Restore plc

Strong. Expansion.

Annual Report for the year ended 31 December 2021

Restore plc

The UK's leading provider of integrated digital and information management and secure lifecycle services.

For more information please see
www.restoreplc.com

Highlights

Restore has delivered an exceptional financial performance for 2021 with strong organic growth, transformative acquisitions and increasing demand for our services demonstrating the critical nature of the services we provide.

The Group exits 2021 substantially larger than the pre-pandemic period, with even greater quality and solid growth momentum.

Restore has significant financial capacity and with strong Environmental, Social and Governance credentials, the Group is well placed for future growth through organic expansion, strategic acquisitions and margin enhancement through efficiency and scale.

+28%
£234.3m
Revenue

+64%
£38.1m
Adjusted profit before tax[1]

+0.0%
1.8x
Leverage[2]

+55%
23.2p
Adjusted basic earnings per share[1]

Business and Strategic Highlights

- Good performance across all business units contributing to growth, with strong underlying organic growth and eight successful acquisitions driving increased scale and capability across the Group
- Exit run rate revenue of £260 million based on Q4, 21% higher than pre pandemic levels
- Restore Digital's transformative acquisition of EDM in April 2021 doubles exit run rate revenue to £46 million, enhances capability (Cloud, BPO, software) and delivers scale margin benefit
- Restore Technology completed three strategic acquisitions doubling exit run rate revenue to £34 million with strong demand and margin momentum building through the year
- Restore Records Management gained further market share with strong organic revenue growth of 5.6%, alongside acquisition revenue growth of 5.9% and COVID-19 repair of 4.2%
  - Positive net box growth momentum in line with expectations at 1.3% (2020: 0.9%)
  - Property consolidation strategy progressed with new high density storage facilities in Heywood and Sittingbourne
- Restore Datashred continued steady recovery to 84% of pre-pandemic activity levels by Q4, with significant progress in underlying productivity although profit behind 2019 levels
- Restore Harrow Green activity levels strong throughout the UK with a new site in Cambridge addressing the life sciences sector and delivering record profitability
- Development of significant pipeline of further acquisition opportunities across the Group to support the ambitious growth plans
- The Group announced its new ESG strategy, 'Restoring our World' with ambitious targets including our Net Zero commitment by 2035.

Financial Highlights

- Revenue up +28% to £234.3 million (2020: £182.7 million) driven by:
  - Organic growth +5.0%
  - COVID19 repair +5.6%
  - In year acquisitions +16.4% plus full year effect of prior year acquisitions +1.2%
- Adjusted profit before taxation up +64% to £38.1 million (2020: £23.2 million) and operating margin increasing from 18.5% in H1 to 20.7% in H2
- Statutory profit before tax up 475% to £23.0 million
- Strategic acquisitions successfully completed totalling £86.3 million during 2021, delivering a post synergy ROIC[3] of 13.0%
- Strong Cash conversion[4] at 85% with closing net debt at £100.8 million and leverage of 1.8x
- New increased debt facility agreed post year end at enhanced terms, providing further capacity for continued investment
- Proposed final dividend of 4.7 pence, taking total dividend for 2021 to 7.2 pence (2020: nil pence).

1 Before amortisation of intangible assets, impairments and exceptional items (reconciled in note 9).
2 Calculated using pre-IFRS16 EBITDA adjusted for share-based payments, including a pro-forma adjustment for acquisitions in line with financial covenants.
3 Calculated using pre-IFRS16 EBITDA adjusted for management's expectations of post-acquisition synergies, and consideration net of cash plus exceptional costs.
4 Calculated using net cash generated from operating activities after capital expenditure and lease payments, but before exceptional items, divided by adjusted operating profit with a standard tax rate of 19%, with an amendment to exclude the impact of the VAT deferral from 2020 to 2021.

Chair's Introduction

Sharon Baylay-Bell

"Restore is a strong, growing and high achieving business and following the excellent performance in 2021, we have great confidence that our strategic growth plan is on track with substantial opportunities ahead".

Introduction

I am pleased to report that Restore achieved an excellent all-round performance for 2021 with significant financial growth, substantial strategic progress made and further enhancement on the quality of the business overall.

The business is performing well, and I was delighted that the Board invited me to take on the role of Chair from Martin Towers on his retirement from the Board during October 2021. I would like to thank Martin on behalf of the Board and shareholders for his significant contribution to the substantial growth of the business during his tenure.

As I look ahead, I am highly confident in Restore's prospects and that our team will continue to transform and evolve the Group and the critical services it provides to the organisations we serve.

2021 has been an important year for the Group with strategic development and expansion of the Technology and Digital businesses, continued growth in Records Management, solid performance in Harrow Green and stabilisation in Datashred as we exit the pandemic. With a clear strategy for growth, set out at our Capital Markets Day event in November 2021, shareholders should be assured that the Group is in good health and well positioned for future expansion.

Over the last two years, the pandemic has required an extraordinary response from the nation and the team at Restore. Our people have shown tremendous resilience and relentless commitment to our customers and to one another, maintaining full service throughout the disruption of the past two years. I feel incredibly proud of the positive response from our front-line teams, the supporting functions and our leadership group as they navigated the uncertain events of the past two years. I would like to thank them for their outstanding contribution on behalf of the Board, shareholders and our customers.

2021 Performance

Restore has delivered strong revenue and profit growth in 2021 with a 28% increase in revenues to £234.3 million and a 64% increase in adjusted profit before tax to £38.1 million compared with 2020. This growth is from the restoration of revenues impacted in 2020 by extensive disruption, through acquisition and from underlying organic revenue growth. With a strong exit rate from 2021 and an annualised £260 million exit run rate revenue, the business is 21% larger when compared to the pre-pandemic revenue of £215.6 million in 2019.

Whilst 2021 was subject to further restrictions, particularly in the first quarter and at the end of the year with the emergence of the Omicron variant, the underlying business environment for Restore has been more predictable with the embedding of adapted working patterns across the organisations we serve. As a result of this high confidence in the performance of the business, the Board approved investment in eight acquisitions during the course of the year. These acquisitions continued to build the Records Management business and have transformed the Digital and Technology businesses, more than doubling their scale and significantly enhancing our product capability.

To support this investment, the Group raised £40 million through an equity raise in May and the Board thanks shareholders for their support in this over-subscribed offer.

As a result of the improved profits of the Group and reflecting the increase in shares issued, adjusted earnings per share increased to 23.2 pence for the year, an increase of 55% compared to 15.0 pence achieved for 2020.

The Group continues to demonstrate its strong cash generative nature and despite the substantial level of investments during 2021, the closing leverage of 1.8x EBITDA provides plenty of capacity to continue to invest in 2022.

Strategic progress

In addition to the strong financial performance for the year, Restore has made strategic progress across a number of commercial and operational areas adding further depth and capability to the Group.

Records Management continues to grow in scale and is providing an excellent platform for extension of the Group's digital and information management services. Over the course of the last year the business has won, and is executing, a number of substantial client service contracts supporting the increasing requirement to extract value from existing and newly created data in both hard copy and digital formats.

The investment in Restore Digital, and its subsequent expansion of scale and product lines, is a significant step in the development of the business. It is well on its evolutionary journey from high volume processor of scanning and digitisation to become a value-add digital services partner, focussed on business process outsourcing, digital storage, digital data management and enhanced software capabilities.

The Board and I are also pleased to report on the successful steps in executing on the substantial opportunity Charles and the team have previously presented in relation to the IT and Technology asset lifecycle support sector. Restore Technology reached number 1 status in this sector during the year with 6% market share and the team are successfully driving a fast growth acquisition and organic growth strategy.

Management have also been very active in deepening the quality of the business. In addition to the continued digitisation of the business and internal operational enhancements, the Board was pleased to formally launch the Group's Environmental, Social and Governance ('ESG') strategy in November 2021.

The 'Restoring Our World' strategy is set out in more detail later in this report and can also be found on the Group's recently updated website at www.restoreplc.com. Our management team and the Board is fully committed to the balanced objectives set out in the strategy and in achieving the headline target to become a Net Zero organisation by 2035.

The Board received an unsolicited, non-binding and equity-based offer from Marlowe plc during the year. Whilst the Board took time to seek external guidance and invested significant resources to properly assess the offer, the bid was unanimously rejected by the Board. We considered that it fundamentally undervalued the Group, lacked strategic rationale or logic and the financial consideration proposed, in the form of Marlowe shares, would have

been a very poor outcome for shareholders. The Board would like to thank our shareholders for their overwhelming support of the Board in their rejection of this offer.

Health and Safety

During the last quarter of the year the Board engaged a third party to perform an independent audit of the Group's Health and Safety environment and to assess progress since the last external audit performed in 2019.

The audit highlighted significant progress in Restore's Health and Safety operating framework and recognised the high priority given to Health and Safety matters across the Group's management. The report also highlighted additional areas to focus on, in particular more advanced skills training and reporting, and these will be taken forward and actioned.

In addition to the development of the Health and Safety structure I would extend my gratitude to the health and safety and management team for their excellent navigation of the COVID-19 period and for guiding us in the constant evolution of our safe working practices through the whole period.

Finally, I would like to mention the investment we have made in our deep-storage mine facilities which I visited with the Board in October. Over the course of the last two years the Group has made significant investment into enhancing the environmental quality of our deep-storage facilities and in 2021 successfully installed extensive networking within the mines, creating a safer and more productive work environment.

Dividends

Your Board is recommending a final dividend of 4.7 pence, payable on 8 July 2022. This brings the total dividend for the year to 7.2 pence (2020: nil pence due to pandemic risk mitigation).

The restoration of the dividend during 2021 is consistent with the Boards high degree of confidence in the business and a return to its previous progressive dividend policy.

Sharon Baylay-Bell | Chair
16 March 2022

Our Business

Restore provides mission critical services enabling organisations to protect, manage and utilise their valuable data, information and assets. The Group has five businesses organised across two divisions: Digital & Information Management and Secure Lifecyle Services.

	Digital & Information Management		Secure Lifecyle Services			Total
	Records	Digital	Technology	Datashred	Harrow Green	
Market Position	No.2	No.1	No.1	No.2	No.1	Strong and improving
Market Size	£485m	£320m	£550m	£200m-£210m	£350m	£1.9b
Market Growth	c.1-2%	c.4%	c.6%	c.0-1%	c.1%	c.3%
Market Share*	22%	15%	6%	19%	12%	c.13%
UK Sites	56	11	7	12	9	95
Employees	867	821	361	339	372	2,760
	• Long term physical record storage and management services • Physical/digital data hybrid services • Heritage asset protection • Digital tape back up services	• Physical to digital processing • Cloud storage and data management • Digital transformation consultancy • Process outsourcing • Digital mailrooms • Data management software	• High security IT asset erasure • IT decommissioning and recycling • Technology refurbishment and resale • IT asset preparation and installation • IT relocation	• Secure paper and IP destruction • Paper recycling and resale • Onsite and offsite capability	• Office and commercial relocations • Short and medium term commercial asset storage • Office and light industrial decommissioning solutions	

Strategic growth drivers

With a strong track record of profitable and cash generative growth and substantial market share opportunity, Restore's high growth strategy is to grow through compounding organic expansion, strategic acquisition for scale and capability and margin enhancement through synergy and efficiency.

		2017	2018	2019	2020	2021	Medium term goal
Growth	Sustained revenue expansion	£172.0m	£195.5m	£215.6m	£182.7m	£234.3m	c.£450m - £500m
Growth	Profitable organic growth	+6%	+3.0%	+3.1%	+1.4%	+5.0%	4-8+%
Growth	Attractive operating margins	20.2%	21.6%	21.0%	17.4%	19.7%	>22%
Growth	Consistent EPS Growth	+27%	+12%	+9%	(35%)	+55%	10 - 30%
Quality	Strong return on invested capital**	10.2%	10.0%	11.4%	7.7%	10.1%	>11 - 13%
Quality	Strong cash conversion	75%	70%	99%	87%	85%	80-90%
Quality	Carbon emissions				8,196t	9,000t	Scope 1 & 2 Net Zero by 2035

*Management estimate of market share.
**Calculated as adjusted profit before tax, finance costs, IFRS16 and share-based payments, with a standard tax rate applied, divided by weighted average net debt and equity, excluding the impact of IFRS16.

Our Approach

Restore enables organisations to focus on their core business, trusting the Group to manage their critical data, information and projects securely and efficiently. Our scale, expertise and strong values make us a highly trusted partner to both public and private sectors.

Customer focus

Restore leads the markets it serves. Supporting public and private sectors with critical services, income is highly predictable, recurring in nature and generates strong cashflows.

The business has the best in class accreditation with a reputation for providing the sector leading customer service, as reflected in excellent trust pilot ratings and high retention rates.

Sustainable approach

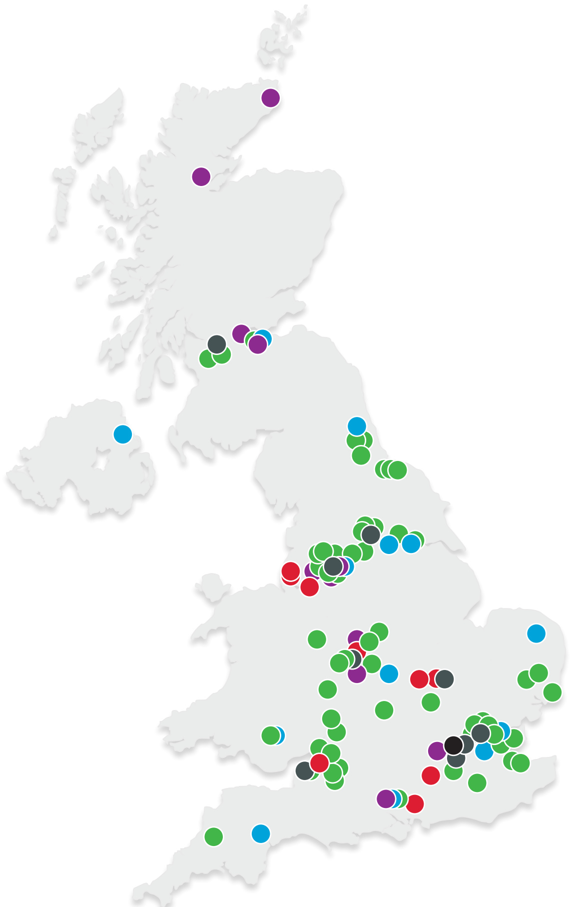
Restore has strong environmental, social and governance credentials and aims to be a Net Zero organisation by 2035.

The Group's 'Restoring our World' strategy has evolved from the long-term good practice of the business and has been developed with expert partners with quality assurance provided by Planet Mark ™ accreditation.

Our Planet | Our People | Our Business

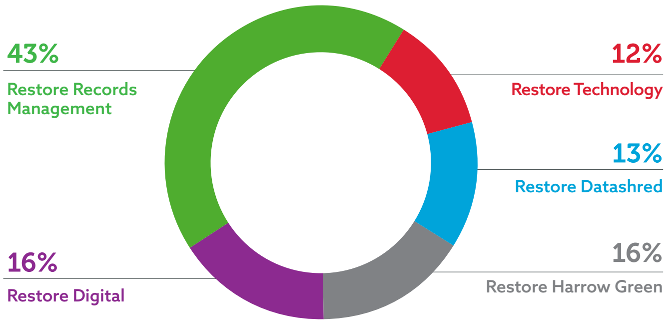
National scale

The Group has 95 sites across the UK providing national scale with local service.

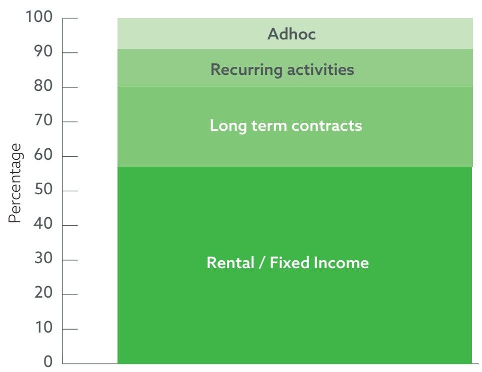


Quality income

Revenue Mix



Recurring profit



Strong

We have predictable, recurring revenues

We provide mission critical services to our customers and this high level of reliance was strongly demonstrated through the pandemic with resilient income and critical service provider status. With our large scale of operations, we deliver services which provide cost savings and certainty of supply which drives repeat business. The services we provide are vital to our customers' day-to-day operations but cannot be performed effectively in-house.

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 and growing operating margins

Our operating margins are excellent and reliable, averaging 20%, with a target to increase this further. The reliability of margins reflects rational pricing in our markets, ability to vary the majority of cost in line with activity and low capital intensity with the majority of assets leased (property and fleet). We are investing strongly in the business to evolve the product and services mix which allows us to maintain our margin with extra value to the customers. Combining this with continued investment in technology, efficiency in managing our property estate and increasing scale advantage we see opportunity to gradually improve total margins as we grow.

We are well-invested

We provide full coverage across the UK for all our services with well invested facilities and technology. In the last three years we have significantly improved the quality and resilience of the operating environment and technology which underpins this business while remaining within our historic capex envelope.

We have an ambitious ESG Strategy which underpins the whole business

We announced in 2021 our ESG strategy called 'Restoring our World'. This is a comprehensive strategy to improve the environment we live in, help our customer deliver on their environmental objectives, deliver for the communities and stakeholders and with the utmost integrity and governance for an organisation of our scale and mission critical services. We have announced bold plans to be Net Zero by 2035 and over the coming years we are investing and seeking technology partners with the aim of improving this timeline.

We are strongly cash-generative

The business has a track record of strong cash generation. Free cash flow conversion is a key operating KPI and we aim to convert 80% to 100% of profit into cash. The strength and reliability of these cashflows provides substantial funding for investment and capacity to secure further finance for investment in existing services and for new acquisitions to drive scale and added capability.

Our focus is always cash generative growth and operationally we are very disciplined on cash management. We have provided additional guidance on the use of exceptionals (overall c.4-5% max of the acquisition consideration or lower) because we are focused on the total returns on a cash basis in addition to returns based on profit.

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.

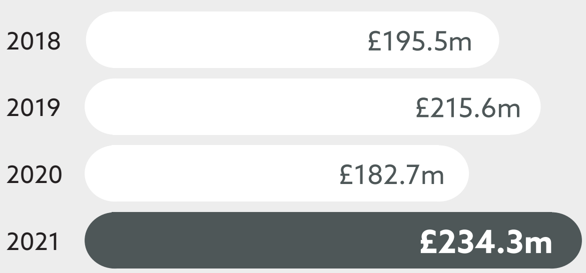
We have delivered consistent growth in earnings per share

The Group has an excellent record in sustained growth in adjusted earnings per share, increasing from 6.9p in 2011 to 23.2p in 2021. With our target to double profit to £150 million EBITDA in the medium term this should delivery a material increase in EPS.

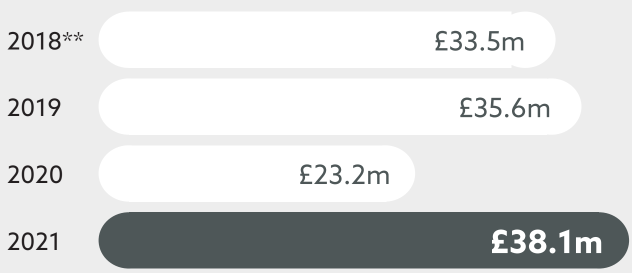
We have provided attractive dividends

The Board's objective is to provide shareholders with a regular dividend but cognisant the best value creation is generated by investing strongly back in the business. Our dividends have increased substantially from 1p per share in 2011 to 7.2p in 2021.

Revenue (£'m)



Adjusted profit before tax* (£'m)



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

Expansion

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 strong number two. Our markets are growing and with just 13% share of the total market of £1.9 billion, strong positions in presence, scale and high customer satisfaction, we have significant room to grow share. All the markets we operate in are either highly or extremely fragmented which will underpin many years of acquisitions growth for the business.

The structural drivers of growth below are very positive for the business.

These include:

- Secure Storage
- Flexible working demands
- Digitisation
- Secure Data destruction and recycling
- Workplace transformation
- Rising technology lifecycle requirements.

We know our market 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

We have a medium term target to grow revenues from our current run rate of £260 million to £450-500 million through both organic growth and acquisitions.

We have a clear strategy to deliver organic growth

We have a clear strategy to grow organically and faster than the market as demonstrated in our results in 2019 and 2021. With an overall market growing at c.3% we are focused on driving 4-8+% consistently based on a foundation of high customer satisfaction. With the scale effect of the business this organic growth delivers double earnings growth.

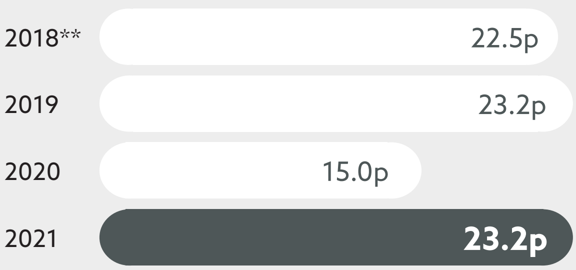
We are clear that each of our business units sells to different roles in an organisation, so our focus is to add many more new customers to the Group using our market position and in the main the sale of one business unit and then on the 'back of' great customer delivery we look to contract other services. Our customers like this approach and actively help us navigate their organisations and provide internal references. This approach drives strong repeat business and widens the relationship with customers which in the main our competition cannot match.

We have a clear strategy to drive acquisition growth

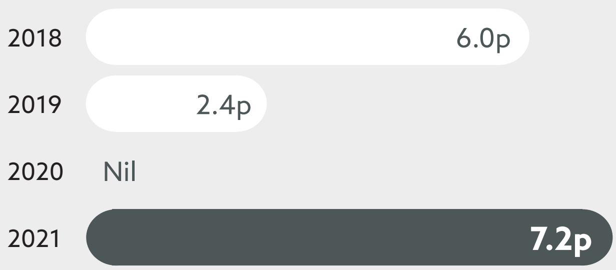
We have a strong M&A platform as demonstrated with the completion of eight acquisitions in 2021. We have a highly qualified team with multiple opportunities in large and highly fragmented markets. We are disciplined in the acquisitions with a focus on good quality business where we can drive synergies with the additional scale and capabilities to the group. We are known as a trusted buyer in the markets we operate and known for completing deals when we 'shake hands' on exclusivity. The acquisitions we make are always earnings accretive but also drive returns on invested capital (post tax) well in the double digits.

We have over 150 companies on our target list and therefore have many years of acquisitive growth in all the businesses we operate in.

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.

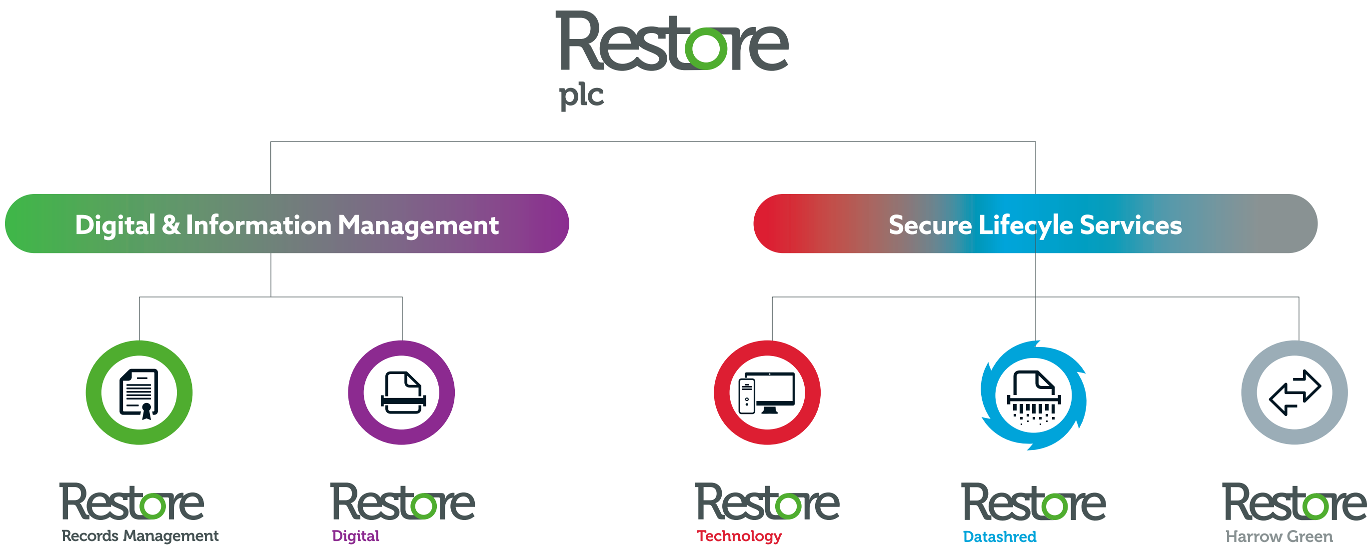
Our Divisions

Restore provides complex, mission critical services to enable organisations to protect, manage and utilise their valuable data, information and assets.

Providing a mixture of digital, physical and hybrid solutions, the Group supports current and future working practices and is a key partner in supporting business transformation.

The Group is highly customer-centric, leads the market in which it operates and supports both public and private sectors. The business is centred around two growing sectors – information management and security in data and asset handling.

The business has been transformed over the last 3 years and this change is reflected in the updated divisional structure and our evolution from Document Management and Relocations to Digital and Information Management and Secure Lifecycle Services.



Digital & Information Management	Secure Lifecycle Services
Growth trends	**Growth trends**
Secure storage	Secure data destruction and recycling
Flexible working demands	Workplace transformation
Digitisation	Rising technology lifecycle requirements
Market size: c.£800m growing at c.3%	**Market size: c.£1.1b growing at c.4%**

Digital and Information Management

Records

No.2
UK Market Position

£101.4m
2021 Revenue

22 million
Boxes under management

>860
Staff

56
Sites

Accreditations
Cyber Essentials
ISO 9001
14001, 27001

"National, full service storage and records management business with excellent customer service fully integrated and delivering long term sustained growth"

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

With a consistent track record of organic growth and expansion through acquisition, Restore Records Management 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 56 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 89% which provides the optimum balance of cost effectiveness and operating efficiency.

