37.3	44.5
	85.7	91.9

	2020 £'m	2019 £'m
Amount due to group undertakings	16.7	41.8

Notes to the Company financial statements continued

46. Financial Instruments

The Company's financial instruments comprise cash at bank, bank loans and various other receivable and payable balances that arise from its operations. The main purpose of these financial instruments is to finance the Company operations.

	2020 £'m	2019 £'m
Cash at bank	17.0	7.9
Bank overdraft	–	(0.4)
Cash and cash equivalents	17.0	7.5

An expected credit loss model has been applied which permits a simplified approach for the Company's impairment of trade receivables. This model applies a credit risk percentage based upon historical risk of default against receivables that are grouped into age brackets. The Company's trade receivables share similar risk characteristics and therefore we have chosen to apply the same default percentage of 1.3% on all outstanding receivables. The Company has a low credit risk on its trade receivables and historic defaults.

As at 31 December 2020 trade receivables of £0.4m (2019: £0.3m) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

	2020 £'m	2019 £'m
60–90 days	0.3	0.2
Greater than 90 days	0.1	0.1

The main financial risks arising from the Company's financial instruments are interest rate risk and liquidity risk.

The Directors review and agree policies for managing each of these risks. Interest rates are regularly reviewed to ensure competitive rates are paid. Detailed cash flows are produced on a regular basis to minimise liquidity risks.

Carrying value of financial assets and (liabilities) excluding cash and borrowings

	2020 £'m	2019 £'m
Loans and receivables	15.4	13.6
Financial liabilities measured at amortised cost	97.2	112.1

Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at LIBOR plus a margin of between 1.79% and 2.51%, depending on the leverage covenant.

The interest rate risk profile of the Company's gross borrowings for the year was:

Currency	Total £'m	Floating rate financial liabilities £'m	Weighted average interest rates %
Sterling at 31 December 2020	92.5	92.5	2.3
Sterling at 31 December 2019	105.5	105.5	2.8

The exposure of Company's borrowings to interest rate changes and contractual pricing dates at the end of the year are as follows:

	2020 £'m	2019 £'m
6 months or less	92.5	105.5

Interest rate sensitivity

At 31 December 2020, if interest rates had been 50 basis points higher and all other variables were held constant, it is estimated that the Company's profit before tax would be approximately £0.5m lower (2019: £0.6m lower). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and is based on the change taking place at the beginning of the financial year and held constant throughout the year.

Notes to the Company financial statements continued

The Company's sensitivity to future interest rates changes has increased during the current year due to the increased debt.

Financial assets recognised in the statement of financial position and interest rate profile

All financial assets are short-term receivables and cash at bank. The cash at bank earns interest based on the variable bank base rate and is held with Barclays Bank plc.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Company's financial liabilities (including interest payments), other than short-term trade payables and accruals which are due within one year was as follows:

	Bank debt £'m	Other financial liabilities* £'m	2020 Total £'m
Within one year, or on demand	–	22.4	22.4
Between two and five years	92.5	37.5	130.0
Five years or more	–	37.3	37.3
	92.5	97.2	189.7

* Other financial liabilities include trade payables, accruals, amounts owing under leases and contingent and deferred consideration.

Borrowing facilities

The Company has a finance facility with The Royal Bank of Scotland plc, Barclays Bank plc, the Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank which expires on 26 March 2023. The enlarged facilities consist of a single £160m RCF (which is partly reduced by an on demand net overdraft facility of £1.5m). In addition there is an uncommitted accordion facility of £30.0m, and overdraft of £1.5m. An offset facility is in place and on a gross basis; £1.5m of the overdraft facility was unutilised at 31 December 2020 (2019: £0.9m). Details of security are given in note 20. Committed but undrawn borrowing facilities as at 31 December 2020 amounted to £65.5m (2019: £52.5m).

All of the Company's borrowings are in sterling.

Fair values of financial assets and financial liabilities

The Company's financial assets and liabilities bear floating interest rates and are relatively short-term in nature.

In the opinion of the Directors the book values of the assets and liabilities equate to their fair value.

