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Restore

Information Management Datashred Relocation Technology

Half year 2025 results

Group highlights

- Improved revenue, adjusted operating profit, adjusted operating margin and adjusted profit before tax
- Adjusted operating margin of 17.7%, reflecting continued progress towards 20% medium-term target
- Information Management property consolidation programme now c50% complete, with two million boxes moved
- Digital (scanning) continues to undergo significant change; cost savings from the integration of the former Digital business, now in excess of £5m on an annualised basis, while recording new business wins
- Datashred and Technology continue to improve performance
- SBTi have approved our Net Zero targets
- Acquisition of Synertec provides a new, high growth business
- Four further bolt-on acquisitions completed in shredding and document storage

Divisional performance

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- **Information Management** experienced steady physical storage activity with a broadly stable number of boxes stored. Digital activity continues to undergo significant change, but we are optimistic that the business will deliver significantly improved margins soon. Synertec is trading in line with our expectations with strong growth prospects
- **Datashred** has performed well, improving adjusted operating profit on a 15% increase in revenue. Industry leading KPIs continue, with improvements in the number of visits and average collections per vehicle per day. Four bolt-on acquisitions have been completed since the start of the year
- **Harrow Green** is operating in continuing tough market conditions, with major projects being postponed. Declines in both revenue and adjusted operating profit in HY25
- **Technology** has made significant progress and has achieved an adjusted operating margin of 7%. Penetration of value-added resellers in the IT hardware market is increasing

Acquisitions completed so far in 2025

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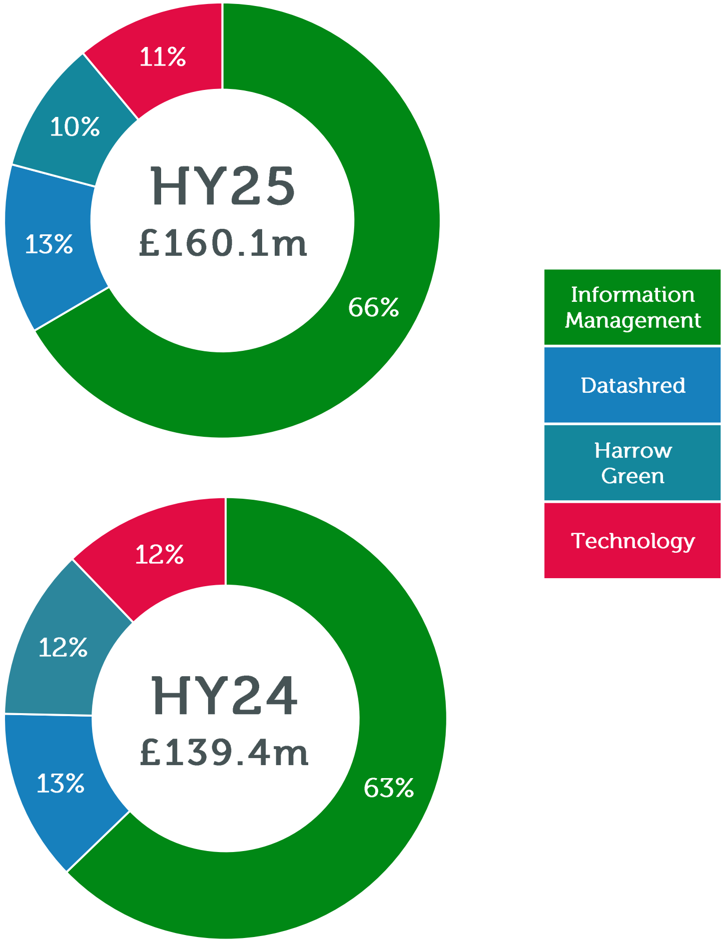
March	**Synertec**, Somerset *New service for Information Management*
April	**Shred First**, Kent *Bolt-on acquisition for Datashred*
April	**Shred-on-Site**, Surrey *Significant bolt-on acquisition for Datashred*
July	**Topwood**, North Wales *Bolt-on acquisition for Information Management and Datashred*
July	**Data Shredding Services**, West Sussex *Bolt-on acquisition for Datashred*