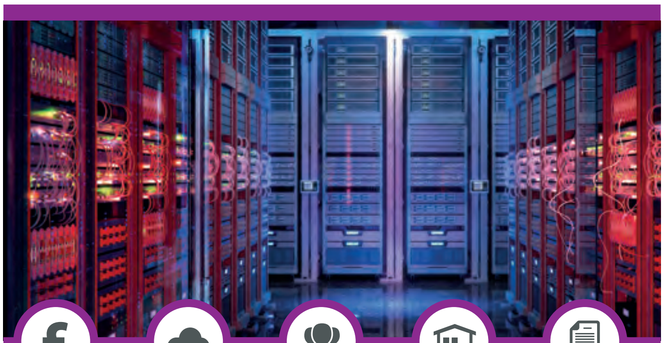
Looking forward, management believe this is a market that can continue to grow organically with many customers continuing to produce paper documentation as part of their processes with further opportunity to secure unvended records that are using valuable office space and have yet to be outsourced to 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.1
UK Market Position



£36.9m
2021 Revenue

500m
Cloud hosted documents

>820
Staff

11
Sites

Accreditations
ISO 9001, 27001,
14001, 45001,
22301, BS10008,
Cyber Essentials Plus

"National digital transformation business focused on business critical digital and hybrid 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, business process outsourcing, digital document storage and management solutions.

A high proportion of our revenue is recurring or contracted. This includes business process outsourcing, provision of digital mailrooms, cloud storage, 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 11 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.

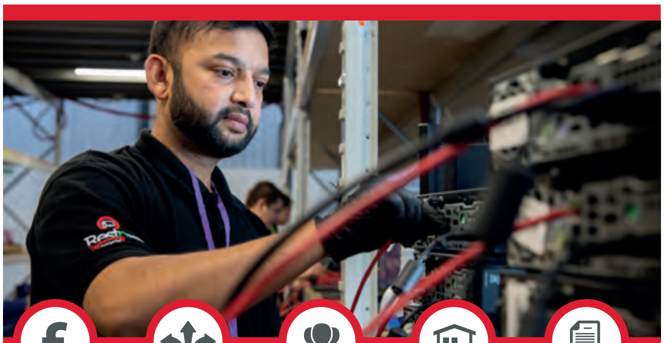
Being part of the wider Restore Group, the opportunity for synergy is significant and the business works in partnership with other Group businesses to achieve tailored customer solutions.

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.

Secure Lifecycle Services

Technology

No.1
UK Market Position



£28.1m	1.4m	>360	7	Accreditations
2021 Revenue	Assets processed	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.

Providing full lifecycle management of technology assets, Restore Technology is unique in its highly accredited PLC status in the sector which is highly fragmented.

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.

With an existing network of 7 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.

We provide customers with a trusted supply chain of enterprise critical importance. The accredited processes provide high levels of customer assurance over the significant 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 increasing rapidly. During 2021, the business has doubled in scale and substantially increased its breadth of service and scale. The opportunity for substantial growth is clear.

Datashred

No.2
UK Market Position

£30.2m	85,000	>330	12	4.6/5
2021 Revenue	Tonnes of paper recycled	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.

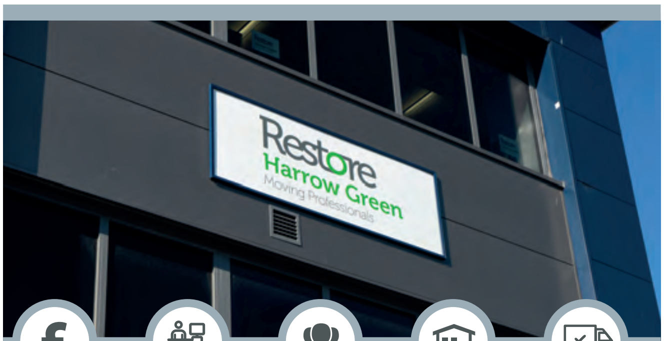
As part of a high quality public company environment, the business is operated to high standards of control, providing customers with a high degree of confidence in governance over their confidential waste disposal.

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.

Secure Lifecycle Services

Harrow Green

No.1
UK Market Position



£37.7m	365,000 pa	>370	9	>130
2021 Revenue	Desks relocated	Staff	Sites	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.

The expert storage solutions we provide are also highly valued and are expanding as organisations seek flexibility.

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 of over 370 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 businesses as a physical move is often a trigger for housekeeping or business process development where the Group is well placed to provide additional services.

Case Study

Restore Technology

Providing complex technology asset solutions to the NHS

Healthcare Computing is a specialist provider of NHS IT infrastructure and support services, supporting the NHS to improve digital maturity and patient care. With over 20 years of experience, they work in partnership with their customers providing specialist NHS IT Services and Solutions to GP practices, CCGs, CSUs & local health economies to develop their digital maturity, enabling collaborative working, efficiencies and reduced costs, through shared IT infrastructure and systems.

Restore Technology has been working with Healthcare Computing for five years. Beginning with technology end of life services such as sustainable IT asset recycle and secure data erasure the relationship has since expanded across the full technology lifecycle. An example of this is the asset services we provide for a large NHS Trust in London. These assets are securely stored, tested, tagged and delivered through our secure IT logistics fleet to c.300 sites.

"Restore Technology was adopted as our technology recycling partner over five years ago, selected when other partners in the industry couldn't meet the increasing demand we had for waste items. It quickly became clear that Restore Technology was a trustworthy, reliable and adaptable partner, echoing much of our own ethos in terms of delivering at pace and with a huge emphasis on customer service, both to us as a partner and our 700 end-user customer locations.

As Healthcare Computing's business has grown, Restore Technology have been able to provide additional services such as warehousing and logistics, enhancing the services we can offer our own customers, and strengthening our position as a reliable and trusted deployment partner in the healthcare market and other expandable markets." James Wyatt, Programme Manager, Healthcare Computing

Strategic Report

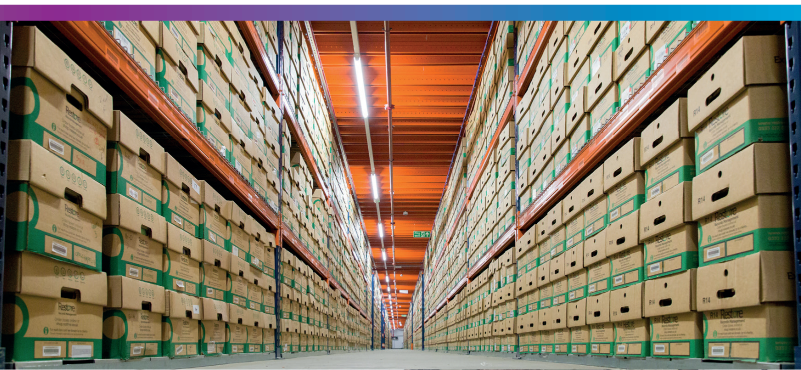
Our Business Model and Strategy

Restore is the UK's leading provider of Digital and Information Management and Secure Lifecycle Services.

We manage risk on behalf of our customers, so that they have the peace of mind to be able to focus on their core, revenue generating activities.

Our services are mission critical to customer operations and we enable organisations to operate effectively with the highest levels of security and agility. In addition our services help customers transform the way they operate both in a digital and physical way. With a national presence and full range of services we lead the sectors in which we operate.

Digital & Information Management		Secure Lifecyle Services		
Records	Digital	Technology	Datashred	Harrow Green
Store data	Digitise/process data	Erase data & recycle IT assets	Securely destroy data	Move teams & IT assets



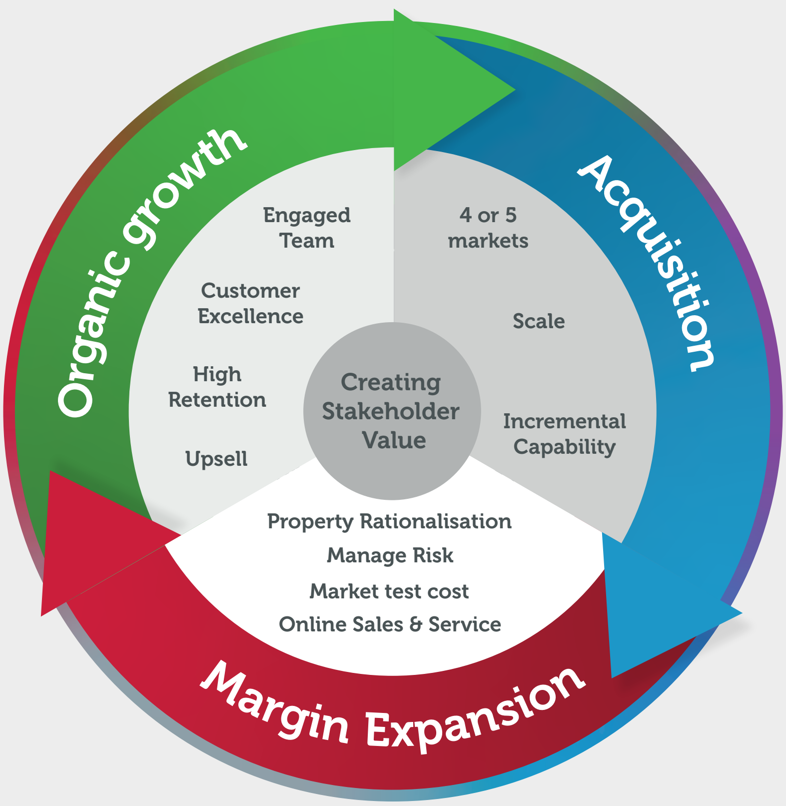

Our competitive advantage is based on bringing scale advantage to the markets we operate in to drive down costs and investing in our people and technology to deliver industry leading customer experience.

We are focused on cash generative growth from organic growth with existing and new customers to the group. We are delivering large acquisitive growth in all markets in which we operate. This creates significant 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** – Our markets have significant acquisition opportunities in still largely fragmented and in some cases immature markets
- **Margin Expansion** – After many years of acquisitive growth our 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

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. It also ensures the senior executives are focused on the strategic direction of the company and driving the acquisitions which are a significant part of the growth of the business.

Our key resources and capabilities

- Provide mission critical services to business and public sector
- Competitive advantage through our scale, tight cost control, UK focus and market knowledge
- Nationwide coverage providing a one stop shop
- High levels of customer service driving repeat business
- Cross-selling other services to customers
- Leverage Group wide technology investments
- Highly motivated and skilled team
- Track record in integrating and improving acquisitions
- Business model based on positive environmental outcomes.

Our customers' needs

Restore provide a range of services that required scale, are operationally complex and mission-critical. These services generate recurring revenues and are highly contracted. We know that existing customers are the most important so we invest in the operational excellence to drive market leading customers satisfaction. This is the foundation for growing our business with customers and key to up selling another part of the Group services. Through our long established Group wide Customer Relationship Management system, we know who the key decision makers are within our customers which can be different for each business unit and to be able to offer them the other services that we provide.

Our business units benefit from being market leaders in sectors where scale generates significant cost effectiveness and enables larger national customers to be serviced by a single supplier. In a world where data in both a digital and physical 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.

29%

Compound Annual Growth Rate since 2011 in revenues

Customer trends and benefits

Reduce costs

Transform ways of working

Eliminate data loss

Security of data

Improved quality & compliance

Our customer base

One of Restore's greatest assets is our large and high quality customer base across both private and public sector.

We develop deep and trusted relationships that encourage up-sell within the business unit and cross-sell of complementary services from other parts of the Group.

We are very clear that customers like to procure, in the main, one service from us at a time but with our excellent customer satisfaction and relationships we then introduce the customer to other parts of the business to increase the value to them and Restore.

Examples of our market sector penetration include:

FTSE 100 companies

>80%

Top 50 UK accountancy practices

>80%

Top 100 UK legal practices

>90%

Local authorities in England, Wales and Scotland

>70%

UK National Health Trusts

>85%

Our acquisition strategy

Our businesses benefit from leading market positions today. However, we have substantial opportunity to increase our share through acquisition for increased scale and to broaden our product capability. This strategic approach to acquisition leads to synergy realisation, cost advantage, increased customer service and sector innovation and strong value creation.

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	
EDM	30 April 2021
Capture All	30 November 2021

Restore Records Management	
EDM	30 April 2021
1BDM	15 April 2021
The Document Warehouse	12 October 2021

Restore Technology	
CDL	8 January 2021
The Bookyard	1 March 2021
PRM Green	9 August 2021

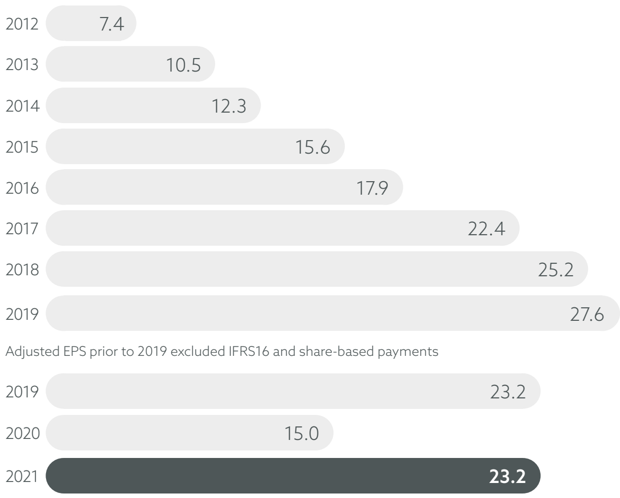
Restore Datashred	
PS Managed Solutions	6 October 2021

Chief Executive Officer's Statement

Charles Bligh

"Our strong organic growth and successful strategic acquisitions have delivered an outstanding performance with record results for 2021. Our team is providing a great customer experience and we continue to develop our leading positions in all our markets. I am confident our success will build further in 2022"

Adjusted earnings per share (p)*



Dividend per share (p)

*Accounting standard change 2019 to adopt IFRS16 and policy change to charge share-based payments to adjusted profit.

Introduction

I am delighted to report that 2021 was a transformational year for the company with record adjusted profit before tax of £38.1 million (+64% vs 2020 and +7% vs 2019) and a significant expansion of the services we provide to customers which will continue in 2022 as we make progress on our ambitious growth strategy. We completed eight acquisitions in the year across Records Management, Digital, Datashred and Technology which has increased both the scale and the capability of these business units in what continue to be high growth, mission critical services.

I reported last year that the business showed great resilience in the face of the pandemic and that during the second half of 2020 the business rebounded, quickly regaining momentum after the initial impact of the pandemic in Q2. This recovery continued to build through 2021, with both underlying growth and bounce back effects, despite the significant lockdowns that were imposed in Q1 of 2021. The strong bounce back beyond pre-pandemic levels demonstrates the resilience of the business and the critical nature of the services we provide to our customers despite any social or business restrictions posed by COVID-19.

Health and Safety (H&S) is the number one priority in the Group for our employees, suppliers and customers. I am delighted to report improving results in all business units throughout the year. With the increasing activity in the business a key focus was around new employees and their correct H&S induction. We increased the number of surveillance audits with encouraging results because our focus is to continue to improve our operations and to invest strongly in H&S, training, education and drive a culture of H&S first in all that we do.

During the year all business units started to deliver on investments in technology and organisational changes which will yield benefits in 2022 and beyond. These changes and further investments in 2022 will transform the digital experience for customers and also create significant productivity benefits. In most of the business units our portals and customer digital experience are very good, but our goal is to have an industry leading experience from initial engagement, through the sales process to the day to day operational management.

With the increasing activity across the Group, we end the year with record number of employees in the business to further expand in 2022. The end of year employee numbers are 2,760 permanent employees with a further 300-400 agency workers which is overall an increase of over 25% on pre pandemic levels. I have been particularly delighted with the improvement in the leadership talent across the group as we invest in leadership cognisant of delivering improving profit in the year but also investing heavily in talent for the next stage in the scaling of the business. In the top 62 leaders over 75% are new in role or new to the company through hiring or acquisition of businesses and in the Executive Committee there have been two new appointments in the year.

We made good progress on our high growth strategy and we have further announced ambitious but achievable medium term goals to increase our exit run rate revenues from c.£260 million towards £450-500 million with EBITDA doubling to over £150 million. This will deliver significant shareholder value creation.

Results

I am delighted to report record revenues of £234.3 million which is 28% up on 2020 and 9% above pre-pandemic levels. Our profit performance is strong with a record adjusted profit before tax of £38.1 million, strong operating margin performance across the businesses and EBITDA of £74.2 million for the year (+29%). We continue to show a disciplined approach to cash management with debtor days and aged debt in line with our expectation, net debt finishing the year at £100.8 million and a leverage ratio of 1.8x. From the Group's continued high cash generation and with increased capacity from our newly expanded bank facility, the Restore Group has substantial capacity for further investment growth.

As well as driving earnings accretive acquisitions our disciplined approach demands a strong Return On Invested Capital (ROIC) from our investments. With £86.3 million invested in 2021, delivering a post-synergy ROIC of 13.0%, the returns from our investments are proving to be very strong and well above our cost of finance. As the business expands and matures, the scale benefit of the investments we are making will substantially enhance the ROIC from the business.

Organic revenue growth continues to compound and was 5.0% for 2021, which is a very good result considering 3-4 months of the year were significantly disrupted with lockdowns delaying sales decisions. We can see momentum in each of our sectors and strengthening levels of cross selling and up-selling opportunity across the Group with over 1,200 referrals from one business unit to another.

We continue our focus on cost management and productivity across the teams. I am delighted the business units have continued to improve operational performance metrics while delivering productivity and cost management initiatives.

The strong financial performance for 2021, and our confidence to invest £86.3 million in acquisitions during the year, demonstrates the team's successful progress in delivering our strategy and confirms our strong conviction in our potential for substantial growth in the future.

Customers and our markets

The business has transformed over the last 3 years and this change is reflected in the divisional structure and our evolution from Document Management and Relocation to Digital and Information Management and Secure Lifecycle Services.

We currently participate in markets with total size of at least £1.9 billion with an overall market share of c.13%. We have either a number one or number two position in each market and even with these leading positions we have ample room to grow to a 25%+ share and towards our initial goal of £450-500 million in revenues.

The market forces which dominate the rate of change and growth are 1) Digitisation, 2) Security of Data, 3) Flexible working, and 4) Sustainable working. The pandemic is likely to further accelerate momentum to these changes which as we have said over the last three years (even before the pandemic) are very good trends for the growth of Restore. We have embraced and are driving these trends and actively evolving our offerings and creating new ones with large public and private sector organisations to provide commercial benefit, manage risk, address their ESG obligation and expand their productivity

One other key change in the markets we could see in the medium term as a result of COVID-19 is customer evaluation of the providers with whom they deal.

We prioritised customer responsiveness and experience during the last 18 months and in a number of cases invested significant extra effort to service those customers. We have also worked hard to moderate price rises with cost management; the end result being extremely favourable customer feedback and low customer churn levels. The same cannot be said for our competitors in various business units who either closed offices/service provision or responded with in our view with aggressive pricing tactics.

In the first month of the pandemic, we said very clearly we would prioritise 1) Health & Safety, 2) customer experience, and 3) the bounce back of the business. Those decisions taken early in 2020 are very evident in the performance of the business in 2021. I firmly believe that with our very strong customer experience, value of our services, investment in continual transformation and investment in new services we will be the net beneficiary of customers looking to establish new long term relationships with our business.

ESG

We announced our new ESG Strategy in Q4 2021 called 'Restoring our World'. We have taken the time to understand what matters to all stakeholders in the business when developing this strategy from shareholders, employees, customers, suppliers and the wider community. We have also worked hard to ensure we have specific targets, actions and timing for this first strategic plan with the aim of delivering on these and also looking to improve the timing and impact. At Restore we pride ourselves on being extremely customer centric and pragmatic with the way we run our business for the long term but also brave in transforming the business and using the strong financial position of the company to deliver against the plans.

We have set out a bold target to become a Net Zero organisation by 2035 which requires real and sustained focus along with technology based investments and we are endeavouring to work towards even more ambitious achievements. We are also working on the next version of the strategy to include more specific plans on Waste, Scope 3 emissions and other areas that matter to our stakeholders based on feedback from the inaugural strategy and plans we have announced.

I can say with absolute certainty, that the whole team at Restore is motivated and energised by our commitment to do the best for our environment and the communities we live in. We are committed to deliver with the highest levels of integrity and governance you would expect from a company entrusted with such critical services to customers and the broader society in the UK.

Digital and Information Management

Our Digital and Information Management division comprises Restore Records Management and Restore Digital. For 2021 revenue was £138.3 million, up £32.2 million on 2020 with operating profit of £42.5 million, an increase of £8.5 million on 2020.

Restore Records Management

Restore Records Management growth was substantial during 2021 with organic revenue growth of 5.6% and total revenue growth up 16%. Pricing was increased at ordinary inflation rates with total box storage volumes up 11.6%, including organic growth at an impressive 1.3% (vs 0.9% in 2020 and 1.9% in 2019). This demonstrates that even with various lockdowns and interrupted business activity in the wider economy we can grow strongly. Three acquisitions in the year of 1BDM, EDM and The Document Warehouse ('TDW') contributed to this overall excellent result. Our total box storage volume at the end of 2021 is now 22 million boxes which means over the last three years we have increased our storage by 2.6 million boxes or 13.3%.

Storage revenue grew by 5.4% during the year and including activity based revenues the total revenue for the year was £101.4 million and we end the year with exit run rate revenue of £110 million. Although we experienced a strong recovery in activity levels we still have a number of customers in the private and public sector that are yet to fully recover their delivery and retrievals which will provide a positive further tailwind for the business in 2022.

Occupancy rates closed the year at 89% (2020: 94%) with the addition of capacity at our new Heywood site of c.1 million boxes and capacity in the recently acquired TDW business in Sittingbourne. We exited one large site at Transfessa, Paddock Wood with a further 4-5 sites planned for consolidation in 2022. Over the next 8 years we have a clear plan to reduce the number of buildings in the estate by 50% while at the same time ensuring increased capacity for the organic and acquisitive growth of the business. We will invest in larger and higher density sites as we have done in 2021 to drive down our property cost in the region of c.25%. We will do this while staying close to our customers to ensure excellent service levels with deliveries of records.

New customer wins included Department for Work & Pensions ('DWP'), a document services project of approximately £10 million over 20 months which commenced in June 2021. As part of the service, 95 employees transferred across to us from the previous provider. We had several other significant wins across the public sector, including NHS Hospitals, local councils and Clinical Commissioning Groups (CCG's). These entities are a new opportunity for us, driven by funding by NHS commissioners to move patient notes off site.

Across the private sector we had a 27% increase in new customer wins compared to 2020 and our pipeline at the end of 2021 is 7% bigger compared to the previous year. We have almost half of our 2022 new box target already confirmed.

The market trends are very positive for our Records Management business. Organisations have been slow to adopt digital workflows in the last 20 years and although some companies have rushed to implement new digital experiences for customers in the last 12 months we are still seeing significant growth in physical documents for storage. If customers decide to invest in further digitisation of their business (which we encourage) then we are well placed to win this business because we can deliver both the physical and digital service for customers. Flexible working also drives more demand for those 'unvended boxes' held in customers' premises. When customers move, whether it be downsizing , rightsizing or upsizing their business it makes no sense to move boxes to expensive new office facilities when we can offer a fast turn around and cheaper service compared to in-house provision with additional benefits of inventory and asset tracking to provide peace of mind. We estimate this un-vended market to be c£50-100 million of revenues per year and we experienced 185 new customers in 2021 with un-vended boxes demonstrating this growth opportunity. A significant customer trend is towards sustainability in the Records Management market, this means a focus on energy costs associated with storage of boxes. We provide the lowest carbon offering to customers to reduce their Scope 3 emissions. It is these trends coupled with our excellent customer experience as shown by over 140 Trustpilot reviews (4.7 out of 5) that means we win against our competition to drive an increase in organic market share.

As demonstrated over the last few years (including during the COVID-19 pandemic) our overall strategy in Records Management is to drive capacity growth which will deliver significant revenue and profit growth. We are delivering consistent organic growth with the market drivers described while also focusing on the customer experience and reduction in costs. There are substantial acquisition opportunities in the market, supported by active discussions with over 20 companies of a total number of 110 with whom we have continual dialogue.

Restore Digital

Restore Digital helps customers in their digital journey with services from Digitisation, Cloud, Consulting, Digital Mailroom and Business Process Outsourcing ('BPO'). Restore Digital revenues increased substantially from £18.5 million in 2021 to £36.9 million for 2021 with an exit run rate of £46 million. It was a transformational year for the business with strong organic growth coupled with two acquisitions, the largest being EDM which was completed in April 2021 for £62.4 million (24% of the revenues fall in the Restore Records Management business with 76% of the revenues in Restore Digital). Importantly the capabilities of the business have been transformed with the addition of EDM which enhanced our position in the all-important Digital Mailroom space to be the market leader, and enhanced our Cloud, BPO and software assets and capabilities which have been outlined as strategic areas of growth over the last 2 years. We operate nationally from 11 sites with over 800 employees and provide cloud hosting services of c.£6 million in revenues and growing with c.500 million cloud hosted images.

With this increase in higher margin services and additional scale driving efficiencies alongside operational improvement the net margin of Restore Digital has improved materially in line with our expectations and the strategy that we have outlined over the last 2 years.

We are winning in the market with long term contracts demonstrating the critical nature of the services we provide. In addition, the sales pipeline at the end of 2021 was significantly higher than 2020 (increase of 28%).

An agreement has been reached between Canon Business Services and Restore Digital for Canon to resell Restore's digitisation services to Canon's extensive client base. With a trend towards businesses trying to reduce their supplier base, adding Restore's digitisation services to Canon's existing portfolio allows Canon to offer a full range of document process outsourcing services.