Interest rate management

(see page 80)

47. Deferred Tax

Summary of balances	2020 £'m	2019 £'m
Deferred tax liabilities	(15.3)	(14.0)
Deferred tax asset	3.1	3.7
Net position at 31 December	(12.2)	(10.3)

Notes to the Company financial statements continued

The movement in the year in the Company's net deferred tax position is as follows:

	2020 £'m	2019 £'m
1 January	(10.3)	(13.6)
(Charge)/credit to profit or loss for the year	(0.6)	1.0
Tax (charged)/credited directly to equity	(1.3)	2.3
31 December	(12.2)	(10.3)

The following are the major deferred tax liabilities and assets recognised by the Company and the movements thereon during the year:

Deferred tax liabilities

	Accelerated capital allowances £'m	**Intangible assets £'m**	**Total £'m**
1 January 2019	(0.8)	(14.0)	(14.8)
Credit to income for the year	–	0.8	0.8
31 December 2019	(0.8)	(13.2)	(14.0)
Charge for the year	(0.7)	(0.6)	(1.3)
31 December 2020	(1.5)	(13.8)	(15.3)

Deferred tax liabilities are analysed as follows:			
Current	(0.7)	(0.6)	(1.3)
Non-current	(0.8)	(13.2)	(14.0)
31 December 2020	(1.5)	(13.8)	(15.3)

Deferred tax assets

Deferred tax assets are analysed as follows:	**Share-based payments £'m**	**Leases £'m**	**Total £'m**
1 January 2019	1.2	–	1.2
Credit to income for the year	–	–	–
Credit directly to equity	0.6	1.6	2.2
Transactions with assets	0.3	–	0.3
31 December 2019	2.1	1.6	3.7
Credit to income for the year	0.1	0.6	0.7
Charge directly to equity	(1.3)	–	(1.3)
31 December 2020	0.9	2.2	3.1

Deferred tax assets are analysed as follows:			
Current	0.3	0.6	0.9
Non-current	0.6	1.6	2.2
31 December 2020	0.9	2.2	3.1

Notes to the Company financial statements continued

48. Provisions

	Dilapidation provision £'m
1 January 2020	5.7
Charge for the year	0.1
31 December 2020	5.8

Provisions are analysed as follows:

	2020 £'m	2019 £'m
Current	0.3	–
Non-current	5.5	5.7
Total	5.8	5.7

In 2019, the dilapidations provision was included within lease liabilities. The disclosure has been amended to match the current year presentation in separating out the dilapidation provision form the lease liabilities.

49. Share Capital

	2020 £'m	2019 £'m
Authorised:		
199,000,000 (2019: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
125,654,025 (2019: 124,419,734) ordinary shares of 5p each	6.3	6.2

The issued ordinary share capital is as follows:

Date	**Number of ordinary shares**	**Issue price**
1 January 2019	123,940,899	
14 June 2019 – exercise of share options	386,357	5.0p
24 September 2019 – exercise of share options	20,768	5.0p
18 October 2019 – exercise of share options	16,377	5.0p
23 December 2019 – exercise of share options	55,333	5.0p
31 December 2019	124,419,734	
16 January 2020 – exercise of share options	478,000	5.0p
22 April 2020 – exercise of share options	42,142	5.0p
16 June 2020 – exercise of share options	33,077	5.0p
9 July 2020 – exercise of share options	340,536	5.0p
19 August 2020 – exercise of share options	340,536	5.0p
31 December 2020	125,654,025	

The 1,234,291 (2019: 478,835) ordinary shares shown as issued above as a result of the exercise of share options were net-settled at market price on the day of exercise (note 31).

Notes to the Company financial statements continued

50. Cash generated from Operations

Continuing operations	2020 £'m	2019 £'m
Profit before tax	11.7	18.7
Depreciation of property, plant and equipment and right-of-use assets	15.1	14.8
Amortisation of intangible assets	5.0	4.9
Net finance costs	7.6	8.7
Share-based payments charge	0.3	2.0
Impairment of investment	1.6	–
Increase in inventories	0.1	–
Increase/(decrease) in trade and other receivables	6.4	(2.1)
Decrease in trade and other payables	3.7	8.0
Net cash generated from operating activities	51.5	55.0

51. Share-Based Payments

Details of the share-based payments can be found in note 31.

52. Directors and Employees

Staff costs during the year	2020 £'m	2019 £'m
Wages and salaries	19.2	20.2
Social security costs	2.2	2.0
Other pension costs	0.7	0.7
Share-based payments charge	0.3	2.0
	22.4	24.9

Average monthly number of employees during the year	2020 Number	2019 Number
Directors	2	2
Management	51	52
Administration	89	84
Operatives	686	669
	828	807

Total amounts for Directors' remuneration and other benefits	2020 £'m	2019 £'m
Emoluments for Directors' services	1.3	2.9
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits*	0.7	1.7

*£0.2m (2019: £nil) related to bonus payment in respect of the previous period.