Financial overview

Highlights

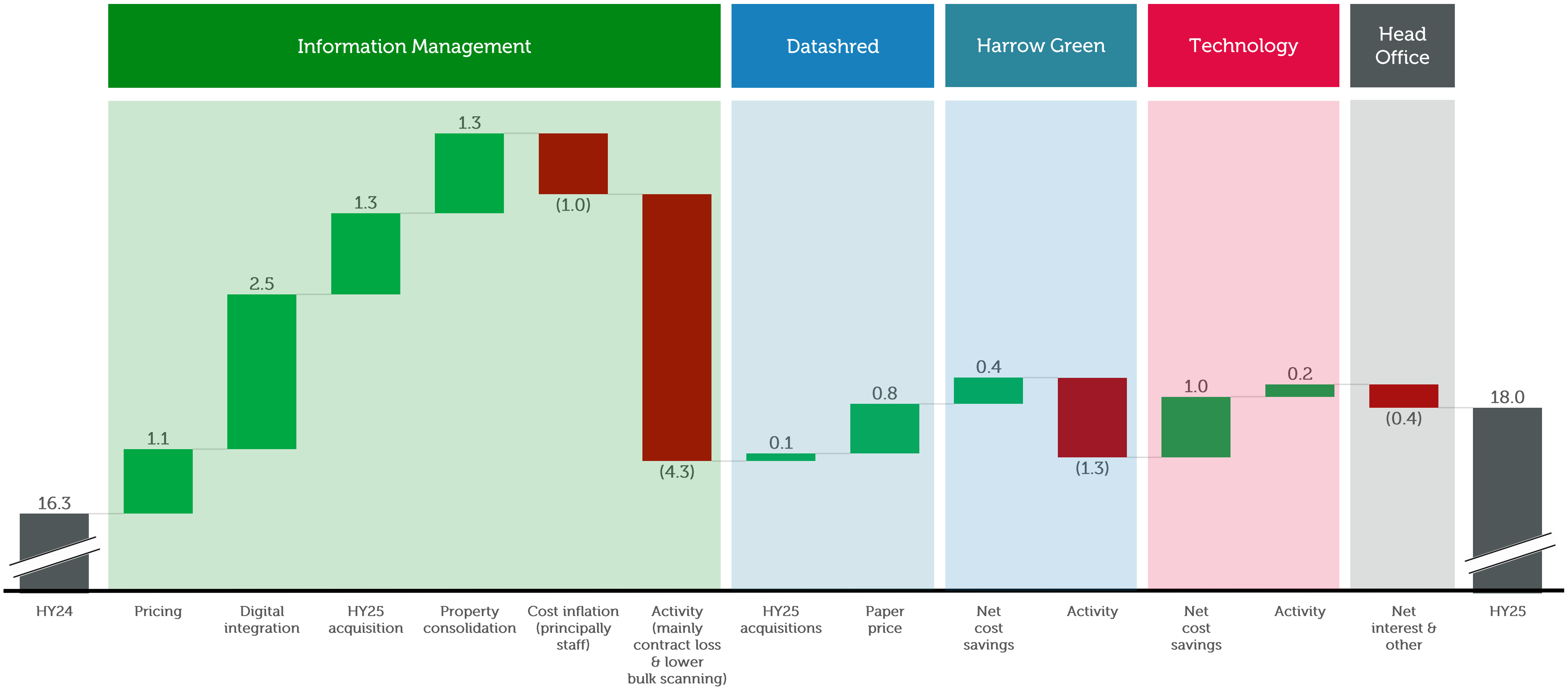
- Revenues up 15% to £160.1m (HY24: £139.4m)
- Adjusted operating profit* up 8% to £25.5m (HY24: £23.6m)
- Adjusted operating margin* of 17.7%, up 80bps (HY24: 16.9%)
- Adjusted PBT* up 10% to £18.0m (HY24: £16.3m)
- Adjusted basic EPS* up 11% to 10.0p (HY24: 9.0p)
- Interim dividend up 10% to 2.2p (HY24: 2.0p)
- Cash conversion* of 117% (HY24: 84%)
- Net debt* of £120.1m (HY24: £93.5m) with leverage* of 1.9x (HY24: 1.7x)

Revenue split



* See appendix for glossary

Adjusted PBT up 10%



Divisions – Information Management

	HY25	HY24	Change
Revenue (£m)	106.5	87.5	22%
Adjusting operating profit* (£m)	25.5	24.6	4%
Revenue (excluding postage costs) (£m)*	*90.6*	*87.5*	
Adjusted operating margin* (%)	28.1%	28.1%	-

KPIs

Boxes under management (m)	22	22	-
Scanned image volume (m)	196	231	(15%)
Outbound communication volume (m)	45	-	n/a
Staff	1,648	1,521	8%
Sites	55	57	(2)

- **A strong performance in physical records management,** underpinned by the recurring revenue base of blue-chip and Government customers with broadly stable box numbers and inflation-linked price rises
- **Property consolidation continued as planned**, with our overall project to relocate four million boxes c50% complete. We expect to identify a third new site within the next year to complete the property consolidation programme
- **Scanning revenue was weak in H1,** accentuated by the previously highlighted termination of a major contract at the end of 2024
- **Synertec has traded in line with expectations,** growth prospects are strong, and we can see opportunity to cross-sell where the Group holds strong customer relationships