Restore's service complements Canon's existing service offering allowing Canon to bid for projects requiring the full document lifecycle. Services include outsourced digital mailroom, high volume archive scanning projects and low volume rapid turnaround scanning projects or 'SimplyScan'.

We were awarded a 3 year contract directly with Monzo bank, one of the first online-only challenger banks in the UK. We have successfully rolled out a digital inbound and outbound omnichannel mailroom, and together we are looking to develop this further, including cheque processing and wider electronic banking services.

We signed a contract for 3 years with Dashly, the only 24/7 Mortgage Evaluation Platform. Restore Digital delivers intelligent Capture and Data Perfection services that enable Dashly's own revolutionary technology to evaluate individuals' mortgages against the entire market 24/7 to find the right deal for every customer. These services enable mortgage advisers to effortlessly onboard their clients and are then alerted whenever Dashly identifies an opportunity for them to save money, taking into account all fees and early repayment charges.

Over the last 12 months we have made extensive preparations for the upcoming delivery of critical elements of the Scottish Census on behalf of National Records Scotland and in partnership with APS Group we look forward to the start of service delivery at the end of February 2022. The services provided illustrate the breadth of Restore Digital's capability, from document digitisation, through complex data capture and interpretation and including provision of supporting systems.

The long term trends for Restore Digital are very positive with customers looking to unlock the information in physical records to support a digital transformation. We can help customers with both of these challenges and so provide a one stop shop for customers who want to simplify what are difficult changes for them. Changes in the workplace are favourable with services like Digital Mailroom which remove the need for customers to have onsite mailroom employees and this also enhances their ability to change their property portfolios. Hybrid working increases the need to be more digital and we offer a complete physical to digital service and with our consulting, cloud and software assets we help customers in this journey. The services we provide come with attractive financial profiles for Restore comprising a mixture of project and multi year subscriptions revenues.

Our strategy is to continue to grow aggressively with a mix of organic growth and acquisitions for additional capability and scale. The market size is at least £320 million and growing at a minimum of 4% and with 15% market share we have significant room to grow. After integrating EDM in 2021 and delivering strong organic growth the business is ready for an even bigger year in 2022.

Secure Lifecycle Services

Our Secure Lifecycle Services Division comprises Restore Technology, Restore Datashred and Restore Harrow Green. For 2021 revenue was £96.0 million, up £19.4 million on 2020 with operating profit of £11.7 million, an increase of £8.5 million on 2020

Restore Technology

Restore Technology had a transformational year and exits 2021 with exit run rate revenues of £34 million. This means the revenue from this business unit has trebled in size over the last three years. Size and scale expansion has also resulted in significantly improved margins, with further opportunities still to pursue through operational efficiency. Scaling from £15.3 million to £28.1 million, this business unit now operates across seven sites, provides truly national coverage, employs almost 400 people, serves 18,000 clients, handles over 1.4 million assets and enjoys the market leading position and is the largest UK owned IT Lifecycle Services business.

Three new businesses were acquired in the year. Starting in January 2021 we purchased Computer Disposals Limited, a scale IT Asset Disposals ('ITAD') company with national coverage and operational strength. We acquired a small business, The Bookyard which increased our capability with Apple technologies, and in August we acquired PRM Green Technology, another ITAD company with operational strength, with significant penetration in the education sector. I am delighted with the acquisitions in Restore Technology this year. The inorganic growth from these businesses, combined with the sales growth delivered by the team has contributed to both a strengthening of performance and capability. Our pipeline of future acquisitions is exciting and promises continued success in this vein, particularly as we consider how expanding capability throughout the technology lifecycle will offer yet more value to our clients and differentiation of our portfolio.

In line with our overall growth, 2021 has been a year of success with our clients. Organic and inorganic growth combined saw this business welcome £9 million of new client opportunities, which is a several fold increase YoY, incorporating many prestigious logos. Our increasing scale and client base presented an opportunity to evolve our sales strategy and coverage model. We increased our focus on clients, new and existing, enterprise and SME, direct and in partnership with our channel. We intensified our efforts around client experience, eCommerce and digital transformation.

Our resilience and agility enabled our clients to rely on us as their businesses evolved through 2021, despite the changing landscape of COVID-19 restrictions.

Our brand's association with trust further strengthened throughout 2021. Our clients already associate us with the highest levels of accreditation and certification, giving them confidence to trust us with the responsibility of handling their data ethically and securely. Our PlanetMark certification achieved in 2021 underscores our commitment to environmental sustainability, a core value of our technology business. Trusting Restore Technology with the processing of technology ensures assets are always handled securely, ethically and sustainably, whether that be for services early in the lifecycle such as asset and imaging, services through the lifecycle such as upgrading or moving, and services at the end of the lifecycle such as reuse, remarketing, or destruction. The Restore Technology business is now 'the' secure and sustainable choice for technology lifecycle services.

As market dynamics continue to elevate the importance of these values, the technology lifecycle market will only continue to grow and our opportunity likewise. Technology spend is growing at least 6% pa. which in turn drives demand for the need to recycle technology assets in a secure and sustainable way. Our ambition for growth in this area reflects this growing demand and will see us outpace the market. Our exciting medium term goals are to build a business with £80-100 million annual revenues with a services portfolio designed to serve both our clients and our channel alike, across all phases of the technology lifecycle. 2022 promises to be another exciting year for this part of our business.

Restore Datashred

Restore Datashred our secure shredding and paper recycling business was impacted in the H1 2021 with the UK wide lockdowns and in H2 showed significant improvement in activity levels with customers. Revenue increased to £30.2 million (2020: £28.0 million) with a 9% increase in service visits for the year. Recycled paper prices increased during the year. Entering the year, the average price per tonne was c £158 and the average for the whole year was c.£185, with overall paper volumes on par with 2020 levels; we expect this volume to materially increase in 2022.

We carefully maintained our position as one of the top online search choices for shredding services in the UK. This maximised the inbound opportunity and delivered a consistent level of ad-hoc destruction requirements across the UK. There were a number of key wins across the year with a sizeable new national pharmacy customer, operating over 1,400 sites across the UK. This opportunity was successfully transitioned, on-boarded and operations began servicing at the end of 2021. In addition, the sales team on-boarded over 200 new customers into Group. As a result of cross selling the team supported some major new contracts in Records Management and Digital, where having the capability to destroy documents in house, formed a major part of the decision criteria.

We have a clear plan to improve operational efficiency whilst also improving our customer experience. Our 5-year operational strategy is focused on delivering transformation aligned to the Group ESG targets: optimising the number of customers we service per route per vehicle, ensuring we utilise the right vehicles so we match capacity with customers, reviewing our depot footprint to make sure we are aligned to our customer density and have the optimum destruction capability to service our customers' needs. In addition, over the last 2 years the team has focused on optimising our fleet with a mix of different vehicles from vans to small and large trucks to fit the profile of the work we do (onsite shredding vs offsite) to drive more visits per day and overall utilisation. We have also improved the routing of vehicles and the operations of our 9 destruction sites and 3 collection sites across the UK. With a focus on transformation whilst managing the complexities of the pandemic, the team have improved the overall structural productivity of the business. With the expected increase in volumes across this year, this will generate improved returns from this business.

Customer satisfaction was excellent throughout the year with positive feedback and a continued strong Trustpilot score of 4.6/5. We improved our market leading NPS score from an average across FY20 of 70 to 72.5. Service levels into our customer base were also maintained above 95%, which in a COVID impacted environment is testament to our robust processes and professionalism across our operations teams.

Our digital transformation drive continues, with a focus on automation to streamline our processes, enhancing our customer experience. We launched a new online service, Homeshred for consumer home collections during the pandemic and expanded the service to now the most comprehensive range in the market. We also launched a pilot demonstrating our new automated customer reports, to which feedback has been excellent, and it is now part of our mainstream business.

We completed one small acquisition in Q4 2021 which is now fully integrated, and we are in early stage discussions with a number of companies. We expect over the next 12 months to see increasing activity which will help us scale up the business on the stronger foundations we have created over the last 18 months.

The paramount concern of our customers is the security of data with their shredding service but increasingly the environmental impact of the service including carbon emission, waste management and the recycling of material is becoming a key buying criterium, which is a positive trend for our business.

Our strategy is to grow the business substantially both organically and through acquisitions which increases our scale and investment in new technologies to deliver a Net Zero service. I am delighted with the progress of the team in the last 2 years. They have weathered the uncertainties presented by COVID-19 and continued to transform the business such that we are ready for the bounce back with significantly improved sales and operational performance and a lower cost base to generate good returns for the business as activity and scale returns.

Restore Harrow Green

Restore Harrow Green delivered a very strong year despite the volatility posed by COVID-19 with customer decision cycles changing more than normal. Harrow Green achieved an increase in revenues to £37.7 million (2020: £33.3 million) and also delivered record profits with very strong cost control across the business.

In 2021 we saw a sharp increase in activity levels for quoting of work which was up 24% vs 2020 but still lower than 2019 volumes as we expected. The increase in opportunities did bring some very significant wins throughout the year, with the following projects secured: University of Exeter >£800k, University of Glasgow >£190k, City of London Police >£350k and Victoria & Albert Museum >£200k. Overall the larger scale corporate projects have significantly reduced in terms of volume and size however we expect this to come back in 2022 and beyond with pent up demand.

We made significant progress in 2021 around our strategic goal in increasing our presence in the Life Science market. We opened our Cambridge site in Q1 of 2021 with its increased capability supporting the Pharmaceutical market. We have significant capability already and on the back of this investment we have seen very encouraging new wins for major office and laboratory moves along with storage, delivery and installations of equipment for OEMs supplying these customers. The additional storage capability with this new site has meant we have achieved storage revenues of £4.1 million across our 9 facilities which is 26.5% ahead of 2020 and 36% on 2019. We have seen strong long-term demand for this value added service which also drives improvement in the margin. We intend to invest further in new facilities in 2022 to increase our storage capacity. In 2021 we were unsuccessful in renewing the DAS contract (Defence Accommodation Service) of which we are a sub-contractor (our portion is <15% of the overall contract) through Amey. We will have at least 3 months of the contract in 2022 and will TUPE the affected employees at the end of the contract.

The strong financial result was underpinned with excellent 'on the day' execution by the team and continued cost control throughout the year. Activity levels in the regions increased strongly which offset a more subdued London market which we expect to equalise during 2022.

Over the next 12-24 months our expectation is that there will be pent up demand for office relocation and reconfiguration. A number of companies and public sector organisations delayed lease breaks and office changes that had been planned and this demand plus the new demand posed by organisations needing to move offices with lease breaks will mean a significant wave of activity. We have seen in the last two months of 2021 increased proposal and quoting activity, although we have seen a slower return to activity in January following the latest restrictions. We are being cautious with the addition of labour to meet this demand and we can flex with our agency workforce as required .

Restore Harrow Green's strategy is to grow organically and expand into new customer segments that value certainty of delivery as demonstrated with our Life Sciences investment in Cambridge. Although the strategy is focused on organic growth, we will look at acquisition opportunities that may present themselves as we emerge from COVID-19 to strengthen our regional footprint and also key customer segments.

Outlook

Looking ahead we are seeing increasing demand for our mission critical services and coupled with strong cost control and acquisitions we expect to deliver further increases in EPS in-line with our high growth strategy.

Despite macro uncertainty, we are well positioned for further organic growth in 2022 and have an active pipeline of strategic acquisitions to further build scale and capability. Inflation is a headwind but with strong productivity gains and pricing, we are confident in our ability to contain this risk.

In Records Management, we delivered 1.3% organic growth in boxes in 2021 and we are determined to improve on this result in 2022 in line with our guidance of between 1-2% organic volume growth, and with price increases on the storage revenue increase in 2021.

Our margin expansion strategy over the medium term is very clear, and in the shorter term with continued scaling of the business, higher margin services and tight cost control, we see a good margin expansion opportunity on a business which is much larger.

The financial strength stemming from strong recurring revenues and long term contracts coupled with high customer satisfaction levels mean we can invest heavily for long term growth while delivering in year increases in EPS. We operate in attractive markets that are growing and also largely fragmented and so we have significant organic and acquisition growth opportunity.

Our medium term goal to increase run rate revenues from £260 million to between £450-500 million and double EBITDA of £74.2 million today to over £150 million is on track.

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

Charles Bligh | Chief Executive Officer

16 March 2022

Chief Financial Officer's Statement

Neil Ritchie

"Restore has delivered strong organic growth and a number of transformational acquisitions during 2021. The Group is now significantly larger and stronger and is well positioned for continued expansion in 2022."

Financial Highlights

	2021 £m	2020 £m
Revenue	234.3	182.7
Adjusted profit before tax*	38.1	23.2
Statutory profit before tax	23.0	4.0
EBITDA*	74.2	57.4
Free cashflow**	24.5	29.6
Net debt (pre IFRS16)	100.8	66.1

Revenue

	H1 £m	H2 £m	FY £m
2021	106.1	128.2	234.3
2020	89.5	93.2	182.7
2019	106.2	109.4	215.6
2021 v 2020	119%	138%	128%
2021 v 2019	100%	117%	109%

* Stated before amortisation and impairment of intangible assets and investments and exceptional items and after the effects of IFRS16.
** Net cash generated from operating activities after capital expenditure and lease payments, but before exceptional items.

Overview

Restore has delivered a strong financial performance for 2021 with record levels of revenue and profit, positive organic growth momentum and successful execution of a number of transformative acquisitions.

The Group has delivered clear underlying business expansion and successfully completed eight strategically aligned, high quality business acquisitions at an investment cost of £86.3 million, net of cash acquired, during the year to 31 December 2021. With combined annualised revenues of c.£44 million and EBITDA of c.£16 million after synergies, these investments are providing strong returns and a post synergy ROIC of 13.0%. These investments have increased the number of boxes under management in Records Management from 20 to 22 million boxes, more than doubled the size of both Restore Digital and Restore Technology and further enhanced the Group's scale, capability and breadth of products.

Reflecting this strong financial performance and confidence in the Group's prospects, a final dividend of 4.7 pence per share is proposed. Together with the interim dividend of 2.5 pence per share, previously declared and paid, the total dividend for the year to 31 December 2021 will be 7.2 pence per share (2020: nil pence).

With revenues of £234.3 million for 2021, and an exit run rate of £260 million, Restore has substantially increased in scale. With a track record of strong cash generation, substantial balance sheet capacity and significant opportunity for organic and acquisition expansion, the Group is well placed for further growth in 2022.

Income statement and profit performance

The Group's revenue for the year ended 31 December 2021 was £234.3 million, an increase of 28% over 2020. This strong growth reflects a return to largely normal activity levels during 2021 following the impact of COVID-19 on 2020 performance, underlying organic expansion and the benefit of strategic acquisitions during 2021.

Revenue Bridge	£m
2020 Revenue	182.7
COVID-19 repair	10.2
Organic growth	9.2
Acquisitions in year	30.0
Full year effect of prior year acquisitions	2.2
2021 Revenue	234.3

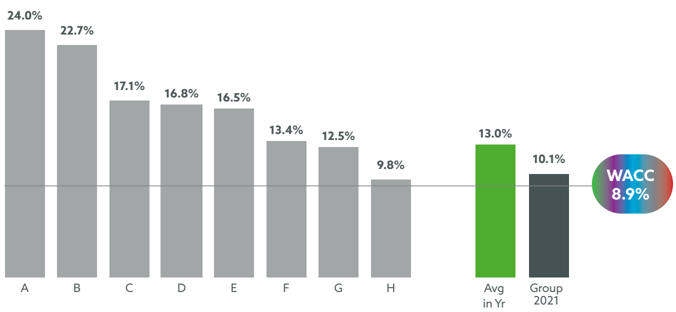
As anticipated, 2021 saw a strong recovery from the impact of COVID-19 restrictions on 2020 performance with revenues back to 95% of pre-pandemic levels by the end of Q1 2021. The business experienced a steady return of activity and underlying organic expansion throughout the year although Restore Datashred was slower to recover than other businesses repairing from 62% of pre-pandemic revenue levels in Q1 2021 to 84% by Q4 2021.

Organic growth in the year, is estimated at £9.2 million with identifiable, organic only effects derived from net box growth, normal price increase and net contract wins. This represents an organic growth rate of 5% and is in line with strategic objectives as set out at the Capital Markets Day in November 2021.

Whilst COVID-19 recovery and organic expansion has been strong, a number of headwinds remained in the year with potential to repair further in the future. Notably, compared to the pre-pandemic period, Restore Datashred revenues were down c.£10 million; Restore Digital once again absorbed the cancellation of GCSE and A level digital exam scanning at a revenue impact of c.£3 million; and certain service income activities were lower in Harrow Green (c.£4 million); and Records Management (c.£4 million).

Acquisitions in the year benefitted revenue by £30.0 million. This annualises to £44 million and has driven a substantial increase in the scale of the business from revenues of £215.6 million in 2019 to an exit run rate of £260 million by Q4 2021. The returns on these investments have been excellent, achieving a post synergy return in capital invested of 13.0%.

In year acquisitions: Post Tax ROIC



The business continued to focus on cost and margin improvement during the year with a number of strategic cost initiatives underway. Of note, the Group completed fuel supplier consolidation in H1, entered into a strategic long-term lease in Heywood and acquired a freehold in Sittingbourne to support Records Management growth and reduce cost per box through increased storage density. In Q4, the business commenced a strategic review of fleet suppliers, in light of future ESG goals, and started to assess the potential consolidation of security and facilities services across the Group.

Using 2019 as a clean comparative, the key cost ratios have remained flat through to 2021 with people costs at 43% of revenue in 2021 and 2019, and with property lease payments at 8% of revenue across the two periods.

As a result of the revenue expansion and productivity improvements, the Group's adjusted profit before tax increased to £38.1 million for the year to 31 December 2021 from £23.2 million for 2020, an increase of 64%. The operating margins also showed positive momentum during 2021, growing from 18.5% in H1 to 20.7% for H2 to give a full year margin of 19.7% (2020: 17.4%).

The statutory profit before tax for the year to 31 December 2021 was £23.0 million (2020: £4.0 million). This increase results from the positive trading reasons stated previously and the impact of non-cash impairments in the prior year totalling £8.6 million.

Adjusted profit items

Due to the one-off nature of exceptional costs and the non-cash element of certain charges, the Directors believe that the alternative performance measure of an adjusted profit before tax and earnings per share provides 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:

	2021 £m	2020 £m
Statutory profit before tax	23.0	4.0
Adjustments		
– Amortisation	10.7	8.3
– Impairment	–	8.6
– Exceptional costs	4.4	2.3
Adjusted profit before tax	38.1	23.2

Amortisation has increased as a result of acquisition investment. Details of exceptional cost movements are set out below.

Exceptional costs

Restore's strategy is to grow through organic expansion, strategic acquisition and margin enhancement through efficiency and scale. To deliver these objectives, 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.

Exceptional items

	2021 £m	2020 £m
Acquisition transaction costs	1.2	0.1
Acquisition related restructuring costs	2.4	0.1
Restructuring and redundancy	–	1.3
Other exceptional items	0.8	0.8
Total	4.4	2.3

Acquisition related transaction costs and restructuring costs have increased from £0.2 million in 2020 to £3.6 million in 2021. This increase is as a result of the Group's eight acquisitions during the year and represents 4% of the acquisition investment during the year, in line with management expectations.

Other exceptional costs in 2021 include legal and advisory costs in respect of the unsolicited, non-binding, highly conditional approach to the Group by Marlowe plc during the year (£0.5 million), and final adjustments to the penalty relating to an incident at the Crayford site in 2018 (£0.3 million), with the total fine finalised at £0.6 million.

Earnings Per Share (EPS)

Basic adjusted earnings per share are calculated by reference to the adjusted profit for the year, less a standard tax charge, to the weighted average number of shares in issue during the year.

The fully diluted 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 and options granted over the shares of the Group during the year.

	2021	2020
Basic adjusted earnings per share from continuing operations	23.2p	15.0p
Fully diluted adjusted earnings per share from continuing operations	22.4p	14.6p
Basic earnings per share from continuing operations	8.7p	0.2p

The 55% year on year increase adjusted EPS reflects the 64% increase in the Group's earnings in excess of the 6% increase in the weighted average number of shares following the issue of equity in support of acquisition activity in May 2021.

Interest cost

	2021 £m	2020 £m
Interest on bank loans and overdrafts	2.6	2.8
Interest on lease liabilities	5.2	5.4
Amortisation of deferred finance costs	0.3	0.3
Total	8.1	8.5

The bank interest cost for 2021 is slightly reduced compared to 2020 with the average debt balance broadly similar, although generally increasing, through 2021.

Non-cash interest cost on the lease liability reflects the application of IFRS16 and is slightly reduced from £5.4 million in 2020 to £5.2 million for 2021 as the liability reduced during the year from £120.7 million at 31 December 2020 to £117.0 million at 31 December 2021.

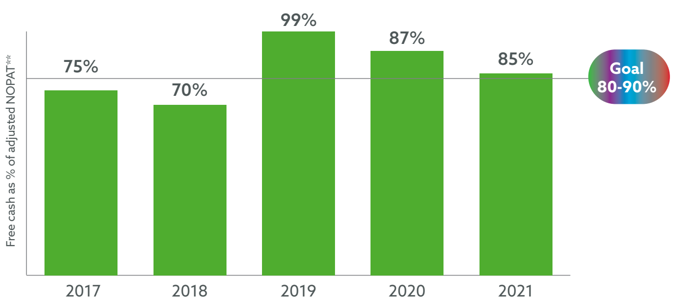
Taxation

The current tax charge for the period is £11.5 million. Following the announcement on 3 March 2021 of a change to the UK corporate rate to 25% in 2023, which has now been substantively enacted, we have re-assessed the deferred tax position of the Group which has resulted in an additional non-cash tax charge of £6.2 million being recognised in the income statement.

Cash generation and financing

The Group's cashflow continues to benefit from a high quality, reliable customer base with very low levels of bad debt or late payment. The free cashflow generation of £24.5 million for 2021 (2020: £29.6 million), reflects the continued high profit to cash conversion characteristic of the Group and is after a working capital outflow of £12.1 million primarily due to absorbing the effect of the expansion of working capital in support of the business growth of c.£2 million, working capital requirements associated with acquisitions and full repayment of c.£8 million of VAT deferred from 2020.

Free cashflow as % of Net Operating Profit After Tax ('NOPAT')*



* NOPAT calculated as adjusted operating profit with a standard rate of tax applied.
** Normalised for year to year effect of VAT deferral.

During the year, the Group substantially increased the pace of business acquisitions and invested £86.3 million, net of cash acquired, including deferred consideration. Whilst primarily funded from the Group's debt facilities, the business also raised additional capital of £38.1 million, net of issue costs, through an equity placing in May 2021.

The Group continues to have significant headroom within its borrowing facilities with the current Revolving Credit Facility (RCF), which runs to April 2025, providing borrowing capacity of up to £200 million plus a further uncommitted accordion of £50 million, leaving the Group with flexibility to invest as opportunities arise.

	31 December 2018	31 December 2019	31 December 2020	**31 December 2021**
Net Debt	£111.3m	£88.5m	£66.1m	£100.8m
Leverage*	2.1x	1.6x	1.8x	1.8x

Statement of Financial Position

The Group's balance sheet continues to be in good health with key working capital ratios in line with previous years and further expansion of the net assets of the business due to the profitable nature of the Group's activities whilst balancing with returns to shareholders.

	2021 £m	2020 £m
Working capital**	12.8	3.3
Total Equity/Net Assets	265.2	218.6
Net Debt (post IFRS16)	217.8	186.8
Net Debt (pre IFRS16)	100.8	66.1

Working capital management remains a strength of the business with debt ageing consistent at 51 days and the current asset to current liability ratio improving from 1.2x to 1.4x. Total equity has increased to £265.2 million (2020: £218.6 million) as a result of the annual profit and the equity raise in May 2021.

The strength of the Statement of Financial Position is indicative of the overall good health of the business and provides substantial capacity to support future growth and investment requirements.

Neil Ritchie | Chief Financial Officer

16 March 2022

* Leverage is calculated as the ratio of pre-IFRS16 EBITDA to pre-IFRS16 net debt in line with banking covenant definitions, using non IFRS16 definition of debt and EBITDA, and a pro-forma EBITDA adjustment for acquisitions.

** Trade and other receivables plus inventory less trade and other payables.

Case Study

Restore Digital

Dashly Ltd digitises mortgage offer data extraction with Restore Digital

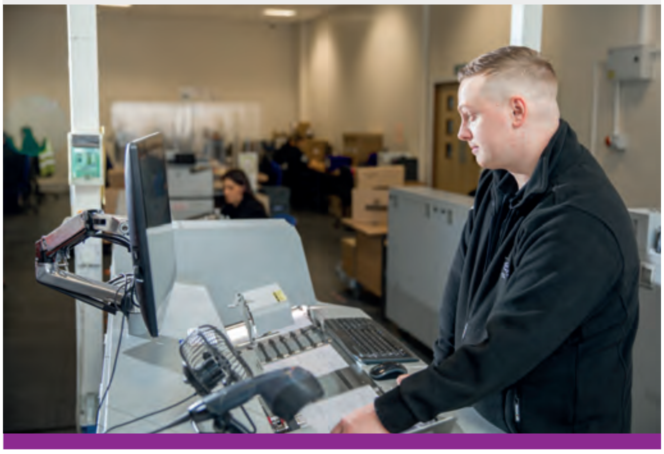
Founded in 2018, Dashly is a mortgage comparison and switching platform that helps brokers save money for their clients. Their platform uses artificial intelligence, big data and open banking-powered technology to scour the entire mortgage market, tracking and comparing various lender deals against clients' existing mortgages to identify savings.

Specific metadata from a client's mortgage offer is required for the Dashly platform to operate. Dashly required an innovative partner to develop a scalable solution that can grow as Dashly gains market share. Using emerging technologies, Dashly needed a partner that could combine the very latest data capture technology, industry knowledge and innovation to streamline their business processes and improve the turnaround time of mortgage offers.