Notes to the Company financial statements continued

Key management compensation	2020 £'m	2019 £'m
Short-term employment benefits	3.2	2.7
Social security costs	0.7	0.6
Post employment benefits	0.2	0.2
Share-based payments charge	0.3	2.0
Long-term incentives vesting	–	1.5
	4.4	7.0

53. Capital Commitments

Capital expenditure	2020 £'m	2019 £'m
Contracted for but not provided in the financial statements	1.2	4.1

Total capital commitments consist of £0.9m (2019: £3.3m) in respect of general plant and equipment and £0.3m (2019: £0.8m) in respect of land and buildings.

54. Contingent Liabilities

The Company has entered into a bank cross guarantee. The guarantee amounts to £66.1m at 31 December 2020 (2019: £88.5m). The assets of the Company are pledged as security for the bank borrowings, by way of a fixed and floating charge.

55. Related Party Transactions and Controlling Party

Details of related party transactions can be found in note 35.

Notice of Annual General Meeting

Restore plc

Notice is hereby given that the Annual General Meeting of Restore plc ("the Company") will be held at 15/19 Cavendish Place, London, W1G 0QE on 27 May 2021 at 2.00pm for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 December 2020, together with the Directors' report and the auditors' report on those accounts.
2. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid.
3. To authorise the directors to set the auditors' remuneration.
4. To re-appoint Charles Bligh, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
5. To re-appoint Neil Ritchie, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
6. To re-appoint Martin Towers, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
7. To re-appoint Sharon Baylay, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
8. To re-appoint Susan Davy, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
9. To re-appoint James Hopkins, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.

Special Business

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as to resolution 10 as an ordinary resolution and as to resolutions 11, 12, 13 and 14 as special resolutions:

10. That the directors be and they are hereby generally and unconditionally authorised in substitution for all existing authorities (but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities) to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006 (the "Act")) up to an aggregate nominal amount of £2,094,233.75 (being 41,884,675 ordinary shares of 5 pence each) provided that this authority shall, unless renewed, expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of this annual general meeting, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers agreements as if the authority conferred by this resolution had not expired.
11. That, subject to the passing of resolution number 10 above, the directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 10 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    11.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever; and

    11.2 the allotment (otherwise than pursuant to paragraph 11.1 above) of equity securities up to an aggregate nominal amount of £314,135.05,

    and shall expire upon the expiry of the general authority conferred by resolution 10 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.
12. That, subject to the passing of resolution number 10 above, the directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 10 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    12.1 the allotment of equity securities up to an aggregate nominal amount of £314,135.05; and

    12.2 used for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original

Notice of Annual General Meeting continued

transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire upon the expiry of the general authority conferred by resolution 10 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

13. That the Company be and is hereby generally and unconditionally authorised, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the directors may from time to time determine provided that:

13.1 the maximum number of Ordinary Shares authorised to be purchased is 12,565,402;

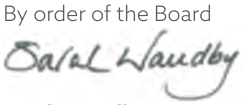
13.2 the minimum price which may be paid for each Ordinary Share is 5 pence (exclusive of expenses payable by the Company); and

13.3 the maximum price which may be paid for each Ordinary Share (exclusive of expenses payable by the Company) cannot be more than 105 per cent of the average market value of an Ordinary Share for the five business days prior to the day on which the Ordinary Share is contracted to be purchased.

The authority conferred shall expire at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of this annual general meeting except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

14. That the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

By order of the Board



Sarah Waudby
Company Secretary

18 March 2021

Registered Office
The Databank
Unit 5
Redhill Distribution Centre
Salbrook Road
Redhill
Surrey RH1 5DY

PLEASE NOTE:

You will not receive a form of proxy for the Annual General Meeting in the post. Instructions on how to vote electronically and how to register are detailed in the Notes. You will still be able to vote in person at the Annual General Meeting, and may request a hard copy proxy form directly from the registrars, **Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL at enquiries@linkgroup.co.uk (telephone number: 0371 664 0391 if calling from the United Kingdom, or +44(0)371 664 0391 if calling from outside the United Kingdom.** Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Notice of Annual General Meeting continued

Notes: These notes are important and require your immediate attention.