Restore Digital uses a combination of auto and manual data capture technologies to accurately capture the required metadata and feed into the Dashly platform. Whilst mortgage offers are processed in bulk currently, Restore and Dashly are working together on an environment where Dashly will improve processing times further by instantly uploading individual offers without waiting for batch processing. Through the solution, Dashly process mortgage offers and expects this to grow to 50,000 each month as the market remains strong.

Ross Boyd, CEO of Dashly, said:

"Working with Restore is great - we have a trusted partner who really understands what we need to achieve and provide us with all the support and expertise we need to make our platform processes more digitally driven. As our platform is evolving all the time, we've found Restore really responsive in ensuring data accuracy and flow is optimised."



Risk Committee Report

Sharon Baylay-Bell | Chair of the Risk Committee

Introduction

I am pleased to provide the Risk Committee's annual report for 2021.

The Committee structure was enhanced in early 2021 with an update to the risk management framework and a refresh of the Committee structure. The Committee consists of a Non-Executive Director as Chair, currently myself, the Executive Directors as full members, the Group Head of Risk as secretary, and Business Unit Managing Directors as standing attendees, subject matter experts attend where required to provide deeper insight.

During the year, the Committee continued to focus on near-term risk and enhanced its strategic perspective. To do so its business and deliberations were considered in the light of three complimentary perspectives:

- Risk within business-as-usual activity
- Risk as reflected in barriers to meeting strategic objectives
- Emerging risks identified through horizon scanning and not yet apparent in business-as-usual or strategic activity.

Activity

During the year the Committee met four times and considered the following items:

Risk	Comment
COVID-19	Presenting a number of safety, operational and financial challenges, the outbreak of the virus and subsequent mutated strains has required a careful balance between ensuring the safety of our people and our customers and maintaining the provision of our critical services. The Committee maintained broad oversight and is satisfied with the strong operational management demonstrated across the business which blended safe working environments and the continuity of business services.
Health & Safety	The Committee were pleased to note the continued development and improvement of safety culture as evidenced by a recent business-wide follow-up external audit that builds on their findings from the 2019 audit.
Property	A new Group Property Committee has been established. The functional areas operate under a committee structure and has an active programme of maintenance, enhancement, and risk mitigation. The Property team presented to the Committee a number of items including legal, facilities and capex projects.
Information Security	The Committee noted the appointment of a Group IT Director to enable a more holistic approach to the provision of secure IT services, enhance infrastructure and manage service provision and cost. Despite increasing threat levels through 2021, Restore's robust IT security environment has kept pace with threat evolution.
Business Unit Risk Review	A rolling programme of business unit risk reviews has been incorporated into the Committee's programme.
Business Continuity	The Committee notes the continued development of Restore's business continuity management and assessment capabilities.

Future plans

The Risk Committee will continue to develop its risk management maturity in 2022. Moreover, to support Restore's Task Force on Climate-Related Financial Disclosures (TCFD) compliance pathway, the risk function and Committee will lead on the development and analysis of appropriate climate scenarios. A broad agenda for 2022 is being developed and will include climate change, emerging risks and the development of risk appetite.

Key risk assessment

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 & 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 facility is provided by a broad and supportive banking syndicate with a credit facility up to £200 million in place until April 2025 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 continues to monitor cyber threats through software, internal resource, and independent review. Our ability to recover from primary system failure is tested at appropriate intervals with particular attention to business-critical applications. Business applications and technologies are upgraded, patched and maintained in line with vendor recommendation. The Group has invested in new networks across all business units providing improved security, capacity and significantly increased resilience.
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. The Group has developed, and through 2022 will implement, a phased physical security improvement programme. Moreover, structural changes have improved the Group's ability to monitor its property and facilities management portfolio. 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 continued headwind of rising rents and the rating revaluation property costs are rising significantly across all business units which could have a significant impact on the Group.	The Group has a strategy to control overall property cost through consolidation, increased density, price increases and enhanced capacity utilisation mitigating this risk.
HR and succession planning	Lack of succession planning across the Group for any potential key management positions.	We now have a robust senior management talent planning process in place which includes succession planning. All senior roles have been risk rated with plans under development for those identified as high or medium risk.
Loss of confidential customer records	Potential financial and reputational impact of a loss of customer records/data.	The Group's Data Protection Officer is responsible for ensuring and assuring compliance with UK GDPR and other privacy requirements. Staff are aware of the importance of protection personal information and processes have been designed with privacy as a guiding principle. All of the Group's operations maintain accreditations appropriate to the activities undertaken and we maintain adequate insurance for such events.

Risk Committee Report continued

Risk	Potential Impact	Risk Mitigations
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 Safety & Wellbeing Committee and has well established and continually improving health and safety risk assessment processes and incident reporting procedures. Safety training has been reviewed and simplified, and there is increased dialogue with colleagues around safety-related issues. Creating a strong health and safety culture will help to drive down incident rates, increases colleague productivity and wellbeing and ultimately improves margins.
UK or Global 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 health and safety 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.	The Group have already a strong track record in reducing environmental impact. More than 80% of our power needs are Renewable Energy Guarantees of Origin (REGO)-certified, we have established a programme to rotate Fleet towards new technology and have declared a challenging net zero carbon target of 2035. Importantly Group will also align with and fully report against TCFD requirements by the next report.

One of Restore's more interesting operating environments is an old central ammunition depot at Monkton Farleigh, originally built in 1937.

Restore have invested in dual-fibre connectivity to link all areas and provide vastly improved communications, information flow and environmental monitoring. Monkton Farley is now one of the most connected underground sites in Europe.

Environmental, Social and Governance Strategy (ESG)

Our commitment

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

During the year the Board approved the Group's ambitious ESG Strategy 'Restoring Our World' and set an ambitious goal to become a Net Zero organisation by 2035.

Restore recognises the impact of its operations on the environment, its responsibility to the communities it operates within and its obligations to its people, suppliers, and other invested stakeholders. Importantly, Restore's provision of critical sustainable business services for our customers, supports their climate change aspirations and goals.

Restore has developed a broad ESG strategy, 'Restoring Our World', developed with reference to the United Nation's Sustainable Development Goals and in consultation with internal stakeholders, customers, representative shareholders, and other external stakeholders. It seeks to reduce the impact of the Group on the environment, increase its social contribution and provide ESG leadership to the sectors in which it operates.

A critical pillar of the Group's ESG strategy is a commitment to become a Net Zero organisation by 2035. The Group will seek to beat this goal, with some business units aiming to be Net Zero earlier.

The Group is building on its strong credentials and developing a structured and disciplined approach to the delivery of its ESG strategy. Our progress will be made transparent with adoption of best practice through application of TCFD compliant reporting and assured through Planet Mark accreditation. This report is our first under this new approach.

ESG continued

Restore has engaged external advisors and sought feedback from stakeholders to develop a new and comprehensive ESG Strategy which is action oriented with measurable KPI's.

Strategy

Key to our strategy is our appetite to lead our customers, suppliers and competitors towards a secure and sustainable business future. To realise this vision, Restore is developing transformational activity within three underpinning focus areas.

Our Strategy	Restoring our World		
Our Vision	To be game changers in safely leading businesses to a secure and sustainable future		
Focus areas	**Our Planet**	**Our People**	**Our Business**
ESG topics & long-term goals	Business Governance		
	Climate Action	Health, Safety & Wellbeing	Customer Engagement
	Resource Use	Culture	Data Security
	Biodiversity	Community Impact	Innovation
		Enriching Careers	Partnerships
		Diversity & Inclusion	Transparency & Accountability
Yearly targets			
	Transparency and reporting		
	Policies		

PlanetMark

Planet Mark's relationship with Restore started in 2014 working with one of the business units. Now, we are working across the entire group and guiding them towards their ambitious net zero carbon targets. Our partnership with Restore shows how organisations can make year on year carbon reduction business as usual and accelerate climate action

Steve Malkin, CEO, PlanetMark

Our Planet

Restore recognises and commits to the significant challenge posed by the climate emergency.

In order to structure our response, Restore has adopted the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) framework to improve and increase reporting of climate-related financial information. Our report describes our response to the climate challenge through the four key pillars of TCFD (governance, strategy, risk management, and metrics and targets).

Restore is at an early stage of TCFD analysis but is committed to building the scope and depth of this report as the business develops its understanding and assessment of the impacts of climate change on the Group.

TCFD – Strategy

Restore has developed a comprehensive Environmental, Social and Governance strategy, 'Restoring Our World', as previously set out in this report. The environmental aspects of this strategy are laid out in the 'Our Planet' section and focused on three key areas: Climate Action; Resource Use; and Biodiversity:

	Goals	Actions
Climate action	Becoming a net zero organisation by 2035	- Fleet electrification from fossil to sustainable power (primarily electric vehicles (EV) - Target 100% renewable energy - Seek opportunities to create renewable power.
Resource use	Achieving fully sustainable operating practices	- Conversion to 100% renewable energy sources across operations and fleet - Identification of key waste driving activity and targets in reuse, reduction and / or recycling.
Biodiversity	Reducing our impact on the natural world and habitats across our property estate	- Partnering landlords to reduce development impact - Providing natural habitats across our estate. - Partner with suppliers to assess their impact.

Restore is fully committed to become a Net Zero organisation by 2035 (Scope 1 and 2) and to achieve a 50% reduction in Scope 3 emissions by 2030. A number of projects are underway to achieve this objective including a shift to energy from sustainable sources and analysis of the property estate and discussions with fleet providers to enable electrification of the vehicle fleet.

Planet Mark, a specialist consultancy dedicated to supporting organisations in delivering their ESG strategy, provides guidance and measurement on strategic progress including the identification of key actions, target setting, and measurement and reporting of progress. This structured approach provides high quality assurance to stakeholders and is recognised in the award of the Planet Mark accreditation to all of the Group's business units.

TCFD – Risk Management

By way of strategic context, Restore's exposure to direct climate risk is assessed as low although the Group is aware of, and active in, discussions on the changing political and legislative framework and seeks to act as a force for change in support of the positive social and environmental forces.

Central to understanding Restore's impact on the environment and vice versa is understanding the risk threats and opportunities presented by a changing climate. Restore is developing an enterprise approach to the identification and management of risks. Its risk management framework, aligned to ISO3100 and The Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM), is designed to provide visibility to our Board and management of critical risks and risk mitigation strategies.

Restore is not yet in a position to fully report all risks based on deep scope scenario analysis, but we have partnered with Planet Mark and Rio to develop an initial view during 2021 and will develop this analysis through 2022.

The threats and opportunities below are based on subjective interpretations of recent publications including the UK Meteorological Office UK Climate Projects: Headline Findings (Version 3, published July 2021) and IPCC AR5 Synthesis Report*. Further detailed analysis will provide a blend of qualitative and quantative analysis where today only qualitative analysis exists.

* Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.). IPCC, Geneva, Switzerland.

ESG continued

Our Planet

Restore's initial risk assessment, across all Restore operations and service delivery activities, has identified the following primary environmental threats and opportunities. These will be developed in light of scenario-based analysis when a clearer picture of our mitigation strategies will become apparent:

Threats		Our Response
Greater climatic volatility	Potential disruption to fleet operations and increased occupational road risk Maintenance and damage to property estate from extreme winds, rain and temperatures variations More severe risk of flooding affecting transport and property Increased cost of heating and cooling facilities.	Review occupational road risk Strategic property review.
Increased pressure on scarce resources leading to price inflation risk, in particular	Space and EV charging infrastructure costs Land value and impact in rental cost Fuel cost increases Sustainable energy cost increases.	Early adoption of EV technologies Renewable Energy Guarantees of Origin (REGO) certified energy sourcing.
Misalignment with rapidly changing regulatory environment	Negative press reporting Reputational impact Transition costs.	Legal and regulatory monitoring.
Availability of skilled personnel to support "Our Planet" strategy	Technical and logistical skills to support EV management Skills to improve waste lifecycle management Skills to improve biodiversity across the estate.	Environmental training needs analysis Development of an agile recruitment process.

Opportunities		Our Response
Market Leadership	Trusted supplier / partner Enhanced reputation / brand.	Reporting transparency Investor relations Customer experience management.
Environmental Products / Services	Providing our customers with assured low/no carbon services.	Assured service delivery with Planet Mark accreditation.
Early technology adopter	Resource access Reduced through-life costs.	EV technology development programme established.

TCFD - Governance

Our Board and leadership teams recognise that operating responsibly, which includes minimising the environmental impact of our operations, is fundamental to the long-term value and success of Restore.

The business is committed to making climate awareness and climate action "business as usual" throughout the organisation. The Board oversees Restore's core business strategy, provides oversight of climate-related issues and risks, and has approved the Group's Environmental, Social and Governance (ESG) strategy, 'Restoring Our World'.

To deliver the strategy, to meet our climate action targets, and manage the associated risks, the Board operates an ESG sub-Committee, led by the CEO with membership from key ESG workstream leaders. Its primary roles are to realise the strategy, confirm our compliance with TCFD principles and coordinate activity across the business. This influential body is supported by further governance and management bodies with either dedicated programme deliverables or with ESG monitoring responsibilities, as set out below. The Committee will report to the Board at least half-yearly.

Section	Our Governance
Board Oversight	Our Board oversees the management of strategic and operational risks using several different levels of review. Each of our Board's standing committees oversees the management of specific risks and opportunities and their Chairs regularly update the Board on their activities. The establishment of the standing ESG Committee bolsters the Board's environmental oversight of climate-related risks and opportunities.
	Risk Committee The Risk Committee, which met four times in 2021, oversees Restore's enterprise risk management program which identifies the primary risks to Restore's business. At least annually, the leadership teams in charge of Restore's business units review with the committee the primary risks associated with their particular business group. Environmental and climate-related risks discussed in these reviews include operational and financial risks relating to energy management, estate and fleet environmental alignment, maintaining our customer services during catastrophic and weather-related events, and possible changes in carbon policy (i.e. laws or regulations that seek to mitigate climate change).
	ESG Committee Led by the CEO, the ESG Committee will drive our climate action programme to meet our declared Net Zero target of 2035. It will review the climate-related scenario analysis and refine and monitor the key climate-related performance indicators used to track our progress to our Net Zero target.
Management Oversight	**Executive Committee** The Executive Committee meets monthly and drives the operational management of the business. It considers and oversees the day-to-day mitigation of climate-related threats and opportunities.
	Business Unit Management Teams Comprised of Executive Directors, Managing Directors and Finance Directors, working with the Executive Committee to develop and deliver specific climate actions. Based on a decentralised model, each business unit Managing Director and their supporting team are responsible for the identification and management of those climate-related threats and opportunities specific to their market and business footprint. Progress on mitigating these risks and reporting performance towards achieving our targets flows up from these teams through monthly updates to the Executive Directors and the Executive and Risk Committees where appropriate.
	Business Continuity Management Teams Devolved to each Business Unit, each assesses the protection and support of Restore colleagues, critical operations, and infrastructure during emergencies and disasters, including man-made and weather-driven natural disasters. Based on market leading tooling, the framework outlines consistent processes, procedures, and templates for managing business continuity and disaster recovery.

Our understanding of the impact of the business on the climate, and its impact on business operations, is still developing. It is therefore not possible to quantifiably confirm how such impacts have affected our service delivery and financial planning. Looking to the future the improvements sought through our 'Restoring our World' – 'Our Planet' will have service delivery and financial implications which will be set out in our reporting.

ESG continued

Our Planet

TCFD – Metrics and Targets

Our new ESG strategy has at its core challenging targets to meet our climate responsibilities:

Net Zero

Net Zero by 2035 across Scope 1 & 2

Reduce 50% Scope 3 by 2030

TCFD

Adoption of best in class impact reporting

Accreditation

Planet Mark accreditation across all Business Units

Annual sustainability update

PlanetMark

Targets

To monitor our performance towards these targets we are working closely with Planet Mark to build an appropriate baseline on which our future environmental performance can be judged. We will also set year-on-year targets across a range of environment performance indicators to help monitor our progress towards net zero.

Emissions

In line with best practice, we are pleased to set out our Global Green House Gas (GHG) emissions report on the next page. The GHG data relates to emissions during the 12-month period from 1 January to 31 December 2021. The carbon reporting year is fully aligned to the financial reporting year covered by the Directors' report.

As background, the UK saw significant periods of lockdown throughout 2020 and into 2021, which suppressed Restore's electricity and gas consumption and fleet usage and distorts the underlying emissions produced by the Group when compared to more ordinary activity levels. During 2021, activity levels across the business increased through the year as restrictions eased and as such the report should be read in this context.

In addition, given the scale of the EDM acquisition, the comparative data has been adjusted to reflect the emissions had EDM been part of the Restore group for the same post-acquisition period in 2020.

Based on this rebasing of 2020, the total combined emissions increased by 8%, whilst revenue over the same period increased by 16%. Using the revenue intensity factor, the business reduced its overall emissions by 7% to 52.7 tCO2e produced per £1 million of revenue generated. As in previous reports, the majority of emissions are linked to our fleet usage, which accounts for around 66%of the Group's carbon emissions.

Restore continues to take action to seek sustainably sourced energy and make strategic steps towards a non-fossil fuelled fleet. The Group is proud to report that 90% of Restore's electricity is already supplied through Renewable Energy Guarantees of Origin (REGO) backed suppliers and that where Restore does not manage that supply directly , for example where a landlord manages power supply, the Group is actively negotiated for that energy supply to transition.

Our report on the next page looks at emissions after application of our REGO sourcing strategy (True Carbon Report) and before consideration of the source of supply of energy (Gross Carbon Report). However, although the Group also purchases carbon offset for fuel consumption, we do not exclude this from our True Carbon Report as Restore believes offsets to be a poor form of climate action and that the objective is to reduce not offset.

Reported emissions come from consumption of grid supplied energy, self generated electricity, grid supplied natural gas, company owned and operated transport, privately owned transport for business use, LPG and light and heavy goods vehicles. Intensity ratio calculations have been calculated based on the average number of employees and revenue. 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.

True Carbon Report

	Year ended 31 December 2021	Year ended 31 December 2020 (Rebased)[1]	Year ended 31 December 2020 (Reported)
Gross Scope 1, 2 & 3 CO_2e (tonnes)	**12,341**	**11,470**	**11,039**
Less sustainably sourced energy (REGO supplied)	(3,341)	(3,274)	(3,274)
Fleet carbon offset	–	–	–
True Carbon Report emissions (tonnes)	**9,000**	**8,196**	**7,765**
Intensity Ratio (Net)			
£m Revenue	**234**	**202**	**183**
tCO_2e per £m Rev	38.5	40.6	42.4
Avg Headcount	**2,450**	**2,304**	**2,006**
tCO_2e per Avg employee	3.7	3.6	3.9

Gross Carbon Report

	Year ended 31 December 2021	Year ended 31 December 2020 (Rebased)[1]	Year ended 31 December 2020 (Reported)
Global Green House Gas (GHG) Emissions			
Total CO2e (tonnes)	12,341	11,470	11,039
Scope 1 CO2e emissions (Tonnes)[2]	8,442	7,871	7,675
Scope 2 CO2e emissions (Tonnes)[3]	3,706	3,510	3,281
Scope 3 CO2e emissions (Tonnes)[4]	193	89	83
Energy consumption used to calculate emissions (kWh)[5]	52,537,919	46,977,434	45,116,798
Intensity Ratio (Gross)			
£m Revenue	**234**	**202**	**183**
tCO_2e per £m Rev	52.7	56.8	60.3
Avg Headcount	**2,450**	**2,304**	**2,006**
tCO_2e per Avg employee	5.0	5.0	5.5

Energy

The table below provides a breakdown of emissions by fuel type. These are gross values, with Scope 2 reducing to 365 tCO2e once REGO sourced is considered

	Scope 1		Scope 2		Scope 3	
Scope breakdown – tCO_2e	2021	2020[1]	2021	2020[1]	2021	2020[1]
Electricity	–	–	3,706	3,510	–	–
Natural Gas	468	428	–	–	–	–
Other Fuels	4	12	–	–	–	–
Transport	7,970	7,432	–	–	193	89
Gross values	**8,442**	**7,871**	**3,706**	**3,510**	**193**	**89**

The Group has made progress in 2021 and continues to focus on carbon emission reduction in absolute terms and on an intensity basis towards its stated goal to become a Net Zero organisation by 2035.

1 Following the significant acquisition of EDM in April 2021, the 2020 comparatives have been rebased to reflect the emissions generated during the period post-acquisition. The energy consumption generated during this period reflects 1,860,636 kwh. The Group completed seven further acquisitions in 2021, however these were below the qualifying criteria to warrant restatement, but form part of the overall Group's 2021 emission.
2 Scope 1 (Direct) – Measures which relate to emissions resulting from activities owned or controlled by Restore.
3 Scope 2 (Energy indirect) – Emissions are those released into the atmosphere that are associated with Restore's consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of Restore's energy use, but occur at sources the Group do not own or control.
4 Scope 3 (other direct) – Emissions are a consequence of the Group's actions that occur at sources Restore does not own or control and are not classed as Scope 2 emissions. Examples include business travel by means not owned or controlled by Restore. No other Scope 3 emissions are included in this report.
5 Energy consumption data is captured through utility billing meter reads or estimates.

ESG continued

Our People

At Restore we know that to maintain and build upon the great service 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.

We launched Our People strategy ('A Great Place to Work') in 2021 and whilst there is still more to do we've delivered against a number of key areas to enable people to perform at their best and generate a positive culture for all employees.

Our People, focuses on five key themes:

- Safety and wellbeing
- Culture
- Diversity and inclusion
- Community impact
- Enriching careers and working life.

Safety and Wellbeing

Health and safety and the wellbeing of our employees, sub-contractors and customers remains of paramount importance to us. Led by our CEO and CFO, Restore remains committed to providing a safe working environment. We also recognise that as our business grows, we need to continually improve. That's why we are developing our safety and wellbeing strategy – A Safe Place to Work – to deliver continuous improvement across our safety culture. Our goal is for Restore to always be a safe place to work.

We achieve this through strong governance from Board to site, accredited and targeted safety training across the business, and the regular engagement of our colleagues on safety related matters. A major element of our safety engagement, and a significant fulcrum on which we will pivot our safety culture, is the rapidly expanding network of safety champions across our Business Units.

Recognising the link between safety and wellbeing, Restore has incorporated the governance of wellbeing into its overall safety strategy, driven and monitored by our Safety and Wellbeing Committee.

Wellbeing

Restore seeks to support colleagues with their wider wellbeing. We provide easy access to a range of wellbeing tools through a dedicated Wellbeing Space on our intranet. This includes access to our Employee Assistance Programme, which spans financial support, legal matters, support and counselling. We also promote key wellbeing events throughout the year across the business. In addition to these tools, we ensure easy and regular access to feedback to management about working life at Restore either through our Employee Survey and other feedback forums.

Restore aims to be a 'Great Place to Work' and has developed an extensive people strategy to continue to improve colleagues experience of their working life, and our wellbeing agenda will be a key focus for 2022.

Culture

At the heart of good business is great culture. Building on the customer focused ethos alive in Restore today, we are defining and refining what our culture will become. Defining our purpose is almost complete and will be shared in the coming months, our values will follow and be folded across every aspect of our business. A central element of building our culture is providing the tools to allow our colleagues to communicate, collaborate and feedback.

Last year we launched our Groupwide intranet and provided all of our colleagues, including those in operational roles, Microsoft 365 accounts to do just that. Moreover, we have also launched Yammer as a social networking space where colleagues can connect with each other to share ideas and create their own communities. Significantly, we had the highest response rate on our Groupwide employee survey since we launched this in 2019.

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.

Along with the physical effects of COVID, the pandemic also highlighted the need to support the mental health of colleagues isolated from their teams and in environments far from conducive for work.

Over 2021 Restore has invested in a network of in excess of 30 mental health first aiders to provide support across the business, with plans to increase these numbers in the year to come.

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.

Diversity and inclusion

Restore wants to be a place where every colleague feels they can be themselves. The company encourages an inclusive culture where everyone is valued for who they are and where difference is celebrated, and recognises that diversity drives more creative, productive, and successful teams.

Last year we started a company-wide conversation on inclusion with our colleagues using our new communication and collaboration tools. This culminated in the celebration of National Inclusion week and a video of colleagues across the Group talking about the importance of inclusion. We launched our Diversity and Inclusion community on Yammer, and we celebrated important events such as International Women's Day, Black History Month, and Pride, as well as sharing colleague stories showcasing the diversity of our people. In last year's employee survey over 70% of our colleagues felt they were able to be themselves at Restore and we'll continue to drive inclusion in 2022.

Community impact

Restore is a national business operating across all regions in the UK. It remains committed to being a positive and productive member of the local communities it operates in. Restore aims to recruit locally, support local businesses and contribute to local charities, recognising that what it does has an impact on the lives of not only those who work for Restore but those who live locally too.

We're passionate about a number of charities and causes and put our efforts into a range of initiatives over this last year. During the Christmas period all the business units contributed towards a large provision of groceries and clothing for Crisis, supporting the homeless – after procuring our Harrow Green team then supported the huge distribution effort to ensure that all donated goods and equipment needed for centres were delivered. We supported the charity Cash for Kids whose mission is to help improve the lives of disadvantaged children in the Greater Manchester area - as well as sponsoring an ad on local radio station Hits Radio to help raise money, Restore Datashred sent a team to help with wrapping presents ready for distribution across the region and then supporting the distribution of over £1.1 million worth of gifts to 35,482 children.

We were proud to work with National Grid on the donation of laptops to underprivileged school children and young adults across the UK - a donation of 1000 laptops were distributed to primary and secondary schools across the UK, with Restore Technology handling the sourcing of laptops, processing, cleaning, testing and finally the distribution.

In addition to supporting these larger events, we also encourage our teams to support charities and communities throughout the year. We're proud to be working with a Career Transition Partnership to recruit ex-services personnel into the Group, and we fundraise across our business for important events such as Macmillan Cancer Coffee Morning and the Poppy Appeal. We use our internal communications to raise awareness of issues that matter to our communities.

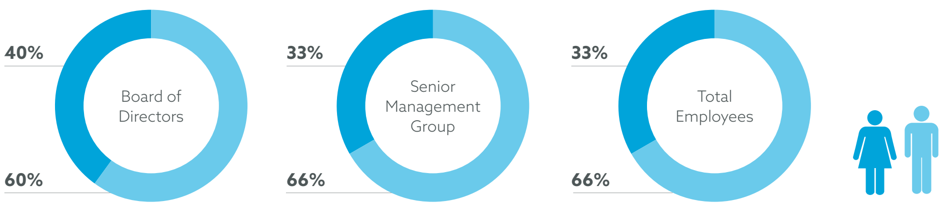
Enriching careers and working life

Restore wants to offer people a place to work where they can fulfil their highest potential and where they can grow and develop long and enriching careers.

Through 2021 Restore has established a brand-new recruitment team to ensure we're attracting the best talent to work at Restore. All of our new colleagues now have access to a bespoke onboarding platform to ensure they were fully supported as they began their careers at Restore. Furthermore, in the summer our new internal vacancies site went live encouraging colleagues to move across business units and making it easier to see roles across the Group. We also commenced a partnership with one of the UK's leading apprenticeship providers.

We provided training to over 250 colleagues on the new Microsoft 365 tools as well as launching a Skills and Development Hub to provide access to the resources people need to help them succeed. We'll be building on this in 2022.

Group diversity as at 31 Dec 2021



ESG continued

Our Business

Governance at Restore relates to how we run the business and the services we offer. Restore recognises the impact of its operations on the environment, its responsibility to the communities it operates within and its obligations to its people, its suppliers and other invested stakeholders.

At the heart of Restore's governance is an unwavering commitment to transparency, fairness, sustainability and equality delivered through our policies, processes, accreditations, and codes.

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. Recognising the importance of ESG to the success of our business strategy, Restore has elevated its ESG governance and formed a Board-subordinate ESG Committee, chaired by the CEO, to lead and monitor our ESG programmes.

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.

Looking forward, our ESG strategy Restoring Our World seeks governance improvements across five areas:

- **Customer engagement** is essential to Restore's business strategy. Restore seeks customer feedback through its operating processes and actively measures customer satisfaction levels through external assessment tools. Importantly, this includes investing in reporting and feedback portals that provide Restore and its customers with the statistical evidence of improving performance
- **Data security** is a critical business enabler particularly as Restore provides a range of highly secure and highly accredited services with assured physical and digital information management. Restore continues to maintain its accreditations, its investments in systems, practices, and controls across the group, and has appointed a Group IT Director to lead our information security programmes
- **Innovation** – Restore prides itself on being a market leader in the sectors in which it operates. Through a thought leadership programme #RestoreAnswers, the business conducts annual research across our 55,000+ customer base, writes white papers, and prepares video content, sharing Restore's expertise with its customers
- **Transparency and accountability** underpin Restore's pursuit of the highest standards of corporate responsibility. Restore's commitment to transparent environmental reporting is evidenced by our first TCFD- aligned environmental report which can be found on pages 33 to 37
- **Partnerships** – Restore is working closely with Planet Mark to develop strategies to reduce carbon, develop business processes and practices and identify a roadmap to outline its journey to Net Zero.

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

The legal structure 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 as required in accordance with good practice.

Process accreditation

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

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
- The need to act fairly as between shareholders of the company.

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 47 to 48.

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 28 to 30.

- **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 pages 38 to 39.

- **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 14 to 17.

- **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 33 to 39.

- **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 48.

This Strategic Report on pages 14 to 41 was approved by the Board of Directors on 16 March 2022 and signed on their behalf by:

Charles Bligh
Chief Executive Officer

16 March 2022

Neil Ritchie
Chief Financial Officer

16 March 2022

Case Study

Restore
Records Management

Focus on Digital and Information Management: Digitising Patient Records

Business sector
Healthcare

Organisation
North West NHS Trust

About
NW NHS Trust is one of the largest integrated care providers in England, serving a population of more than 600,000 people and offering wider community services to more than 1.2 million. Their priority is to provide excellent patient care, which is why they looked to transform their traditional paper-based records into a centralised digital system.

In Figures

890,000
number of files stored in the trust facilities

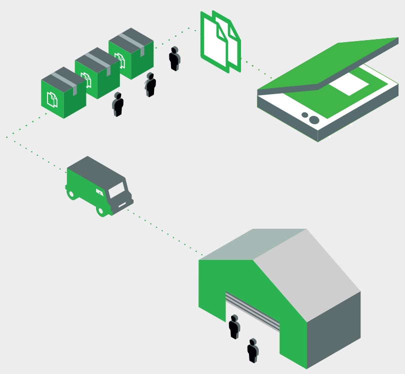
100
number of files scanned each day after five years

3
number of hours within urgent requests are scanned then received by the trust

2,000
number of patient files scanned per day at the start of the project

37.9m
number of pages scanned

6m
current document scanning requirement



The challenge

For clinicians to provide the best possible care they need quick and easy access to patients' medical records at point of care in order to make better diagnoses and ensure optimum health outcomes. Digitising these files into a single consolidated patient record library would give medical staff the instant, accurate accessibility they need

With over 890,000 paper-based records stored at five locations with no on-site tracking, each location packed to capacity and records management staff unable to file new records, NW NHS Trust was looking for a partner who could seamlessly manage the transition as cost-effectively as possible without impacting on the quality of patient care at its hospitals and community and outreach services.

Uplifting, consolidating and scanning a high volume of medical records to a specified timescale while also guaranteeing patient data protection and upholding quality of patient care was critical to the transition.

So how would Restore Records Management and Restore Digital tackle the project?

The Restore Experience

The first part of this large-scale project was to catalogue, consolidate a set up correct management processes and systems. Restore worked on site with the NW NHS Trust records team to deliver the physical solution which included:

- introducing O-Neil's tracking software system to the Trust's library, barcoding the racking, and cataloguing and barcoding all files to O'Neil's to enable tracking and random filing
- consolidating the library from five locations into just one. This was enabled by the superior tracking system identifying deceased or old records that could be moved to secure off-site storage facilities, thus freeing up valuable space.

Meanwhile the Restore Digital team put together the specification for the second part of the project – creating electronic patient records. This transformation through digitisation included:

- concluding the physical management solutions for the paper-based records so that the correct files were ready for scanning into a digital format for upload on to an electronic Clinical Document Management System (DMS)
- ensuring each digital medical record is classified and structured to enable easier navigation and retrieval of information required – setting up a database that ensures governance and compliance requirements are strictly maintained in line with BS10008
- managing day forward records by scanning and ingesting them into the DMS.

The results

- A centralised electronic system has given clinicians and medical staff quicker access and transferability of patient information, improving the speed of decision-making
- The coordination of care and support between health providers has improved, giving patients a better experience
- Staff costs have been reduced with savings reinvested into patient care
- Real estate has been repurposed for more productive frontline patient care services
- Data protection has improved with fully auditable databases that are GDPR-compliant.

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.

Sharon Baylay-Bell
Non-Executive Chair
Age 53

Appointed as Chair on 1 October 2021 having joined the Board as a Non-Executive Director in September 2014, Sharon is also Chair of the Risk Committee and previously held the role of Senior Independent Director.

Sharon is a Non-Executive Director and Remuneration Committee Chair of Eurowag (W.A.G payments solutions plc). Sharon is also Non-Executive Chair at DriveWorks Ltd, backed by the Business Growth Fund (BGF), and also Non-Executive Chair at FSP 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 also Chair of the Group's Nomination and Risk Committee and a member of the Audit and Remuneration Committee.

Charles Bligh
CEO
Age 54

Charles was appointed CEO of the Group in March 2019.

Charles has extensive experience in creating and maintaining high growth businesses, gained through his eight years as Chief Operating Officer and Board Director at TalkTalk Telecom Group, and 20 years at IBM Corporation, where he was most recently Vice President, Commercial Sector in UK and Ireland.

Charles is a seasoned business leader with a strong track record in leading organisations and providing strategic guidance. Charles has a strong reputation for building high performing teams, which allow businesses to grow at pace.

Charles is also a Non-Executive Director of RM plc, providing digital assessment and data solutions for the world's leading awarding organisations, educational institutions and governments.

Neil Ritchie FCA
CFO
Age 50

Neil was appointed CFO of the Group in October 2019.

Neil is a Chartered Accountant and prior to joining the Group in 2019, he was CFO for Mulberry Group plc after spending 14 years at Dyson, the technology group, where he held a number of senior executive roles.

In addition to his ordinary financing, reporting and governance responsibilities, Neil is heavily engaged in M&A activity and also leads the Group's Property, Risk and Health and Safety functions.

Neil trained with PricewaterhouseCoopers and is a fellow of the Institute of Chartered Accountants in England and Wales.

Jamie Hopkins

Senior Independent Director
Age 53

Jamie Hopkins joined the Board in January 2020.

Jamie 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 has significant experience of running a FTSE 250 company, bringing diversity of thought and an excellent understanding of business and the property sector, which is important due to Restore's large estate.

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

Susan Davy ACA

Non-Executive Director
Age 52

Susan joined the Board in January 2019.

Susan has been Chief Executive Officer at Pennon Group plc since July 2020 having joined the Group in 2015 as Chief Financial Officer. Susan was previously Finance and Regulatory Director at South West Water.

Susan is highly respected in the City and has been instrumental in building Pennon's reputation.

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

Case Study

Restore
Records Management

Focus on: File Consolidation and Rationalisation

Business sector
Central Government

Organisation
Department for Work and Pensions (DWP)

About
The Department for Work and Pensions (DWP) is responsible for welfare, pensions, and child maintenance policy. As the UK's biggest public service department, it administers the State Pension and a range of working age, disability, and ill health benefits to around 20 million claimants and customers. The DWP is responsible for 639 Job centres across the UK which help people find work and training. During 2021 the Department will also be opening 80 new temporary Job centres to help and support people who have been affected by the Covid crisis.

The challenge

Records management is an important aspect of DWP's overall management and governance. DWP is legally required to manage its customer records to ensure it meets the requirements of the General Data Protection Regulation (GDPR) which replaces and updates the Data Protection Act 2018.

DWP's largest records management site at Heywood Stores, near Manchester houses around 28 million files. The 28,000 square metre site occupies several large storage facilities and is the DWP's main storage centre for its paper files nationally.

The Heywood Stores site had been in use since the second world war and, over successive years, the files had grown to a point where there needed to be a full review of what had to be retained and what could be safely destroyed or scanned and stored digitally. DWP required a new approach and were looking for a tailored and competitive solution to their needs.

DWP placed the contract out to tender as it had reached its renewal date and the required documentation was released to the market in December 2020.

Restore officially won the tender in March 2021 and the plan was to review and consolidate all the files before moving them to a new facility by early March 2023.

The Restore solution

DWP and Restore had many successful discussions, all of which were held pre-tender.

Using their extensive experience of handling large Government contracts Restore presented a detailed project plan that showed how they would handle all stages of the contract and deliver the result.

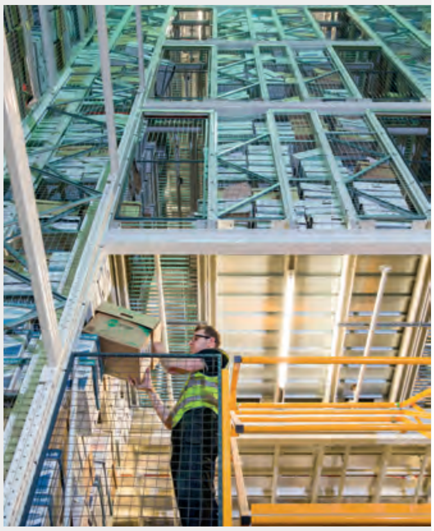
The existing staff at Heywood Stores were TUPEd across to Restore and, once they had approval to proceed, the project team swung quickly into action to start work immediately on the intense task ahead.

Within days Restore had established their presence at Heywood Stores, held staff briefings with all existing personnel and introduced their own IT and other systems to start moving the project forward.

The benefits of using Restore

- High quality project management of a complex and time sensitive requirement
- Speed of response
- Strong communications with DWP management and users
- Experienced and dedicated team who are focused on delivery, on time and on budget.
- Within days Restore had established their presence at Heywood Stores, held staff briefings with all existing personnel and introduced their own IT and other systems to start moving the project forward.

DWP have expressed how pleased they have been with the Restore approach, successfully delivering a seamless transition to the new arrangements whilst maintaining continuation of service delivery and exceeding all contractual service level agreements. The feedback from DWP was that the Restore tender response was very well received and all elements of the bid were provided to a very high quality.



Governance Statement

Sharon Baylay-Bell | Group Chair

Introduction

On behalf of the Board of Restore plc, I am pleased set out our Governance Statement in respect of 2021.

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 integrated information and data management services, secure technology recycling, and commercial relocation solutions, to customers throughout the UK, using our proven strategy, 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 three Non-Executive Directors and is chaired by myself. 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.

Matters reserved for the Board

- 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 2021 there were thirteen 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 52 to 55.

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 58.

The responsibilities of the auditors are described in the independent auditors' 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 44 to 45.

2021 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 13	**Total 4**	**Total 3**	**Total 2**
Executive Directors				
Charles Bligh	13	4	3	2
Neil Ritchie	13	4	3	2
Non-Executive Directors				
Martin Towers*	11	3	3	2
Sharon Baylay-Bell	13	4	3	2
Susan Davy	13	4	3	2
Jamie Hopkins	13	4	3	2

* Retired 30 October 2021

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 auditors, PricewaterhouseCoopers LLP. The Audit Committee report is set out on pages 49 to 51.

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 52 to 55.

The Nomination Committee comprises of the Non-Executive Directors. The Committee was previously chaired by Martin Towers and is now chaired by Sharon Baylay-Bell unless the matter under discussion is her own succession. Other Directors and the Chief People Officer are invited to attend as appropriate. The Committee is also assisted by external 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. The Committee will also 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 advisers.

Our Chair continues to ensure that contributions made to the Board are relevant, independent, effective and encourage debate.

Future matters

Over the next twelve 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 corporate strategy 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.

The Board and Audit Committee 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.

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 keep this under review this during 2022.

Sharon Baylay-Bell.

Sharon Baylay-Bell | Chair
16 March 2022

Audit Committee Report

Susan Davy ACA | Chair of the Audit Committee

I am pleased to provide the Audit Committee's annual report for 2021 and set out the matters considered by the Committee since my last report.

The Committee continues to focus on three key responsibilities:

- Ensuring the quality and integrity of the Group's financial reporting
- Assessing the adequacy of the governance and internal controls environment
- Considering financial risk and in particular, the sufficiency of financial resources to meet the Group's ambitious growth plans and, more recently, to meet the challenges posed by the uncertainty of the COVID-19 pandemic.

In relation to financial reporting, the Committee continues to assess management's application of relevant reporting standards, encourage the development of appropriate accounting policies and to review the reasonableness of management judgement in preparing financial reports. As a result of these assessments, the Committee considers the external presentation of the Group's performance as fair, balanced and understandable as a whole.

The Committee also continues to assess the effectiveness of the governance and internal controls environment through regular discussion with management and the external auditors and during the year, this was extended to include review of the Groups independent 'whistleblowing' process.

These responsibilities are discharged throughout the year in accordance with a schedule of business that reflects the annual reporting cycle of the Group and provision of sufficient time for other Audit Committee matters.

Audit Committee composition

As with last year, the Audit Committee consisted of myself as Chair together with the other independent Non-Executive Directors, the Chief Executive Officer, Chief Financial Officer, Company Secretary and the Group's auditors, PricewaterhouseCoopers LLP (PwC) attending Committee meetings by invitation.

At the end of October, Martin Towers resigned from the Board of Restore plc and as such, Martin ended his participation in the Audit Committee. At the point of writing, an ongoing search for a new Non-Executive Director is underway and it is intended that this new director shall be invited to join the Audit Committee on their appointment.

I continue to be satisfied that the Committee has an appropriate level of skill and experience to execute its duties and that where appropriate it can engage external advisors to support the work of the Committee.

Significant matters considered by the Committee

A schedule of ordinary business was agreed by the Committee prior to the commencement of 2021 and a calendar was set in place to ensure that the Committee was able to manage its affairs efficiently and was able to concentrate on the key Audit Committee matters that affect the Group.

During the year the Committee met four times to consider these ordinary business matters with several additional meetings held to consider various aspects of Marlowe plc's proposed offer during the summer.

In relation to the proposed offer from Marlowe plc, the Committee commissioned and assessed a number of externally prepared reports in order to provide the Board with an objective assessment of certain aspects of the proposed offer which the Board subsequently declined.

The ordinary matters that the Committee considered during the year and, where appropriate, since the year end, are set out on the next page.

Ordinary matters considered by the Audit Committee during 2021 and since the year end

Financial reporting	○ Review of the 2020 Annual Report and recommendation to the Board for its publication ○ Review of the Group's results announcements and financial statements for the half year to 30 June 2021 and full year to 31 December 2021 and recommendation to the Board for their publication ○ Approval of management's adoption of going concern as a basis of preparation for the Group's financial reports ○ Review of management's application of relevant reporting standards ○ Review of areas of management judgement contained in the financial statements in particular impairment assessment and accounting for business combinations.
Audit and external assurance	○ Consideration of the auditors' report for the year ended 31 December 2020 and 31 December 2021, including control themes and observations ○ Assessment of the continued independence of PwC in performing of their role ○ Recommendation to Board on reappointment of PwC as external auditors at the Group's Annual General Meeting in May 2021 ○ Approval of the PwC audit plan for the year to 31 December 2021 ○ Review of external auditors effectiveness including benchmarking and agreement of fees ○ Engagement of KPMG Tax and subsequent review of their report to provide assurance on Group and entity tax compliance ○ Consideration of Task Force for Climate related Financial disclosure (TCFD) report for the year ended 31 December 2021 and Planet Mark ESG accreditation status.
Governance	○ Review of subsidiary 'governance and control frameworks' ○ Approval of updated delegation of authority matrix ○ Consideration of the Group's statutory entity structure and oversight of restructure of the EDM acquired entities ○ Review of the financial statements of the Restore plc Employee Benefit Trust for the year ending 31 December 2020 and consideration of shares held by the trust for satisfaction of share incentive schemes.
Internal controls	○ Assessment of requirement for an internal audit function and discussion on engagement of external assurance provider ○ Review of whistleblowing report for 2021.
Accounting policies	○ Detailed review of accounting policies adopted by the Group ○ Consideration of Alternative Performance Measures ○ Consideration of appropriateness of business segments for reporting purposes.
Financing risk	○ Detailed review of cashflows for the purposes of going concern, tested for potential impacts of COVID-19 and / or downturn in trading ○ Discussion with management on evolution of the Group's sources of financing and extension of banking and finance network.

External auditors

As noted above, the Audit Committee oversees the relationship with the external auditors and review 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 2021.

The Committee has concluded that the external audit process has been effectively run and that PricewaterhouseCoopers LLP remains independent and has recommended their reappointment. The external auditors attend meetings by invitation and the Committee meets with the external auditors 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 the control risks in each business unit, key 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.

In addition, a confidential whistleblowing process is available to colleagues and stakeholders to facilitate reporting of any malpractice, illegal acts or omissions. All reported incidents are followed up and the actions taken reviewed by the Restore plc Board. A review of the 2021 whistleblowing matters has been conducted by the Committee with no material matters noted

Future matters

The Audit Committee is well established and will continue to focus on its core areas of responsibility whilst evolving to meet emerging areas of interest.

In the area of ESG, the Group has made substantial progress over the last year in setting out a clear strategy, providing stakeholder assurance through the external 'Planet Mark' accreditation and the adoption of TCFD. The application of TCFD in this year's Annual Report is an indication of the strong commitment of the Board in the area of ESG and will continue to form part of future Audit Committee reviews.

Susan Davy | Audit Committee Chair
16 March 2022

Case Study

Restore Digital

Monzo Bank delivers rapid customer service with Digital Mailroom from Restore

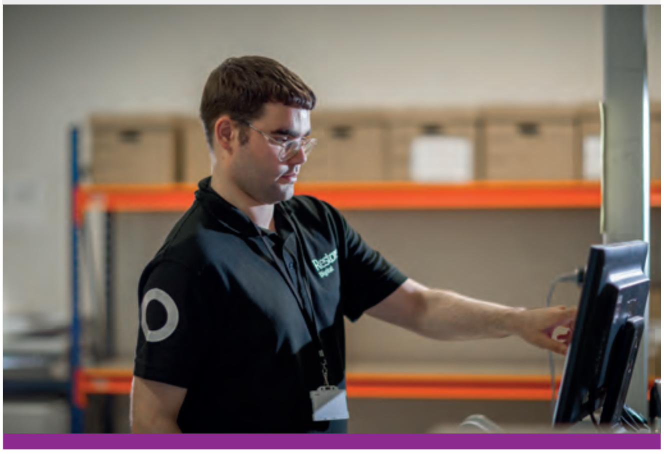
Monzo Bank is one of the UK's leading digital banks. Founded in 2015, their banking app is used by over 5 million people in the UK and is rapidly growing as consumers look to convenient digital solutions to their banking needs.

Being a digitally driven business, Monzo wanted to transform their manual mailroom processes with a digital solution that would assist with the opening, sorting and scanning of inbound mail. They were looking for an innovative, secure and reliable digital solution provider to help them scale and expand their mailroom with a rapidly growing customer and employee base. The Restore mailroom is a first time outsource for Monzo and frees up Monzo operational teams from handling the paper within their central London offices.

Monzo chose Restore Digital as they needed a partner who was able to deliver at scale to their strict SLA's and flexibility with their change control requirements – just some of the key differentiators of Restore. Restore digitise over 2,500 mail items and cheques per month for Monzo, helping them to drastically reduce their cheque processing times and improve the speed of communication both internally and with their customers. Restore have also automated their change of address workflow, removing the need for manual routing, and supporting more accurate customer information.

George Saunders, Operations Manager at Monzo Bank, said:

"We're very happy with the digital mailroom solution from Restore – it helps speed up our internal processes and improve our customer service. The team at Restore are very knowledgeable and have been with us every step of the way in making sure our solution is aligned to our constantly evolving platform."



Directors' Remuneration Report

Jamie Hopkins | Chair of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present our Remuneration Report which explains the role of the Committee, the policies it has implemented, and its activities during 2021.

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 agreed 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.

Remuneration Committee composition

The Committee consists of myself as Chair and the other Non-Executive Directors. The Committee meets at least once a year and at other times as appropriate and uses Ellason LLP as remuneration consultants.

As previously noted at the end of October, Martin Towers retired from the Board of Restore plc and ended his participation in the Remuneration Committee. A search for a new Non-Executive Director is underway and it is intended that this new director will be invited to join the Remuneration Committee on their appointment.

I continue to be satisfied that the Committee has an appropriate level of skill and experience to execute its duties and that where appropriate it can engage external advisors to support the work of the Committee.

Significant matters considered by the Committee

In 2021 the Committee met three 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
- approve the launch of the 2021 SAYE scheme for all employees
- review and agree amendments to targets for the 2019 and 2020 LTIP Plans
- review and agree parameters for the 2021 designated Annual Bonus Scheme and Long-Term Incentive Plan (LTIP)
- approve the individual packages of the Executive Directors and senior management members
- approve funding to the Restore employee benefit trust in order to purchase Company shares in the market in 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.

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, non-financial performance targets including ESG objectives.
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. 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. The measures, their weightings and the targets set will be reviewed by the Committee prior to making an award and the targets may be reviewed over the vesting period in exceptional circumstances. The vesting of 2019 and 2020 LTIP awards are based 75% on 3-year return on invested capital (ROIC) and 25% on the Group's Absolute Total Shareholder Return (TSR) over the performance period. The vesting of the 2021 LTIP awards are based 75% on 3-year earnings per share (EPS) and 25% on the Group's Absolute Total Shareholder Return (TSR) over the performance period.

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
Sharon Baylay-Bell	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 2021 and 2020 were:

£'000	Salary & Fees	Bonus	Benefits	Pension Costs	Total 2021
Executive Directors					
Charles Bligh	440	497	17	44	998
Neil Ritchie	303	274	15	15	607
Non-Executive Directors					
Martin Towers*	110	–	–	–	110
Sharon Baylay-Bell	69	–	–	–	69
Jamie Hopkins	54	–	–	–	54
Susan Davy	53	–	–	–	53
	1,029	771	32	59	1,891

* retired 31 October 2021.

£'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-Bell	56	–	–	–	56
Jamie Hopkins	50	–	–	–	50
Susan Davy	50	–	–	–	50
	963	–	30	58	1,051

In 2020 both the Executive Directors and the Non-Executive Directors took a 20% salary cut whilst the impacts of COVID-19 were being assessed. In addition, the Executive Directors forgave any claim to bonus in respect of 2020 reflecting their and the Board's view that whilst the Group performed well in context of COVID-19, a bonus was not considered good practice.

Long Term Incentive Plan (LTIP)

Awards were made in 2021 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 9 June 2021 (2020: 3 June 2020, 2019: 21 March 2019 and 1 October 2019 respectively) shown in the table below.

2021	Number of options awarded	Percentage of salary awarded	Date from which exercisable	Expiry date
Charles Bligh	216,616	175%	20 March 2024	20 March 2031
Neil Ritchie	128,049	150%	20 March 2024	20 March 2031

In 2021, given the Executive Directors did not claim a bonus in respect of 2020, the Committee agreed to make awards to Charles Bligh and Neil Ritchie of 175% and 150% of salary respectively.

2020	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 2023

2019	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

The closing price for Restore plc shares at 31 December 2021 was 490.0p. During the year the market price of the Company's ordinary shares ranged between 515.4p and 328.4p.