1. Only those members entered on the register of members of the Company at close of business on 25 May 2021 or, in the event that this meeting is adjourned, in the register of members as at close of business on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 25 May 2021 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person of his/her choice as that Shareholder's proxy to exercise all or any of that Shareholder's rights to attend and to speak and vote at the meeting on his/her behalf. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy does not need to be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior member who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other of the joint holders. For these purposes, seniority shall be determined by the order in which the names stand on the register of members.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
5. You can vote either:
    - by logging on to www.signalshares.com and following the instructions;
    - by requesting a hard copy form of proxy directly from the registrars, Link Group, at mailto:enquiries@linkgroup.co.uk or on Tel: 0371 664 0391 if calling from the United Kingdom, or +44(0)371 664 0391 if calling from outside the United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales;
    - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

    In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 2.00pm on 25 May 2021.
6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
7. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Annual General Meeting and voting in person if he/she wishes to do so.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held at 2.00pm on 27 May 2021 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: **RA10**), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
10. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST

Notice of Annual General Meeting continued

sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

12. Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

14. Copies of all service agreements or letters of appointment under which the directors of the Company are employed or engaged by the Company will be available for inspection at the Company's registered office during normal working hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting.

15. Biographical details of each director who is being proposed for re-appointment or re-election by shareholders can be found by visiting the Company's website www.restoreplc.com.

EXPLANATION OF RESOLUTIONS

Resolution 10 – authority to allot shares

At the last annual general meeting of the Company held on 21 May 2020, the directors were given authority to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £2,081,628.90 representing approximately one third of the Company's then issued ordinary share capital.

The directors consider it appropriate that a further authority be granted to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £2,094,233.75 representing approximately one third of the Company's issued ordinary share capital as at 16 March 2021 (the latest practicable date before publication of this document) during the shorter of the period up to the conclusion of the next annual general meeting in 2022 or 15 months.

As at the date of this notice the Company does not hold any ordinary shares in the capital of the Company in treasury.

Resolution 11 – disapplication of statutory pre-emption rights

Resolution 11 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- in connection with a rights issue or other pro-rata offer to existing shareholders; and
- (otherwise than in connection with a rights issue or other pro-rata offer to existing shareholders) up to a maximum nominal value of £314,135.05, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 16 March 2021 (the latest practicable date before publication of this document).

Resolution 12 – disapplication of statutory pre-emption rights to finance an acquisition or other capital investment

In addition to the powers granted by Resolution 11, Resolution 12 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- up to a maximum nominal value of £314,135.05, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 16 March 2021 (the latest practicable date before publication of this document); and
- used only for the purposes of financing (or refinancing, if such financing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles of Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The rights of pre-emption disapplication sought pursuant to Resolutions 11 and 12 represent, in aggregate, approximately 10% of the issued ordinary share capital of the Company as at 16 March 2021. This aggregate percentage is the same authority as sought at the last annual general meeting of the Company held on 21 May 2020.

Notice of Annual General Meeting continued

Resolution 13 – authority to make market purchases of own shares

Resolution 13 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 12,565,402 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 16 March 2021 (the latest practicable date before publication of this document)), and sets minimum and maximum prices. This authority will expire at the conclusion of the next annual general meeting or, if earlier, 15 months after the resolution is passed.

The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will be exercised only if the directors believe that to do so would be in the best interest of shareholders generally.

Companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

Resolution 14 – adopting new articles of association

Resolution 14 adopts new articles of association of the Company. The changes are designed to reflect evolving market practice as regards the holding of electronic general meetings, including AGMs, and make provision for members to attend, speak and vote at such meetings by electronic means.

Officers and advisers

Company Secretary
Sarah Waudby

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Clydesdale Bank plc
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Glasgow, G1 2HL

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London, EC3A 8AB

Registrars
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Leeds, LS1 4DL

Trading Record Year ended 31 December	2020 £'m	2019 £'m	2018** £'m	2017** £'m	2016** £'m
Revenue	182.7	215.6	195.5	172.0	129.4
Adjusted profit before taxation*	23.2	35.6	37.5	31.3	23.0
Adjusted earnings per share*	15.0p	23.2p	25.2p	22.4p	17.9p
Net debt	66.1	88.5	111.3	78.2	72.3
Net assets	218.6	218.5	216.0	155.9	152.1

*Adjusted profit before tax is stated before amortisation and impairment of intangible assets and investment and exceptional items
**Excludes the impact of IFRS 16 and adjusted for share-based payments

Financial calendar

Annual General Meeting	Held in May
Half year results	July
Financial year end	31 December
Full year results	March

Designed and Printed by Perivan

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