Directors' interests in shares

The beneficial interests of the Directors who were in office at 31 December 2021 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 5p each 2021	Number of ordinary shares of 5p each 2020
Charles Bligh	31,379	26,012
Neil Ritchie	18,465	14,346
Sharon Baylay-Bell	15,448	2,563
Jamie Hopkins	7,406	7,406
Susan Davy	4,000	–

As at 16 March 2022 there has been no change in any of the above holdings.

Jamie Hopkins | Chair of the Remuneration Committee

16 March 2022

Directors' Report

Sarah Waudby | Company Secretary

Directors' report

Restore plc is an AIM listed company focused on being the UK's leading provider of integrated digital and information management services and secure lifecycle services. The Company is incorporated in the United Kingdom where the vast majority of trading occurs.

Restore plc has two trading divisions: Digital and Information Management and Secure Lifecyle Services, our review of these divisions are shown on pages 10 to 12. As a Group we provide safe and secure services in:

- Records Management providing document storage, cloud and media storage
- Digital services, including specialist project scanning
- Full service IT asset recycling and secure disposal business
- Shredding services; and
- Commercial and workplace relocation.

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

The Governance statement on pages 47 and 48 also forms part of this Directors' report.

Review of the Business

The Strategic report on pages 14 to 41 provides an operating and financial review of the business, the Group's trading for the year ended 31 December 2021, as well as detailing our Risk Commitee Report, our ESG Strategy and our indication of Company's expected future developments.

Result and Dividend

The Group has reported its Consolidated Financial Statements in accordance with UK-adopted International Accounting Standards and in accordance with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group's results for the year are set out in the Consolidated statement of comprehensive income on page 66.

The Directors announced in the 2021 interim results that in recognition of the Group's continued strong trading momentum and its confidence in the H2 2021 and future outlook, the Board has re-instated its previous progressive dividend policy and now recommend a final dividend of 4.7p per share for the year (2020: nil per share). This will be paid on 8 July 2022 to shareholders on the register on 6 June 2022. An interim dividend of 2.5p was paid during the year (2020: nil).

Directors

On 1 October 2021, Martin Towers retired as Chairman of Restore plc and was succeeded by Sharon Baylay-Bell. Martin stepped down from the Board on 31 October 2021.

The Directors of the Group during the year were

Executive

Charles Bligh	
Neil Ritchie	

Independent Non-Executive

Martin Towers	Retired on 31 October 2021 (previously Chairman until 1 October 2021)
Sharon Baylay-Bell	Chair appointed on 1 October 2021 (previously Senior Independent Director)
Jamie Hopkins	Senior Independent Director, appointed on 1 October 2021
Susan Davy	

The biographical details of the Directors are given on pages 44 and 45.

Directors' remuneration, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 52 to 55.

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 24 to the financial statements.

At 14 March 2022, 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
Invesco Limited	11.8%
Octopus Investments	11.4%
Franklin Templeton	7.9%
Canaccord Genuity Wealth Management	7.2%
Blackrock	5.9%
Polar Capital	4.8%
Slater Investments	4.8%
Charles Stanley	3.9%
Janus Henderson Group	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 2021, for the Group's freehold properties, some of which have a market value in excess of the book value recorded.

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 31 to 41).

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.

Business Relationships

The details on how we manage our business relationships is given in the Strategic Report on page 41.

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.

Our disclosures in respect of emissions and energy consumption are set out on pages 36 to 37.

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 38.

Political and Charitable Donations

Donations of £4,800 were made by the Group for charitable purposes during the year (2020: £2,000). The Group does not make political donations. Further details on our charitable initiatives are given on page 39.

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 34 to the financial statements.

Modern Slavery Act

Our Modern Slavery Statement which sets out our commitments to stop this occurring within any part of our business and supply chain, is available on our website www.restoreplc.com.

Statement, as to Disclosure of Information to Auditors

The Directors in office on 16 March 2022 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Post Balance Sheet Events and Future Developments

Details of post balance sheet events are given in note 35 of the financial statements. The Board intends to continue to pursue its business strategy as outlined in the Strategic report on pages 14 to 41.

Annual General Meeting

The notice of the Annual General Meeting to be held on 20 May 2022 is set out on pages 117 to 121.

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future 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 70.

Approval

This Directors' report was approved on behalf of the Board on 16 March 2022.

Sarah Waudby

Sarah Waudby | Company Secretary

16 March 2022

Statement of Directors' Responsibilities in respect of the financial statements

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 and the company financial statements in accordance with UK-adopted international accounting standards.

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 UK-adopted international accounting standards have been followed, 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 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 also 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.

Case Study

Restore Digital

Society of Genealogists scans their environment with Restore Digital

Founded in 1911, the Society of Genealogists is a charity with a unique purpose – to help people discover their place in history. The Society preserves the records of everyday lives and makes them available to anyone wanting to understand where they have come from – grassroots sources, rich data of unlikely origin, and exceptional assets that capture the unfolding, unofficial history of us all.

To preserve its rich historical information the Society required a digital scanning partner that would be able to manage their sensitive and often fragile historical documents. The adherence to industry standards for digital output was a major factor in choosing a digitisation partner for such material. The Society chose to work with Restore Digital due to their ability to handle and scan such documents and provide an outsourced solution that would remove the task from their own teams.

Restore has completed several scanning projects for the Society so far. These have ranged from scanning admin files to the digitisation of 1.3 million index cards and two larger library book collections, consisting of 1.9 million images from books of Monumental Inscriptions and Parish Registers.

Christine Worthington at The Society of Genealogists said:

"These projects have been vitally important to the Society because it has given our over 7,000 members access to new information digitally, enabling us to offer a better customer experience and service. Working with a partner like Restore also enables our team to focus on engaging with our membership and providing digital assets to family history researchers all over the world – I highly recommend working with them."

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 2021 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 UK-adopted international accounting standards; 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 2021; 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.

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, as applicable to listed entities, 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.
- We performed audit of revenue for Restore Technology.
- Our full scope audits account for 80% of group revenue and 66% of profit before tax and exceptional items.
- We completed an analytical review of EDM, Restore Digital and Restore Technology.
- We audited the accounting for acquisitions to group materiality.

Key audit matters

- Acquisition accounting – valuation of acquired intangibles of EDM Group Limited ("EDM") (group)
- Impairment of intangible assets and goodwill (group and parent)

Materiality

- Overall group materiality: £1,300,000 based on 5% of profit before tax and exceptional items.
- Overall company materiality: £970,000 based on 5% of profit before tax and exceptional items.
- Performance materiality: £975,000 (group) and £728,000 (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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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.

Acquisition accounting – valuation of acquired intangibles of EDM is a new key audit matter this year. Impact of COVID-19, which was a key audit matter last year, is no longer included because of the relatively reduced level of assessed audit risk associated with it. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Acquisition accounting – valuation of acquired intangibles of EDM Group Limited ("EDM") (group)	
As disclosed in note 11, on 30 April 2021 the Group acquired 100% of the share capital of Rainbow HoldCo Limited, which trades as EDM for £62.4 million. This transaction falls under the scope of IFRS 3 Business Combinations which requires significant management judgement in determining the fair value of assets acquired, including intangible assets which are inherently judgemental. There is a risk of material misstatement to the financial statements from the application of IFRS 3 'Business combinations', and the related valuation of the assets acquired, the liabilities assumed, and the consideration paid. The risk of material misstatement is inherently higher for the acquired intangible assets as a result of the methodology and assumptions used in the valuation. Management has completed a purchase price allocation ("PPA") exercise in order to allocate the consideration between the assets recognised following the transaction. This PPA exercise identified intangible assets being customer relationships of £27.6 million and goodwill of £33.1 million. Management has identified fair value adjustments including a deferred tax liability of £5.2 million that arose as a result of acquisition of customer relationships. The Group elected to continue recording the acquisition related entries as provisional as at 31 December 2021 as permitted under IFRS 3. The key estimates and assumptions assessed were the methodology and assumptions used in the valuation, and Management's estimate of the future forecast cash flows at the acquisition date.	We have obtained and read key documentation and agreements relating to this acquisition. We have also obtained the acquisition model, internal management due diligence report and the final purchase price allocation performed by management. We have performed detailed testing of the opening balance sheet and the related fair value adjustments based on Group materiality. We have used our internal valuation experts to evaluate the methodology used by management and confirmed that appropriate income approach techniques had been utilised in valuing the identified intangible asset. Our internal valuations experts also evaluated the assumptions used by management, including assessing discount rates, long-term growth rates and attrition rates. We challenged the key assumptions used in these areas and performed sensitivity analysis on customer attrition rate and discount rate. We also assessed the useful lives which have been assigned to the acquired intangible assets and consider these to be reasonable based on the nature of the assets and the period over which benefits are expected to flow to the Group. We have reviewed the detailed acquisition cash flow forecasts. We have confirmed that the overall cash flow forecasts reflect the nature of the businesses acquired and management's planned actions as at the acquisition date, and that these actions align with those which could foreseeably be achieved by another market participant. We have reviewed the disclosures in the Annual Report, including in note 11, and agree that these are consistent with our audit work performed and the disclosure requirements of IFRS 3. Based on the work done, as summarised above, we have concluded the Group's acquisition accounting is materially appropriate and the recognised intangible assets have been appropriately valued.
Impairment of intangible assets and goodwill (group and parent)	
As at 31 December 2021, the net book value of intangible assets and goodwill held by both the Group and Parent company is significant, £327.2 million and £170.8 million 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.	We applied particular focus to the Datashred CGU given the level of headroom in this CGU, the impairment booked at half-year in 2020 and the fact that Datashred CGU continued to be impacted by COVID-19 in 2021. 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;

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets and goodwill (group and parent) (continued)	
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. The impairment reviews performed by management contain a number of significant estimates including revenue growth rate, EBITDA ('Earnings before interest, taxation, depreciation, amortisation'), discount rate and long term growth rate and downside scenario sensitising these assumptions. A change in these assumptions could result in a material change in the valuation of the assets, and as a result there is a risk that goodwill and other intangible assets balances are no longer deemed to be recoverable and hence should be impaired. As per management's impairment model, there is headroom in all CGUs. The CGU with the lowest headroom is the Datashred CGU, where the assumptions used are more sensitive and where we have specifically assessed the risk of impairment as higher. We determined impairment to be a key audit matter because of the complexity, estimates and judgement involved in management's assessment. Refer to Note 12 and Note 36 of the financial statements ('Intangible assets').	◦ We obtained the Board-approved 2022 budget and 2023-2025 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; ◦ We reviewed key assumptions used by management (revenue growth, EBITDA, 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 with respect to the recovery of Datashred revenue to pre-Covid levels 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.

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 and Restore Digital (within the Digital & Information Management division), and Restore Datashred, Restore Technology and Restore Harrow Green (within the Secure Lifecycle Services 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. We performed audit of revenue for Restore Technology. The remaining business 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.

Independent auditors' report continued

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	£1,300,000.	£970,000.
How we determined it	5% of profit before tax and exceptional items	5% of profit before tax and exceptional items
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax and exceptional items is the primary measure used by the shareholders in assessing the performance of the Group. In the prior year, a three-year average profit before tax and exceptional items was used given the significant and one-off impact of COVID-19 on the Group's financial performance, resulting in overall materiality of £1,150,000. Exceptional items were audited separately.	Based on the benchmarks used in the annual report, profit before tax and exceptional items is the primary measure used by the shareholders in assessing the performance of the Group. In the prior year, a three-year average profit before tax and exceptional items was used given the significant and one-off impact of COVID-19 on the Group's financial performance, resulting in overall materiality of £870,000. Exceptional items were audited separately.

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 £470,000 and £750,000. 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 £975,000 for the group financial statements and £728,000 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 £65,000 (group audit) and £48,500 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 the appropriateness of the downside scenario;
- We have reviewed the terms of the financing agreements and forecasts used in the compliance testing of the covenants for 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 dividend and 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 2021 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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, breach of 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 have a direct impact on the financial statements such as 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, 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 matter above)

- 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.

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.

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

16 March 2022

Financial Statements

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £'m**	Year ended 31 December 2020 £'m
Revenue	4	234.3	182.7
Cost of sales		(127.1)	(105.9)
Gross profit		107.2	76.8
Administrative expenses		(61.1)	(45.2)
Amortisation of intangible assets	12	(10.7)	(8.3)
Exceptional items	5	(4.4)	(2.3)
Movement in trade receivables loss allowance	17	0.1	0.1
Impairment of intangible assets	12	–	(7.0)
Impairment of investment	15	–	(1.6)
Operating profit	6	31.1	12.5
Finance costs	7	(8.1)	(8.5)
Profit before tax		23.0	4.0
Taxation	8	(11.5)	(3.8)
Profit after tax		11.5	0.2
Other comprehensive income		–	–
Total comprehensive income for the year and profit attributable to owners of the parent		11.5	0.2
Earnings per share attributable to owners of the parent (pence)	9		
Total – basic		8.7p	0.2p
Total – diluted		8.4p	0.2p

All of the Group's results are from continuing operations.

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

	Note	**Year ended 31 December 2021 £'m**	Year ended 31 December 2020 £'m
Operating profit		31.1	12.5
Adjustments for:			
Amortisation of intangible assets	12	10.7	8.3
Exceptional items	5	4.4	2.3
Impairment of intangible assets	12	–	7.0
Impairment of investment	15	–	1.6
Adjustments		15.1	19.2
Adjusted operating profit		46.2	31.7
Depreciation of property, plant and equipment and right of use assets	6	28.0	25.7
Earnings before interest, taxation, depreciation, amortisation, impairment, and exceptional items (EBITDA)		74.2	57.4
Profit before tax		23.0	4.0
Adjustments (as stated above)		15.1	19.2
Adjusted profit before tax		38.1	23.2

Consolidated statement of financial position

At 31 December 2021

Company registered no. 05169780	Note	**31 December 2021 £'m**	31 December 2020 £'m
ASSETS			
Non-current assets			
Intangible assets	12	327.2	247.4
Property, plant and equipment	13	78.8	70.6
Right-of-use assets	14	102.5	107.1
Investment	15	–	–
Deferred tax asset	22	5.9	3.4
		514.4	428.5
Current assets			
Inventories	16	1.4	0.9
Trade and other receivables	17	56.9	41.2
Corporation tax receivable		–	0.3
Cash and cash equivalents	19	32.9	26.4
		91.2	68.8
Total assets		605.6	497.3
LIABILITIES			
Current liabilities			
Trade and other payables	18	(45.5)	(38.8)
Financial liabilities – lease liabilities	20	(18.2)	(16.7)
Current tax liabilities		(1.5)	–
Provisions	23	(0.9)	(0.4)
		(66.1)	(55.9)
Non-current liabilities			
Financial liabilities – borrowings	19	(133.7)	(92.5)
Financial liabilities – lease liabilities	20	(98.8)	(104.0)
Deferred tax liability	22	(33.9)	(19.8)
Provisions	23	(7.9)	(6.5)
		(274.3)	(222.8)
Total liabilities		(340.4)	(278.7)
Net assets		265.2	218.6
EQUITY			
Share capital	24	6.8	6.3
Share premium account	25	187.9	150.3
Other reserves	26	7.0	6.0
Retained earnings	27	63.5	56.0
Equity attributable to the owners of the parent		265.2	218.6

These financial statements on pages 66 to 98 were approved by the Board of Directors and authorised for issue on 16 March 2022 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 2021

	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 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
Balance at 1 January 2020	6.3	150.3	6.0	56.0	218.6
Profit for the year	–	–	–	11.5	11.5
Total comprehensive income for the year	–	–	–	11.5	11.5
Transactions with owners					
Issue of shares during the year	0.5	39.5	–	–	40.0
Issue costs	–	(1.9)	–	–	(1.9)
Dividends	–	–	–	(3.4)	(3.4)
Current tax on share-based payments	–	–	0.2	–	0.2
Deferred tax on share-based payments	–	–	0.6	–	0.6
Share-based payments charge	–	–	2.2	–	2.2
Transfer*	–	–	(0.2)	0.2	–
Purchase of treasury shares	–	–	(2.6)	–	(2.6)
Disposal of treasury shares	–	–	0.8	(0.8)	–
Balance at 31 December 2021	6.8	187.9	7.0	63.5	265.2

* In 2021 a net amount of £0.2 million was reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options.

Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £'m**	Year ended 31 December 2020 £'m
Cash generated from operating activities	28	59.9	66.9
Net finance costs		(7.0)	(8.0)
Income taxes paid		(5.2)	(7.2)
Net cash generated from operating activities		47.7	51.7
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software	12, 13	(8.8)	(7.3)
Purchase of subsidiary undertakings, net of cash acquired	11	(85.8)	(3.4)
Purchase of trade and assets	11	(0.9)	(0.3)
Cash flows used in investing activities		(95.5)	(11.0)
Cash flows from financing activities			
Net proceeds from share issue		38.1	–
Dividends paid		(3.4)	–
Purchase of treasury shares		(2.6)	(0.8)
Repayment of revolving credit facility		(65.0)	(13.0)
Drawdown of revolving credit facility		106.0	–
Lease principal repayments		(18.8)	(17.1)
Net cash used in financing activities		54.3	(30.9)
Net increase in cash and cash equivalents		6.5	9.8
Cash and cash equivalents at start of year		26.4	16.6
Cash and cash equivalents at end of year	19	32.9	26.4

Notes to the Group financial statements

For the year ended 31 December 2021

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: Digital & Information Management and Secure Lifecycle Services. 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 16 March 2022.

2. Significant Accounting Policies

Basis of Preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Restore Plc transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of Restore plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 accounting standards 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 14 to 41.

The Group meets its day-to-day working capital requirements through its financing facilities. Details of the Group's borrowing facilities are given in note 21 of the financial statements.

The Group's budget for 2022 and forecasts for 2023, 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.

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. Changes in the fair value of liability-classified contingent consideration that are not measurement period adjustments are reflected in the income statement. Contingent consideration that is classified as an equity instrument is not remeasured and its subsequent settlement is accounted for 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

During the year, the Group reviewed its reporting segments, as a result of a change in the way the business was managed in 2021, as well as the impact of acquisitions on the business. The Group's evolution has led to management viewing the business as two slightly amended but more advanced segments that are more closely aligned to managements' more strategic view of the business potential and deployment of resources.

In the opinion of the Directors, there are two segments, Digital & Information Management and Secure Lifecycle Services. Segment revenue comprises sales to external customers most of whom are located in the UK. Services are provided primarily from the UK.

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

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 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.

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 also provides services 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, as well as acquisition costs relating to business combinations.

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.

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 useful life of between 10-20 years is appropriate for customer relationship related intangible assets, 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.

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 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.

Notes to the Group financial statements continued

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 5, are transaction and restructuring costs in respect of acquisitions made 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

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 eight 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, determine an appropriate period for the cashflows equivalent to the expected useful life of the asset, and select a suitable discount rate in order to calculate the present value of those cash flows. Separable intangibles valued on acquisitions made in the year related to customer relationships and were valued at £40.7 million (2020: £2.2 million) as detailed further in note 12.

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 12.

Incremental borrowing rate

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 following new standards and amendments to standards were effective for the first time during the financial year: Covid-19-related Rent Concessions – Amendments to IFRS 16; and Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These new standards and amendments to standards did not have a material effect on the financial statements.

New standards and interpretations not yet adopted

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021: IFRS 17 Insurance Contracts; 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 2018–2020; Classification of Liabilities as Current or Non-current – Amendments to IAS 1; Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2; Definition of Accounting Estimates – Amendments to IAS 8; Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

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 the year, 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.

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 21.

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	**2021 £'m**	2020 £'m
Total debt	133.7	92.5
Less: cash and cash equivalents (note 19)	(32.9)	(26.4)
Net debt	100.8	66.1
Total equity	265.2	218.6
Debt to capital ratio	0.4	0.3

On a consistent accounting policy basis, the gearing increased during 2021 compared to that in 2020. The Group's debt has increased as a result of the acquisition spend during the year. The Group's equity has increased from a combination of the equity raise in May 2021 and profit generation. 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

During the year, the Directors have reviewed the Group's operating segments, which has resulted in the classification of two new operating segments; Digital & Information Management, and Secure Lifecycle Services. The prior year comparatives have therefore been restated in accordance with these new segments.

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 and property, plant and equipment. 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	**2021 £'m**	(Restated) 2020 £'m
Restore Records Management	101.4	87.6
Restore Digital	36.9	18.5
Digital & Information Management	138.3	106.1
Restore Technology	28.1	15.3
Restore Datashred	30.2	28.0
Restore Harrow Green	37.7	33.3
Secure Lifecycle Services	96.0	76.6
Total Revenue	234.3	182.7

For the year ended 31 December 2021 no customers individually accounted for more than 3% (2020: 3%) of the Group's total revenue.

Segmental information:

Profit before tax	2021 £'m	(Restated) 2020 £'m
Digital & Information Management	42.5	34.0
Secure Lifecycle Services	11.7	3.2
Head office	(5.2)	(4.5)
Amortisation of intangible assets	(10.7)	(8.3)
Impairment of intangible assets and investment	–	(8.6)
Exceptional items	(4.4)	(2.3)
Share-based payments charge (including related NI)	(2.8)	(1.0)
Operating profit	31.1	12.5
Finance costs	(8.1)	(8.5)
Profit before tax	23.0	4.0

	Digital & Information Management £'m	Secure Lifecycle Services £'m	Head Office £'m	31 December 2021 Total £'m
Segment assets	341.2	255.5	8.9	605.6
Segment liabilities	154.1	57.3	129.0	340.4
Capital expenditure	5.7	2.7	0.4	8.8
Depreciation and amortisation	26.2	12.1	0.4	38.7

	(Restated) Digital & Information Management £'m	(Restated) Secure Lifecycle Services £'m	Head Office £'m	31 December 2020 Total £'m
Segment assets	347.4	136.3	13.6	497.3
Segment liabilities	132.2	59.4	87.1	278.7
Capital expenditure	5.8	1.3	0.2	7.3
Depreciation and amortisation	22.6	11.3	0.1	34.0

5. Exceptional Items

	2021 £'m	2020 £'m
Acquisition transaction costs	1.2	0.1
Acquisition related restructuring costs	2.4	0.1
Restructuring and redundancy	–	1.3
Other exceptional items	0.8	0.8
Total	4.4	2.3

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

Acquisition related transaction costs and restructuring costs have increased from £0.2 million in 2020 to £3.6 million in 2021 as a result of the Group's eight acquisitions during the year. Acquisition related exceptional costs represent 4% of the acquisition investment during the year, net of cash acquired.

Other exceptional costs in 2021 include defence costs in respect of a takeover proposal of the Group (£0.5 million), and the final adjustment to the legal liability in 2018 (£0.3 million), for which the total fine was £0.6 million, as disclosed in Group's interim results. Other exceptional costs in 2020 include the first part of legal liability above, employer's national insurance on legacy share option exercises (£0.3 million) and the costs associated with a corporate restructure (£0.2 million).

Restructuring costs in 2020 were as a result of the COVID-19 pandemic, where the Group sought to reduce costs in the business on an ongoing basis through redundancies and site closures but had to incur some one-off costs to implement this (£1.3 million).

6. Operating Profit

	2021 £'m	2020 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets (note 12)	10.7	8.3
Depreciation of property, plant and equipment and right-of-use assets (notes 13 and 14)	28.0	25.7
Impairment of intangible assets (note 12)	–	7.0
Impairment of investment (note 15)	–	1.6
Gain on disposal of property, plant and equipment and right-of-use assets	–	(0.1)
Share-based payments charge (including related NI) (note 31)	2.8	1.0
Fees payable to the company's auditors:		
– Audit of the parent company and consolidated financial statements	0.3	0.2
– Audit of the company's subsidiaries pursuant to legislation	0.1	0.1
Expenses by function:		
Staff costs (note 31)	86.1	62.6
Depreciation of property, plant and equipment and right-of-use assets (notes 13 and 14)	28.0	25.7
Gain on disposal of property, plant and equipment and right-of-use assets	–	(0.1)
Property related costs (excluding rent)	16.5	15.0
Materials costs	10.8	10.5
Subcontractor costs	15.5	12.3
Selling and distribution expenses	6.8	6.1
Transport costs	10.5	7.9
Computer costs	5.8	5.1
Audit and tax costs	0.5	0.4
Legal and professional costs	3.3	3.3
Telecommunication costs	0.8	0.7
Exceptional items	4.4	2.3
Other expenses	3.5	1.5
Total cost of sales and administrative expenses	192.5	153.3
Amortisation and impairment of intangible assets and investment	10.7	16.9
Total operating costs	203.2	170.2

7. Finance Costs

	2021 £'m	2020 £'m
Interest on bank loans and overdrafts	2.6	2.8
Interest on finance lease liabilities	5.2	5.4
Amortisation of deferred finance costs	0.3	0.3
Total	8.1	8.5

8. Taxation

	2021 £'m	2020 £'m
Current tax:		
UK corporation tax on profit for the year	6.8	4.1
Adjustment in respect of previous periods	–	(0.4)
Total current tax	6.8	3.7
Deferred tax: (note 22)		
Current year	4.7	0.6
Adjustment in respect of previous periods	–	(0.5)
Total deferred tax	4.7	0.1
Total tax charge	11.5	3.8

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

	2021 £'m	2020 £'m
Profit before tax	23.0	4.0
Profit before tax multiplied by the rate of corporation tax of 19.0% (2020 19.0%)	4.4	0.8
Effects of:		
Expenses not deductible	0.9	2.0
Adjustment in respect of corporation tax for previous periods	–	(0.4)
Adjustment in respect of deferred tax for previous periods	–	(0.5)
Share-based payments	–	0.2
Effect of change in rate used for deferred tax	6.2	1.7
Tax charge	11.5	3.8

The tax charge for the year is higher than the profit before tax multiplied by the rate of corporation tax (2020: higher).

An increase in the UK corporation tax rate from 19% to 25%, effective 1 April 2023, was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. Deferred tax at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

9. 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.

	2021	2020
Weighted average number of shares in issue	132,932,784	125,214,737
Total profit for the year	£11.5m	£0.2m
Total basic earnings per ordinary share	8.7p	0.2p
Weighted average number of shares in issue	132,932,784	125,214,737
Share options	4,736,714	3,543,950
Weighted average fully diluted number of shares in issue	137,669,498	128,758,687
Total fully diluted earnings per share	8.4p	0.2p
Continuing profit for the year	£11.5m	£0.2m
Continuing basic earnings per share	8.7p	0.2p
Continuing fully diluted earnings per share	8.4p	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:

	2021 £'m	2020 £'m
Continuing profit before tax	23.0	4.0
Adjustments:		
Amortisation of intangible assets	10.7	8.3
Exceptional items	4.4	2.3
Impairment of intangible assets and investment	–	8.6
Adjusted continuing profit for the year	38.1	23.2

The adjusted earnings per share, based on the weighted average number of shares in issue during the year, 132.9 million (2020: 125.2 million) is calculated below:

	2021	2020
Adjusted profit before tax (£'m)	38.1	23.2
Tax at 19.0% (£'m)	(7.2)	(4.4)
Adjusted profit after tax (£'m)	30.9	18.8
Adjusted basic earnings per share	23.2p	15.0p
Adjusted fully diluted earnings per share	22.4p	14.6p

10. Dividends

The Directors recommend a final dividend of 4.7p per share for the year ended 31 December 2021 (2020: nil per share). The dividend will be paid on 8 July 2022 to shareholders on the register at 6 June 2022. An interim dividend of 2.5p, amounting to £3.4 million, was paid during the year (2020: £nil).

11. Business Combinations

The Group's strategy seeks to target the substantial acquisition opportunities that exist in all of the markets in which it operates, whilst applying strict investment discipline. The Group has completed eight acquisitions during the year.

On 8 January 2021, the Group acquired 100% of the share capital of Computer Disposals Ltd ("CDL"), a Technology business, which provides leading IT recycling and asset disposition (ITAD) services. CDL operates from a state-of-the-art facility, which provides further capacity for Restore's operations in the North West of England. The acquisition has enhanced Restore Technology's market share within the highly fragmented ITAD market.

On 1 March 2021, the Group acquired 100% of the share capital of The Bookyard Ltd ("The Bookyard"), a Technology business, which provides leading Apple recycling and spare parts services. The Bookyard also operates two market-leading eCommerce sites, www.mac2cash.com and www.click4mac.com which respectively, offer trade-in and recycle options for Apple products throughout the UK. The acquisition has further strengthened Restore Technology's capability in the growing recycling market for Apple products.

On 15 April 2021, the Group acquired 100% of the share capital of Big Data Management Ltd ("1BDM"), a leading high-quality Records Management business. 1BDM is recognised as a high quality operator, and will increase Restore Record Management's market share in the South East of England.

On 30 April 2021, the Group acquired 100% of the share capital of Rainbow HoldCo Limited, which trades as EDM Group Limited ("EDM"). This acquisition is additive to the Group's core Records Management business and transformational for its growing Digital business. Digital is a core growth segment for Restore with a sizeable UK addressable market, which is continuing to grow, underpinning the long-term structural growth trends which have been accelerated by COVID, with digitisation, flexible working and security of data becoming increasingly necessary for all businesses. The acquisition doubles Restore's existing market share, and creates a stronger business which will benefit from operating as a larger platform, with the ability to deliver both cost synergies and cross-selling opportunities through accessing the wider service offerings.

On 9 August 2021, the Group acquired 100% of the share capital of PRM Green Technologies Ltd ("PRM"), a Technology business, which provides leading IT recycling and asset disposition (ITAD) services. The business is located in Cannock in the Midlands, where all processing is carried out. The acquisition has enhanced Restore Technology's market share within the highly fragmented ITAD market.

On 6 October 2021, the Group purchased the trade and assets of PS Management Solutions Ltd ("PSMS"). The acquisition is additive to the Group's Shredding business.

On 12 October 2021, the Group acquired 100% of the share capital of The Document Warehouse (UK) Ltd ("TDW"), a Records Management business which provides an additional, strategically well-located freehold site with capacity to service the key London and the south of England markets.

On 30 November 2021, the Group acquired 100% of the share capital of Capture All Ltd ("Capture All"), a Digital business based in Falkirk. Capture All is one of the UK's leading providers in document scanning, storing and archiving. The facilities will be retained, and the business will continue to operate from this location, providing an additional outpost for Restore Digital.

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.

Notes to the Group financial statements continued

	CDL £'m	The Bookyard £'m	1BDM £'m	EDM £'m	PRM £'m	PSMS* £'m	TDW £'m	Capture All £'m	Total £'m
Intangibles – customer relationships	4.6	–	1.1	27.6	4.7	0.8	1.7	0.2	40.7
Intangibles – software	–	–	–	1.1	–	–	–	–	1.1
Property, plant and equipment	1.3	–	–	3.3	0.3	0.1	4.9	0.2	10.1
Right-of-use assets	0.4	–	–	5.3	0.4	–	–	0.2	6.3
Trade and other receivables	0.5	–	0.2	6.1	0.9	–	–	0.1	7.8
Inventories	–	0.2	–	–	–	–	–	–	0.2
Cash	4.7	0.1	0.1	4.8	0.3	–	–	0.2	10.2
Trade and other payables	(1.7)	(0.1)	(0.1)	(8.0)	(0.7)	–	(0.2)	(0.1)	(10.9)
Lease liabilities	(0.4)	–	–	(5.3)	(0.4)	–	–	(0.2)	(6.3)
Corporation tax	(0.2)	–	–	0.3	(0.4)	–	–	–	(0.3)
Deferred taxation	(1.0)	–	(0.2)	(4.6)	(1.1)	–	(0.6)	–	(7.5)
Provisions	(0.2)	–	–	(1.3)	(0.1)	–	–	–	(1.6)
Net assets acquired	8.0	0.2	1.1	29.3	3.9	0.9	5.8	0.6	49.8
Goodwill	7.8	0.6	0.9	33.1	3.3	–	0.7	0.3	46.7
Consideration	15.8	0.8	2.0	62.4	7.2	0.9	6.5	0.9	96.5
Satisfied by:									
Cash to Vendors	15.3	0.8	1.9	62.4	7.2	0.9	6.2	0.9	95.6
Deferred / contingent consideration	0.5	–	0.1	–	–	–	0.3	–	0.9
Total consideration	15.8	0.8	2.0	62.4	7.2	0.9	6.5	0.9	96.5

* Trade and assets purchase.

The fair value of acquired receivables is £7.8 million, which is equivalent to the gross contractual amount of acquired receivables due. The loss allowance recognised on acquisition is not considered to be material.

The Goodwill arising across the acquisitions primarily represents the potential synergies and cross-selling to the Group's existing operations; an extension of the Group's national coverage, increasing the Group's market share; access to new markets; and the skilled workforce and knowledge acquired.

During the year, deferred consideration of £1.3 million was paid, in relation to the acquisitions of Computer Disposals Ltd, Euro-Recycling Ltd and Secure IT Disposals Ltd (2020: £0.1 million).

Post acquisition results

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

	2021 £'m	2020 £'m
Revenue	30.0	0.5
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	6.3	0.1

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £248.4 million and Group continuing profit before tax would have been £25.4 million.

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 Records Management, Digital, Technology and Shredding services.

12. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software £'m	Total £'m
Cost					
1 January 2020	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
Arising on acquisition of subsidiaries	46.7	39.9	–	1.1	87.7
Arising on acquisition of trade and assets	–	0.8	–	–	0.8
Additions – external	–	–	–	2.0	2.0
31 December 2021	212.5	168.8	4.3	10.3	395.9
Accumulation amortisation and impairment					
1 January 2020	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
Charge for the year	–	9.1	0.3	1.3	10.7
31 December 2021	17.6	42.6	2.8	5.7	68.7
Carrying amount					
31 December 2021	194.9	126.2	1.5	4.6	327.2
31 December 2020	148.2	94.6	1.8	2.8	247.4

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 2020	164.1
Acquired – Euro-Recycling	1.7
31 December 2020	165.8
Acquired – CDL	7.8
Acquired – The Bookyard	0.6
Acquired – 1BDM	0.9
Acquired – EDM	33.1
Acquired – PRM	3.3
Acquired – TDW	0.7
Acquired – Capture All	0.3
31 December 2021	212.5
Accumulated impairment	
1 January 2020	10.6
Impairment charge	7.0
31 December 2020	17.6
Impairment charge	–
31 December 2021	17.6
Carrying amount	
31 December 2021	194.9
31 December 2020	148.2

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

	2021 £'m	2020 £'m
Digital & Information Management	141.8	106.8
Secure Lifecycle Services	53.1	41.4
	194.9	148.2

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. The review performed in the year of the Group's operating segments did not result in a change to the Group's CGUs.

At the year-end, an impairment review was conducted including downside scenario modelling, which indicated that no impairment was required to any CGUs. The year-end model utilises forecasts based upon the Group's budget for 2022 and the Group's Strategy Plan for 2023, 2024 and 2025. Over the 4 year forecast, the CGUs have compound average growth rates for revenue ranging from 1%-7%, with pre IFRS 16 EBITDA average margin varying between 11%-42%. 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 8.9% (2020: 8.8%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

For the Datashred CGU, an impairment would result if the business was not to return to close to pre-COVID-19 levels of trading by FY25, which is considered to be unlikely. Across all other CGUs, the Group have not identified any reasonably possible changes that would result in an impairment.

13. 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 2020	30.3	20.7	41.3	5.2	3.5	101.0
Additions	0.2	2.1	2.9	0.8	–	6.0
Acquisitions	–	–	0.3	–	0.1	0.4
Disposals	–	(0.3)	(1.9)	(0.1)	(1.9)	(4.2)
31 December 2020	30.5	22.5	42.6	5.9	1.7	103.2
Additions	0.3	2.5	1.9	2.0	0.1	6.8
Acquisitions	4.9	1.4	0.4	2.9	0.5	10.1
Disposals	–	–	–	–	(0.1)	(0.1)
31 December 2021	35.7	26.4	44.9	10.8	2.2	120.0
Accumulated depreciation						
1 January 2020	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
Charge for the year	0.6	2.5	4.0	1.3	0.3	8.7
Disposals	–	–	–	–	(0.1)	(0.1)
31 December 2021	3.4	8.8	22.6	5.2	1.2	41.2
Net book value						
31 December 2021	32.3	17.6	22.3	5.6	1.0	78.8
31 December 2020	27.7	16.2	24.0	2.0	0.7	70.6

Capital expenditure contracted for but not provided in the financial statements is shown in note 32.

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

14. Right-of-use assets

	Leasehold Property £'m	Office equipment, fixtures and fittings £'m	Motor Vehicles £'m	Total £'m
Cost				
1 January 2020	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
Additions	7.2	–	1.2	8.4
Acquired	6.3	–	–	6.3
Disposals	(2.4)	(1.1)	(1.8)	(5.3)
31 December 2021	128.0	0.1	17.2	145.3
Accumulated depreciation				
1 January 2020	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
Charge for the year	15.2	0.1	4.0	19.3
Disposals	(2.4)	(1.1)	(1.8)	(5.3)
31 December 2021	33.8	–	9.0	42.8
Net book value				
31 December 2021	94.2	0.1	8.2	102.5
31 December 2020	95.9	0.2	11.0	107.1

15. Investment

	2021 £'m	2020 £'m
Carrying value		
1 January	–	1.6
Impairment	–	(1.6)
31 December	–	–

The Group holds a 40% investment in Ink and Toner Limited, a printer cartridge recycling business which was fully impaired in 2020.

16. Inventories

	2021 £'m	2020 £'m
Finished goods and goods for resale	1.4	0.9

£6.6 million (2020: £7.0 million) of inventories were recognised as an expense in cost of sales in the year.

17. Trade and Other Receivables

	2021 £'m	2020 £'m
Trade receivables	34.7	22.8
Less: Loss allowance	(0.2)	(0.3)
Trade receivables – net	34.5	22.5
Other receivables	0.4	0.6
Prepayments and accrued income	22.0	18.1
	56.9	41.2

The average credit period is 51 days (2020: 44 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 (2020: 2%).

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 loss allowance	2021 £'m	2020 £'m
1 January	0.3	0.4
Additional provision	0.1	0.2
Utilised	–	(0.1)
Released	(0.2)	(0.2)
31 December	0.2	0.3

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 21 for an analysis of trade receivables that were past due but not impaired.

Customer incentives are included within prepayments as follows:

	2021 £'m	2020 £'m
Incentives recognised – 31 December	3.8	3.5
Credit to income in the year	1.3	2.3

18. Trade and Other Payables

	2021 £'m	2020 £'m
Trade payables	15.0	12.5
Other taxation and social security	9.1	12.4
Other payables	0.7	–
Accruals and deferred income	20.7	13.9
	45.5	38.8

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 43 days (2020: 46 days).

Notes to the Group financial statements continued

19. Financial Liabilities – Borrowings

	2021 £'m	2020 £'m
Non-current		
Bank loans – secured	134.0	93.0
Deferred financing costs	(0.3)	(0.5)
	133.7	92.5

At 31 December 2021, the bank debt was due to The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank and was 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 21. Under the bank facility the Group was required to meet quarterly covenant tests in respect of interest cover and leverage.

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million revolving credit facility. Refer to note 21 for further details.

All covenant tests were met during the year and the Directors expect to continue to meet the covenant tests under the new facility.

Analysis of net debt

	2021 £'m	2020 £'m
Cash at bank and in hand	32.9	26.4
Bank loans due within one year	–	–
Bank loans due after one year	(133.7)	(92.5)
	(100.8)	(66.1)

20. Financial Liabilities – lease liabilities

	2021 £'m	2020 £'m
Obligations under leases – present value of lease liabilities	117.0	120.7
Repayable by instalments:		
In less than one year	18.2	16.7
In two to five years	55.1	51.8
More than five years	43.7	52.2
	117.0	120.7

21. 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.

	2021 £'m	2020 £'m
Cash at bank	32.9	26.4
Bank overdraft	–	–
Cash and cash equivalents	32.9	26.4

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 0.6% 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 2021, trade receivables of £1.2 million (2020: £1.3 million) 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:

	2021 £'m	2020 £'m
60–90 days	0.3	0.8
Greater than 90 days	0.9	0.5

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

	2021 £'m	2020 £'m
Loans and receivables	34.9	23.1
Financial liabilities measured at amortised cost	(153.4)	(147.1)

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

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 2021	133.7	133.7	1.9
Sterling at 31 December 2020	92.5	92.5	2.3

Interest rate sensitivity

At 31 December 2021, 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 £0.6 million (2020: £0.5 million) 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 increased during the current year due to the increased debt resulting from acquisition activity.

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 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	2021 Total £'m
Within one year, or on demand	–	54.6	54.6
Between two and five years	133.7	55.1	188.8
More than five years	–	43.7	43.7
	133.7	153.4	287.1

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

Notes to the Group financial statements continued

	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, accruals, amounts owing under lease arrangements and contingent and deferred consideration.

Borrowing facilities

At 31 December 2021, the Company had a finance facility with The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank which was due to expire on 26 March 2023. The facility consisted of a single £160 million Revolving Credit Facility ("RCF"), which is partly reduced by an on demand net overdraft facility of £1.5 million. In addition, there was an uncommitted accordion facility of £30.0 million, and an overdraft of £1.5 million. £1.5 million of the overdraft facility was unutilised at 31 December 2021 (2020: £1.5 million). Committed but undrawn borrowing facilities at 31 December 2021 amounted to £24.5 million (2020: £65.5 million).

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million unsecured, multi-currency revolving facility agreement ("RCF") on enhanced terms. The new RCF, which substantially increases the Group's funding capacity for investment activity, is for an initial three-year tenor, expiring on 30 April 2025, with an option to extend the term by two further one-year periods at the Company's request, subject to lender consent. The RCF is provided by a syndicate of six lenders being, The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc, Bank of China and Citibank. The RCF has financial covenants that are consistent with the previous facility and also includes an additional £50 million uncommitted accordion.

All of the Company's borrowings are currently 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.

22. Deferred Tax

Summary of balances

	2021 £'m	2020 £'m
Deferred tax liabilities	(33.9)	(19.8)
Deferred tax asset	5.9	3.4
Net position at 31 December	(28.0)	(16.4)

The corporation tax rate increase from 19% to 25%, effective 1 April 2023, was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date reflected in these financial statements have been measured using the newly enacted tax rate.

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

	2021 £'m	2020 £'m
1 January	(16.4)	(14.6)
Charge to income statement for the year	(4.7)	(0.1)
Tax credited / (charged) directly to equity	0.6	(1.3)
Acquisitions	(7.5)	(0.4)
31 December	(28.0)	(16.4)

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 2020	(0.7)	(16.8)	(0.9)	(18.4)
Charge to income for the year	(0.1)	(0.8)	(0.1)	(1.0)
Acquisitions	–	(0.4)	–	(0.4)
31 December 2020	(0.8)	(18.0)	(1.0)	(19.8)
Charge to income for the year	(0.1)	(5.4)	(0.6)	(6.1)
Acquisitions	–	(8.0)	–	(8.0)
31 December 2021	(0.9)	(31.4)	(1.6)	(33.9)

Deferred tax liabilities are analysed as follows:

	2021 £'m	2020 £'m
Current	(6.1)	(1.1)
Non- current	(27.8)	(18.7)
Total	(33.9)	(19.8)

Deferred tax assets

	Share-based payments £'m	Provisions £'m	Leases £'m	Pensions £'m	Total £'m
1 January 2020	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
Credit to income for the year	0.7	0.1	0.5	0.1	1.4
Credit directly to equity	0.6	–	–	–	0.6
Acquisitions	–	0.5	–	–	0.5
31 December 2021	2.1	0.6	3.1	0.1	5.9

Deferred tax assets are analysed as follows:

	2021 £'m	2020 £'m
Current	0.7	1.4
Non- current	5.2	2.0
Total	5.9	3.4

23. Provisions

	2021 £'m	2020 £'m
1 January	6.9	6.8
Additional provision	0.3	0.2
Acquired provision	1.6	–
Released	–	(0.1)
31 December	8.8	6.9

Included within provisions is a dilapidation provision which 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 4.0% (2020: 3.9%).

Provisions are analysed as follows:

	2021 £'m	2020 £'m
Current	0.9	0.4
Non-current	7.9	6.5
Total	8.8	6.9

24. Called Up Share Capital

	2021 £'m	2020 £'m
Authorised:		
199,000,000 (2020: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
136,674,067 (2020: 125,654,025) ordinary shares of 5p each	6.8	6.3

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2020	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	
20 April 2021 – exercise of share options	61,138	5.0p
5 May 2021 – equity raised to acquire EDM	10,958,904	5.0p
31 December 2021	136,674,067	

61,138 (2020: 1,234,291) ordinary shares were issued as a result of the exercise of share options which were net-settled at the market price on the day of exercise.

25. Share Premium Account

	2021 £'m	2020 £'m
1 January	150.3	150.3
Premium on shares issued during the year	39.5	–
Share issue costs	(1.9)	–
31 December	187.9	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.

26. Other Reserves

	Share-based payments reserve £'m	Treasury shares £'m	Total £'m
1 January 2020	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
Current tax on share-based payments charge	0.2	–	0.2
Deferred tax on share-based payments charge	0.6	–	0.6
Share-based payments charge	2.2	–	2.2
Transfer*	(0.2)	–	(0.2)
Purchase of treasury shares	–	(2.6)	(2.6)
Disposal of treasury shares	–	0.8	0.8
31 December 2021	9.6	(2.6)	7.0

* In 2021 a net amount of £0.2 million 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.

27. Retained Earnings

	2021 £'m	2020 £'m
1 January	56.0	55.9
Profit for the year	11.5	0.2
Issue of shares	–	(0.1)
Dividends	(3.4)	–
Transfers*	0.2	–
Disposal of treasury shares	(0.8)	–
31 December	63.5	56.0

* In 2021 a net amount of £0.2 million 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.

28. Cash generated from operating activities

Continuing operations	2021 £'m	2020 £'m
Profit before tax	23.0	4.0
Depreciation of property, plant and equipment and right-of-use assets	28.0	25.7
Amortisation of intangible assets	10.7	8.3
Net finance costs	8.1	8.5
Share-based payments charge	2.2	1.2
Impairment of intangible assets and investment	–	8.6
Gain on disposal of property, plant and equipment and right-of-use assets	–	(0.1)
(Increase) / decrease in inventories	(0.3)	0.5
(Increase) / decrease in trade and other receivables	(7.8)	7.8
(Decrease) / increase in trade and other payables	(4.0)	2.4
Cash generated from operating activities	59.9	66.9

29. 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 £1.8 million (2020: £1.8 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the plan.

30. 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. During the year, 847,015 new awards were granted (2020: nil).

A reconciliation of Sharesave share option movements is below:

	2021 Number	2021 Weighted average exercise price	2020 Number	2020 Weighted average exercise price
Outstanding at 1 January	677,535	302.7p	781,703	306.0p
Issued	847,015	309.0p	–	–
Lapsed	(5,852)	364.7p	–	–
Forfeited	(9,577)	284.2p	–	–
Cancelled	(133,446)	317.0p	(104,168)	327.0p
Exercised	(24,597)	397.2p	–	–
Outstanding at 31 December	1,351,078	303.4p	677,535	302.7p
Exercisable at 31 December	79,950	432.0p	–	–

The weighted average contractual life of the remaining options outstanding at 31 December 2021 was 2.0 years (2020: 1.7 years).

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

	2021	2020
Share price at grant date	£4.13	–
Exercise price	£3.09	–
Share options	847,015	–
Expected volatility	39.21%	–
Risk free rate	0.15%	–
Expected dividend yield	1.67%	–
Expected life of options (years)	3	–
Fair value per option	£1.45	–
Model used	Binomial	–

The total fair value of Sharesave options issued in 2021 was £1.2 million (2020: £nil).

Volatility has been calculated taking into account historical volatility over a period commensurate with the expected life of the awards.

Long Term Incentive Plan (LTIP)

The 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. These awards have no associated exercise price.

During the year, the ROIC performance conditions in respect of the 2019 and 2020 LTIP were modified. This modification did not result in an additional charge to the statement of comprehensive income as the fair value measured immediately before and after the modification did not increase.

A reconciliation of LTIP share option movements is below:

	2021 Number	2020 Number
Outstanding at 1 January	1,221,415	691,184
Granted	761,155	615,556
Forfeited	–	(85,325)
Outstanding at 31 December	1,982,570	1,221,415
Exercisable at 31 December	–	–

The weighted average contractual life of the remaining LTIP awards is 11.4 years (2020: 11.9 years).

The fair value of the options granted in the year without market-based performance conditions were estimated using a Binomial model. The fair value of the options granted with market-based performance conditions were estimated using Monte-Carlo model taking into account the terms and conditions upon which the options were granted. The following table lists the key inputs and assumptions used to value the LTIP grants:

	2021 LTIP subject to fully diluted EPS	**2021 LTIP subject to TSR**	2020 LTIP subject to ROIC	2020 LTIP subject to TSR
Weighted average share price at grant date	£4.04	£4.04	£3.66	£3.66
Exercise price	£nil	£nil	£nil	£nil
Share options	570,866	190,289	461,667	153,889
Expected volatility	n/a	39.43%	28.83%	28.83%
Risk Free rate of return	n/a	0.13%	0.69%	0.69%
Expected dividend yield	n/a	n/a	n/a	n/a
Expected life of options (years)	3	3	3	3
Weighted average fair value per option	£4.04	£2.54	£3.75	£1.25
Model used	Binomial	Monte-Carlo	Black Scholes	Monte-Carlo

The total fair value of LTIP options issued in 2021 was £2.8 million (2020: £1.9 million).

Volatility has been calculated taking into account historical volatility over a period commensurate with the expected life of the awards. Nil cost awards with non-market based performance conditions are not affected by share price volatility.

Executive Committee bonus surrender for shares award:

As a result of the COVID-19 pandemic, instead of awarding a cash bonus to the Executive Committee, a deferred discretionary bonus was awarded in the form of a share award, conditional only upon individuals remaining in employment over a fixed period of time. During the year 153,066 awards were granted (2020: nil). These awards have no associated exercise price.

A reconciliation of the share option movements is below:

	2021 Number	2020 Number
Outstanding at 1 January	–	–
Granted	153,066	–
Outstanding at 31 December	153,066	–
Exercisable at 31 December	–	–

The weighted average contractual life of the remaining awards is 0.6 years (2020: n/a).

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

	2021	2020
Weighted average share price at grant date	£4.07	–
Exercise price	£nil	–
Share options	153,066	–
Expected volatility	n/a	–
Risk free rate	n/a	–
Weighted average expected dividend yield	1.23%	–
Expected life of options (years)	1	–
Fair value per option	£4.01	–
Model used	Binomial	–

Legacy 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. 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 legacy share option movements is below:

	2021 Number	**2021 Weighted Average Exercise price**	2020 Number	2020 Weighted Average Exercise price
Outstanding at 1 January	1,645,000	312.1p	3,625,072	234.6p
Exercised	(395,000)	125.4p	(371,000)	294.7p
Forfeited	–	–	(450,000)	506.7p
Exercised from EIP	–	–	(1,159,072)	–
Outstanding at 31 December	1,250,000	371.1p	1,645,000	312.1p
Exercisable at 31 December	1,250,000	371.1p	1,095,000	240.2p

The weighted average contractual life of the remaining awards is 8.0 years (2020: 7.9 years).

The exercisable options outstanding at 31 December 2021 had an exercisable price of between 149.5p and 516.0p.

During 2020, Charles Skinner exercised his remaining options under the nil cost Executive Incentive Plan ('EIP').

31. Directors and Employees

Staff costs during the year	**2021 £'m**	2020 £'m
Wages and salaries	74.7	53.9
Social security costs	6.8	5.9
Post employment benefits	1.8	1.8
Share-based payments charge (including related NI)	2.8	1.0
	86.1	62.6

Average monthly number of employees during the year	**2021 Number**	2020 Number
Directors	6	6
Management	158	110
Administration	409	386
Operatives	1,877	1,504
	2,450	2,006

Total amounts for Directors' remuneration and other benefits	**2021 £'m**	2020 £'m
Emoluments for Directors' services*	1.9	1.3
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Aggregate emoluments*	1.0	0.7

* £nil (2020: £0.2 million) related to a bonus in respect of the previous year.

Notes to the Group financial statements continued

Key management compensation	2021 £'m	2020 £'m
Salaries, wages and incentives	7.6	5.5
Social security costs	1.2	0.9
Post employment benefits	0.4	0.4
Other benefits	0.1	0.1
Share-based payments charge	2.2	1.0
	11.5	7.9

The key management of the Group are the Executive Committee and business unit senior leadership teams.

32. Capital Commitments

Capital expenditure	2021 £'m	2020 £'m
Contracted for but not provided in the financial statements	1.3	3.3

The capital commitments consist of £1.3 million (2020: £3.0 million) in respect of general plant and equipment and £nil (2020: £0.3 million) in respect of land and buildings.

33. Contingent Liabilities

The Company has entered into a bank cross guarantee with its subsidiaries. The guarantee amounts to £100.8 million at 31 December 2021 (2020: £66.1 million). The assets of the Company and its subsidiaries are pledged as security for the bank borrowings, by way of a fixed and floating charge.

34. Related Party Transactions and Controlling Party

The remuneration of key management personnel and details of the Directors' emoluments are shown in note 31. During the year, dividends of £784, £462, £386, £185 and £100 were paid to Charles Bligh, Neil Ritchie, Sharon Baylay-Bell, Jamie Hopkins and Susan Davy respectively (2020: No dividends were paid).

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

35. Post Balance Sheet Events

On 18 January 2022, the Group extinguished its £160 million financing arrangement in place at 31 December 2021, and replaced it with a new RCF which runs to 30 April 2025, providing borrowing facilities of up to £200 million plus a further uncommitted accordion of £50 million. The Group has significant headroom within its borrowing facilities which provides flexibility to invest as opportunities arise.

Company statement of financial position

At 31 December 2021

Company registered number: 05169780	Note	**2021 £'m**	2020 £'m
ASSETS			
Non-current assets			
Intangible assets	36	170.8	172.9
Property, plant and equipment	37	52.9	53.9
Right-of-use assets	38	73.3	73.8
Investments	39	96.1	89.0
Deferred tax asset	46	4.2	3.1
		397.3	392.7
Current assets			
Inventories	40	0.5	0.4
Trade and other receivables	41	123.0	31.2
Corporation tax receivable		–	0.3
Cash and cash equivalents	43	16.0	17.0
		139.5	48.9
Total assets		536.8	441.6
LIABILITIES			
Current liabilities			
Trade and other payables	42	(19.2)	(17.1)
Corporation tax payable		(1.5)	–
Financial liabilities – leases liabilities	44	(12.3)	(10.9)
Provisions	47	(0.7)	(0.3)
		(33.7)	(28.3)
Non-current liabilities			
Financial liabilities – borrowings	43	(133.7)	(92.5)
Financial liabilities – lease liabilities	44	(73.5)	(74.8)
Other long term liabilities	44	(18.0)	(16.7)
Deferred tax liability	46	(19.7)	(15.3)
Provisions	47	(5.3)	(5.5)
		(250.2)	(204.8)
Total liabilities		(283.9)	(233.1)
Net assets		252.9	208.5
EQUITY			
Share capital	48	6.8	6.3
Share premium account		187.9	150.3
Other reserves		6.1	5.4
Retained earnings		52.1	46.5
Equity attributable to the owners of the parent		252.9	208.5

The Company's profit for the financial year was £9.6 million (2020: £8.3 million).

These financial statements on pages 99 to 116 were approved by the Board of Directors and authorised for issue on 16 March 2022 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 2021

	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 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
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	5.4	46.5	208.5
Balance at 1 January 2021	6.3	150.3	5.4	46.5	208.5
Profit for the year	–	–	–	9.6	9.6
Total comprehensive income for the year	–	–	–	9.6	9.6
Transactions with owners					
Issue of shares during the year	0.5	39.5	–	–	40.0
Issue costs	–	(1.9)	–	–	(1.9)
Dividends	–	–	–	(3.4)	(3.4)
Current tax on share-based payments	–	–	0.2	–	0.2
Deferred tax on share-based payments	–	–	0.3	–	0.3
Share-based payment charge	–	–	2.2	–	2.2
Transfers*	–	–	(0.2)	0.2	–
Purchase of treasury shares	–	–	(2.6)	–	(2.6)
Disposal of treasury shares	–	–	0.8	(0.8)	–
Balance at 31 December 2021	6.8	187.9	6.1	52.1	252.9

* In 2021 a net amount of £0.2 million was reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options.

Company statement of cash flows

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'m	Year ended 31 December 2020 £'m
Cash generated from operating activities	49	39.3	51.5
Net finance costs		(5.8)	(6.8)
Income taxes paid		(4.0)	(5.6)
Net cash generated from operating activities		29.5	39.1
Cash flows from investing activities			
Purchase of property, plant and equipment and applications software	36, 37	(4.5)	(5.5)
Purchase of subsidiary undertakings, net of cash acquired	39	(8.5)	–
Net payment of intercompany loan		(78.9)	–
Cash flows used in investing activities		(91.9)	(5.5)
Cash flows from financing activities			
Net proceeds from share issue		38.1	–
Dividends paid		(3.4)	–
Purchase of treasury shares		(2.6)	(0.8)
Repayment of revolving credit facility		(65.0)	(13.0)
Drawdown of revolving credit facility		106.0	–
Lease principal repayments		(11.7)	(10.3)
Net cash generated from /(used) in financing activities		61.4	(24.1)
Net (decrease)/increase in cash and cash equivalents		(1.0)	9.5
Cash and cash equivalents at start of year		17.0	7.5
Cash and cash equivalents at end of year	43	16.0	17.0

Company accounting policies

For the year ended 31 December 2021

Basis of Preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Restore plc transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The company financial statements of Restore plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 Directors consider that the accounting policies as shown on pages 70 to 75 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 70 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 99 of the financial statements.

Adoption of New and Revised Standards

The following new standards and amendments to standards which were effective for the first time during the financial year: Covid-19-related Rent Concessions – Amendments to IFRS 16; and Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These new standards and amendments to standards did not have a material effect on the financial statements.

New standards and interpretations not yet adopted

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021: IFRS 17 Insurance Contracts; 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 2018–2020; Classification of Liabilities as Current or Non-current – Amendments to IAS 1; Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2; Definition of Accounting Estimates – Amendments to IAS 8; Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

Notes to the Company financial statements

For the year ended 31 December 2021

36. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Applications software £'m	Total £'m
Cost				
1 January 2020	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
Additions – external	–	–	1.1	1.1
Additions arising on hive-up	0.9	1.1	–	2.0
31 December 2021	103.0	92.4	5.2	200.6
Accumulated amortisation				
1 January 2020	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
Charge for the year	–	4.6	0.6	5.2
31 December 2021	3.8	22.5	3.5	29.8
Carrying amount				
31 December 2021	99.2	69.9	1.7	170.8
31 December 2020	98.3	73.4	1.2	172.9

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 2020 and 31 December 2020	102.1
Hive-up – 1BDM	0.9
31 December 2021	103.0
Accumulated impairment	
1 January 2020 and 31 December 2020	3.8
1 January 2021 and 31 December 2021	3.8
Carrying amount	
31 December 2021	99.2
31 December 2020	98.3

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 divisions segments which represent the lowest level at which that those assets are monitored for internal management purposes. The recoverable amount of each cash-generating unit 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.

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 2022 and the Group's Strategy Plan for 2023, 2024 and 2025. 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 8.9% (2020: 8.8%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

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

37. 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 2020	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
Additions	0.3	1.7	0.6	0.8	–	3.4
31 December 2021	24.6	18.6	30.6	3.5	0.1	77.4
Accumulated depreciation						
1 January 2020	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
Charge for the year	0.6	1.4	2.0	0.4	–	4.4
31 December 2021	2.7	6.4	13.2	2.1	0.1	24.5
Net book value						
31 December 2021	21.9	12.2	17.4	1.4	–	52.9
31 December 2020	22.2	11.9	18.8	1.0	–	53.9

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.

38. Right-of-use assets

	Leasehold Property £'m	Motor Vehicles £'m	Total £'m
Cost			
1 January 2020	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
Additions	11.5	0.2	11.7
Disposals	(0.8)	(0.3)	(1.1)
31 December 2021	98.6	2.5	101.1
Accumulated depreciation			
1 January 2020	10.4	0.6	11.0
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
Charge for the year	11.5	0.7	12.2
Disposals	(0.8)	(0.3)	(1.1)
31 December 2021	26.3	1.5	27.8
Net book value			
31 December 2021	72.3	1.0	73.3
31 December 2020	72.3	1.5	73.8

39. Investments

On 15 April 2021, the Company acquired 100% of the share capital of Big Data Management Ltd ("1BDM"), a leading high-quality Records Management business.

On 12 October 2021, the Company acquired 100% of the share capital of The Document Warehouse (UK) Ltd ("TDW"), a Records Management business which will provide an additional, strategically well-located site with capacity to service the key London and the South of England markets.

Shares in subsidiary undertakings:

	£'m
Cost	
1 January 2020	137.5
Capital contribution – subsidiary share-based payment	0.9
Corporate restructuring*	(85.1)
Restore Group Holdings Ltd	76.8
31 December 2020	130.1
Acquired – 1BDM	2.0
Acquired – TDW	6.5
Capital contribution – subsidiary share-based payment	0.6
Transferred to intangible assets	(2.0)
31 December 2021	137.2
Accumulated impairment	
1 January 2020	39.5
Impairment	1.6
31 December 2020	41.1
1 January 2021	41.1
Impairment	–
31 December 2021	41.1
Net book value	
31 December 2021	96.1
31 December 2020	89.0

* In 2020 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, Restore Technology, Restore Digital, and Restore Datashred. Restore Group Holdings was incorporated during the 2020 and became the direct parent entity of these subsidiary undertakings.

At 31 December 2021 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				
This company is registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*Restore Group Holdings Ltd	Ordinary	100%	Holding	Dormant
Records Management				
Except as stated, all UK companies within this section are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
*1 Big Data Management Limited	Ordinary	100%	England and Wales	Records Management
*Restore (Spur) Limited	Ordinary	100%	England and Wales	Dormant
*The Document Warehouse (UK) Limited	Ordinary	100%	England and Wales	Records Management
*Wansdyke Security Limited	Ordinary	100%	England and Wales	Dormant
Wildheart Horizon Limited†	Ordinary	100%	England and Wales	Dormant

† The registered office of Wildheart Horizon is 5a The Square, 95 Morrison Street, Glasgow, United Kingdom, G5 8BE.

Company	Class of holding	% held	Country of incorporation	Nature of business
Digital				
Except as stated, all UK companies within this section are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
Capture All Limited††	Ordinary	100%	Scotland	Digital Services
Didata Limited	Ordinary	100%	England and Wales	Dormant
EDM Business Services Holding Limited	Ordinary	100%	England and Wales	Holding
EDM Group Limited	Ordinary	100%	England and Wales	Digital Services
EDM Group (Holdings) Limited	Ordinary	100%	England and Wales	Dormant
EDM Insurance Services Limited	Ordinary	100%	England and Wales	Dormant
EDM Records Management Limited	Ordinary	100%	England and Wales	Dormant
Filing Plus Limited	Ordinary	100%	England and Wales	Dormant
Rainbow BidCo Limited	Ordinary	100%	England and Wales	Holding
Rainbow HoldCo Limited	Ordinary	100%	England and Wales	Holding
Restore Digital Limited**†††	Ordinary	100%	England and Wales	Digital Services
Scan Image Solutions UK Limited	Ordinary	100%	England and Wales	Dormant
Sala imaging Limited	Ordinary	100%	England and Wales	Dormant
Sala Integrated Information Management Limited	Ordinary	100%	England and Wales	Dormant

†† The registered address of Capture All Limited is 9 Casting Court, Middlefield Industrial Estate, Falkirk, FK2 9HQ.
††† The registered address of Restore Digital Limited is Unit 2, Tally Close, Agecroft Commerce Park, Swinton, Manchester, M27 8WJ.

Notes to the Company financial statements continued

Company	Class of holding	% held	Country of incorporation	Nature of business
Technology				
Except as stated, all UK companies within this section are registered at Cardington point, Telford Way, Bedford, MK42 0PQ.				
€ Recycling Ltd	Ordinary	100%	England and Wales	Dormant
Computer Disposals Limited	Ordinary	100%	England and Wales	Technology
Euro-Recycling	Ordinary	100%	England and Wales	Dormant
MAC2CASH Limited	Ordinary	100%	England and Wales	Dormant
PCBITZ.COM Limited	Ordinary	100%	England and Wales	Dormant
PRM Green Technologies Limited	Ordinary	100%	England and Wales	Technology
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
The Bookyard Limited	Ordinary	100%	England and Wales	Technology

†††† The registered address of Relocom Limited is 2 Orient Road, Silvertown, London, E16 2BZ.

Company	Class of holding	% held	Country of incorporation	Nature of business
Datashred				
All UK companies within this section 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
*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 Shred Limited	Ordinary	100%	England and Wales	Dormant
Safe-Shred UK Limited††††††	Ordinary	100%	England and Wales	Dormant

††††† The registered address of Peabody QED Thurrock Management Limited is 3rd Floor Solar House, 1-9 Romford Road, London, E15 4RG.
†††††† The registered address of Restore Datashred Limited and Safe-Shred UK Limited is Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, Essex, RM19 1NA.

Company	Class of holding	% held	Country of incorporation	Nature of business
Harrow Green				
All UK companies within this section are registered at 2 Oriental Road, Silvertown, London, E16 2BZ.				
Harrow Green Limited	Ordinary	100%	England and Wales	Relocation

* Held directly.

** The Company has taken the exemption from audit under section 479A of the Companies Act 2006.

Other investments

Except as stated, all companies within this section are registered at Riley Accounting Solutions, Gable End, Sparrow Hall Business Park, Leighton Road, Edlesborough, Bedfordshire, LU6 2ES.

Company	Class of holding	% held	Country of incorporation	Nature of business
*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%	England and Wales	Printer Cartridge Recycling
ITP Group Holdings Limited	Ordinary	40%	England and Wales	Printer Cartridge Recycling
Office Green Limited**	Ordinary	40%	England and Wales	Printer Cartridge Recycling
Takeback Limited	Ordinary	100%	England and Wales	Printer Cartridge Recycling

^ The registered address of International Technology Products GmbH is Röntgenstraße 4, Hainburg, D-63512, Germany.

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

40. Inventories

	2021 £'m	2020 £'m
Finished goods and goods for resale	0.5	0.4

£2.8 million (2020: £2.7 million) of inventories were recognised as an expense in cost of sales in the year.

41. Trade and Other Receivables

	2021 £'m	2020 £'m
Due in less than one year		
Trade receivables	14.3	11.3
Less: Loss allowance	–	(0.1)
Trade receivables – net	14.3	11.2
Amounts due from group undertakings	8.2	3.8
Other receivables	0.2	0.4
Prepayments and accrued income	12.5	8.1
	35.2	23.5
Due after more than one year		
Amounts due from group undertakings	87.8	7.7
	123.0	31.2

The average credit period is 44 days (2020: 38 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 (2020: 2%).

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	2021 £'m	2020 £'m
1 January	0.1	0.1
Utilised in year	(0.1)	–
31 December	–	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 45 for an analysis of trade receivables that were past due but not impaired.

42. Trade and Other Payables

	2021 £'m	2020 £'m
Trade payables	5.7	6.6
Amount due to group undertakings	0.7	0.4
Other taxation and social security	4.0	5.7
Other payables	0.3	0.1
Accruals and deferred income	8.5	4.3
	19.2	17.1

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 47 days (2020: 52 days).

43. Financial Liabilities – Borrowings

	2021 £'m	2020 £'m
Non-current		
Bank loans – secured	134.0	93.0
Deferred financing costs	(0.3)	(0.5)
	133.7	92.5

At 31 December 2021, the bank debt was due to The Royal Bank of Scotland plc, Barclays Bank plc, Bank of Ireland, Clydesdale Bank plc and Allied Irish Bank and was 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 21. Under the bank facility the Group was required to meet quarterly covenant tests in respect of interest cover and leverage.

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million Revolving Credit Facility. Refer to note 21 for further details.

All covenant tests were met during the year and the Directors expect to continue to meet the covenant tests under the new facility.

Analysis of net debt

	2021 £'m	2020 £'m
Cash at bank and in hand	16.0	17.0
Bank loans due within one year	–	–
Bank loans due after one year	(133.7)	(92.5)
	(117.7)	(75.5)

44. Other Financial Liabilities

	2021 £'m	2020 £'m
Financial liabilities – present value of lease liabilities	85.8	85.7
Repayable by instalments:		
In less than one year	12.3	10.9
In two to five years	40.1	37.5
More than five years	33.4	37.3
	85.8	85.7

	2021 £'m	2020 £'m
Amount due to group undertakings	18.0	16.7

45. 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.

	2021 £'m	2020 £'m
Cash at bank	16.0	17.0
Bank overdraft	–	–
Cash and cash equivalents	16.0	17.0

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 0.1% on all outstanding receivables. The Company has a low credit risk on its trade receivables and historic defaults.

As at 31 December 2021 trade receivables of £1.0 million (2020: £0.4 million) 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:

	2021 £'m	2020 £'m
60–90 days	0.3	0.3
Greater than 90 days	0.7	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

	2021 £'m	2020 £'m
Loans and receivables	109.5	23.1
Financial liabilities measured at amortised cost	119.0	113.8

Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at LIBOR plus a margin of 1.85%, which can vary 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 2021	133.7	133.7	1.9
Sterling at 31 December 2020	92.5	92.5	2.3

Interest rate sensitivity

At 31 December 2021, 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 £0.6 million lower (2020: £0.6 million 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.

The Group's sensitivity to future interest rates changes has increased during the current year due to the increased debt resulting from acquisition activity.

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	2021 Total £'m
Within one year, or on demand	–	27.5	27.5
Between two and five years	133.7	58.1	191.8
Five years or more	–	33.4	33.4
	133.7	119.0	252.7

	Bank debt £'m	Other financial liabilities* £'m	2020 Total £'m
Within one year, or on demand	–	22.3	22.3
Between two and five years	92.5	54.2	146.7
Five years or more	–	37.3	37.3
	92.5	113.8	206.3

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

Borrowing facilities

At 31 December 2021, 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 was due to expire on 26 March 2023. The facility consisted of a single £160 million Revolving Credit Facility, which is partly reduced by an on demand net overdraft facility of £1.5 million. In addition there was an uncommitted accordion facility of £30.0 million, and an overdraft of £1.5 million. £1.5 million of the overdraft facility was unutilised at 31 December 2021 (2020: £1.5 million). Committed but undrawn borrowing facilities at 31 December 2021 amounted to £24.5 million (2020: £65.5 million).

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million Revolving Credit Facility. Refer to note 21 for further details.

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 90)

46. Deferred Tax

Summary of balances	2021 £'m	2020 £'m
Deferred tax liabilities	(19.7)	(15.3)
Deferred tax asset	4.2	3.1
Net position at 31 December	(15.5)	(12.2)

The corporation tax rate increase from 19% to 25%, effective 1 April 2023, was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date reflected in these financial statements have been measured using the newly enacted tax rate.

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

	2021 £'m	2020 £'m
1 January	(12.2)	(10.3)
Charge to profit or loss for the year	(3.6)	(0.6)
Tax credited/(charged) directly to equity	0.3	(1.3)
31 December	(15.5)	(12.2)

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 2020	(0.8)	(13.2)	(14.0)
Credit to income for the year	(0.7)	(0.6)	(1.3)
31 December 2020	(1.5)	(13.8)	(15.3)
Credit to income for the year	(1.1)	(3.3)	(4.4)
31 December 2021	(2.6)	(17.1)	(19.7)

Deferred tax liabilities are analysed as follows:

	2021 £'m	2020 £'m
Current	(4.4)	(1.3)
Non- current	(15.3)	(14.0)
Total	(19.7)	(15.3)

Notes to the Company financial statements continued

Deferred tax assets

Deferred tax assets are analysed as follows:	Share-based payments £'m	Leases £'m	Total £'m
1 January 2020	2.1	1.6	3.7
Credit to income for the year	0.1	0.6	0.7
Credit directly to equity	(1.3)	–	(1.3)
31 December 2020	0.9	2.2	3.1
Credit to income for the year	0.4	0.4	0.8
Charge directly to equity	0.3	–	0.3
31 December 2021	1.6	2.6	4.2

Deferred tax assets are analysed as follows:

	2021 £'m	2020 £'m
Current	0.4	0.9
Non-current	3.8	2.2
Total	4.2	3.1

47. Provisions

	2021 £'m	2020 £'m
1 January	5.8	5.7
Additional provision	0.2	0.1
31 December	6.0	5.8

Included within provisions is a dilapidation provision which 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 4.0% (2020: 3.9%).

Provisions are analysed as follows:

	2021 £'m	2020 £'m
Current	0.7	0.3
Non-current	5.3	5.5
Total	6.0	5.8

48. Share Capital

	2021 £'m	2020 £'m
Authorised:		
199,000,000 (2020: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
136,674,067 (2020: 125,654,025) ordinary shares of 5p each	6.8	6.3

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2020	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	
20 April 2021 – exercise of share options	61,138	5.0p
5 May 2021 – equity raised to acquire EDM	10,958,904	5.0p
31 December 2021	136,674,067	

The 61,138 (2020: 1,234,291) 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 30).

49. Cash generated from operating activities

	2021 £'m	2020 £'m
Profit before tax	14.0	11.7
Depreciation of property, plant and equipment and right-of-use assets	16.6	15.1
Amortisation of intangible assets	5.2	5.0
Net finance costs	5.6	7.6
Share-based payments charge	1.7	0.3
Impairment of investment	–	1.6
(Decrease)/increase in inventories	(0.1)	0.1
(Decrease)/increase in trade and other receivables	(4.9)	6.4
Decrease in trade and other payables	1.2	3.7
Cash generated from operating activities	39.3	51.5

50. Share-Based Payments

Details of the share-based payments are given in note 30.

51. Dividends

Details of dividends are given in note 10.

52. Directors and Employees

Staff costs during the year	**2021 £'m**	2020 £'m
Wages and salaries	24.8	19.2
Social security costs	2.8	2.2
Other pension costs	0.8	0.7
Share-based payments charge	1.7	0.3
	30.1	22.4

Notes to the Company financial statements continued

Average monthly number of employees during the year	Number	Number
Directors	6	6
Management	45	47
Administration	111	89
Operatives	670	686
	832	828

Total amounts for Directors' remuneration and other benefits	2021 £'m	2020 £'m
Emoluments for Directors' services	1.9	1.3
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	1.0	0.7

*£nil (2020: £0.2 million) related to a bonus in respect of the previous year.

Key management compensation	2021 £'m	2020 £'m
Salaries, wages and incentives	3.9	3.2
Social security costs	0.9	0.7
Post employment benefits	0.2	0.2
Other benefits	0.1	–
Share-based payments charge	1.1	0.3
	6.2	4.4

53. Capital Commitments

Capital expenditure	2021 £'m	2020 £'m
Contracted for but not provided in the financial statements	0.9	1.2

54. Contingent Liabilities

The Company has entered into a bank cross guarantee. The guarantee amounts to £100.8 million at 31 December 2021 (2020: £66.1 million). 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 34.

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 the offices of Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN on 20 May 2022 at 10.00am for the following purposes:

Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 December 2021, 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 Sharon Baylay-Bell, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
7. To re-appoint Susan Davy, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
8. To re-appoint Jamie Hopkins, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
9. To declare a final dividend of 4.7p per ordinary share in respect of the year ended 31 December 2021. This dividend will be paid on 8 July 2022 to the holders of ordinary shares at 6pm on 6 June 2022 (the ex dividend date being 1 June 2022).

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 and 13 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 £2,277,901.10 (being 45,558,022 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 £341,685.15,

    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 £341,685.15; and

    12.2 used for the purposes of financing (or refinancing, if such refinancing 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 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 13,667,406;

    13.2 the minimum price which may be paid for each Ordinary Share is 5.0 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.

By order of the Board

Sarah Waudby
Company Secretary
16 March 2022

Registered Office
The Databank
Unit 5
Redhill Distribution Centre
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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 shareholderenquiries@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.

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 18 May 2022 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 18 May 2022 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: shareholderenquiries@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 PXS 1, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 10.00am on 18 May 2022.
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 10.00am on 20 May 2022 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 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 27 May 2021, the directors were given authority 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 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 £2,277,901.10 representing approximately one third of the Company's issued ordinary share capital as at 14 March 2022 (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 2023 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 £341,685.15, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 14 March 2022 (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 £341,685.15, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 14 March 2022 (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 14 March 2022. This aggregate percentage is the same authority as sought at the last annual general meeting of the Company held on 27 May 2021.

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 13,667,406 (representing approximately 10 per cent. of the Company's issued ordinary share capital as at 14 March 2022 (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.

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Company Secretary
Sarah Waudby

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Trading record **Year ended 31 December**	**2021** **£'m**	**2020** **£'m**	**2019** **£'m**	**2018**** **£'m**	**2017**** **£'m**
Revenue	234.3	182.7	215.6	195.5	172.0
Adjusted profit before taxation*	38.1	23.2	35.6	37.5	31.3
Adjusted earnings per share*	23.2p	15.0p	23.2p	25.2p	22.4p
Net debt	100.8	66.1	88.5	111.3	78.2
Net assets	265.2	218.6	218.5	216.0	155.9

* Adjusted profit before taxation is stated before amortisation, impairment of intangible assets and investments, 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

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