* See appendix for glossary

Divisions – Datashred

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	HY25	HY24	Change
Revenue (£m)	20.2	17.5	15%
Adjusting operating profit* (£m)	2.1	1.2	75%
Adjusted operating margin (%)	10.4%	6.9%	350bps

KPIs			
Tonnes of paper recycled (k)	29	27	7%
Staff	363	302	20%
Sites	12	9	3

- **Industry-leading KPIs achieved,** with an increase in both average collections per vehicles per day and number of miles travelled per collection leading to a 2% increase in revenue per visit
- **Paper prices have increased 19% from HY24,** with an average price of £186/tonne against £157/tonne in HY24, hedging 50% of our paper volume with a large UK paper mill
- **Four bolt-on acquisitions completed so far in FY25**, including Shred-on-Site acquired in April 2025. The UK shredding market remains highly fragmented and we are continuing to pursue growth through additional bolt-on acquisition opportunities

* See appendix for glossary

Divisions – Harrow Green

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	HY25	HY24	Change
Revenue (£m)	15.7	17.4	(10%)
Adjusting operating profit* (£m)	0.3	1.2	(75%)
Adjusted operating margin (%)	1.9%	6.9%	(500bps)

KPIs			
Desks relocated (k)	152	168	(10%)
Staff	331	358	(8%)
Sites	8	8	-

- **The complex office move market remains very challenging,** with several major moves postponed both for us and our competitors and activity levels generally low
- **Costs have been controlled sensibly,** with a focus on the division's largest costs, people and property. We continue to look at ways to further reduce overheads
- Some signs that the market is picking up, with many deferred moves expected to be reactivated over the next two years

* See appendix for glossary

Divisions – Technology

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	HY25	HY24	Change
Revenue (£m)	17.7	17.0	4%
Adjusting operating profit* (£m)	1.2	-	n/a
Adjusted operating margin (%)	6.8%	0%	680bps

KPIs			
Assets processed (m)	0.3	0.6	(50%)
Staff	315	359	(12%)
Sites	6	6	-

- **Strategic shift continues within Technology,** with the division continuing to transition from low-quality IT recycling to a high-standard, service-focused model emphasizing data security and environmental responsibility alongside a primary sales focus on major Value-Added Resellers (VARs)
- **Operational efficiency continues to improve**, with the installation of a new operational IT system across recycling sites, improving efficiency, and enabling the closure of the Cannock facility
- **Adjusted operating margins are significantly improved,** and whilst work remains to be done for Technology to achieve the Group's adjusted operating margin target, progress is encouraging

* See appendix for glossary

Cash generation continues to be strong

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	HY25 (£m)	HY24 (£m)	Variance (£m)
Profit before tax	5.5	8.6	(3.1)
Depreciation and amortisation	23.4	21.3	2.1
Net finance cost	7.9	7.4	0.5
Share-based payments	1.4	0.8	0.6
Earn-out remuneration	2.1	-	2.1
Working capital and other movements	(0.5)	(6.2)	5.7
Cash generated from operating activities	**39.8**	**31.9**	**7.9**
Income taxes	(4.0)	(2.7)	(1.3)
Capital expenditure	(5.7)	(5.7)	-
Lease principal repayments	(11.5)	(10.2)	(1.3)
Add back: cash-effect of adjusting items	3.7	1.6	2.1
Free cashflow*	**22.3**	**14.9**	**7.4**
Proceeds from sale of property, plant and equipment	0.2	-	0.2
Finance costs	(7.7)	(7.6)	(0.1)
Acquisitions (net of cash acquired)	(29.7)	(0.6)	(29.1)
Cash-effect of adjusting items	(3.7)	(1.6)	(2.1)
Purchase of treasury shares	(1.0)	(0.8)	(0.2)
Net debt (increase)/decrease	**(19.6)**	**4.3**	**(23.9)**
Amortisation of deferred financing cost (non-cash)	(0.3)	-	(0.3)
Opening net debt	**(89.0)**	**(97.8)**	**8.8**
Acquired borrowings	(11.2)	-	(11.2)
Closing net debt	**(120.1)**	**(93.5)**	**(26.6)**
Cash conversion (%)*	**117%**	**84%**	**33%**

- **Free cashflow** of £22.3m, up 50% from HY24
- **Cash conversion*** of 117% against 84% in HY24 driven by working capital improvements from improved supplier management
- **Finance costs** comprise interest on bank loan and overdraft (£4.5m) and interest on finance leases (£3.2m)
- £1.0m worth of treasury shares purchased by the Employee Benefit Trust (EBT) to satisfy share option schemes
- **Acquisition cost** (net of cash acquired) comprises Synertec of £22.0m and Shred on Site of £7.4m
- **Acquired borrowings from the Synertec acquisition** of £11.2m comprises: RCF £7.4m, mortgage of £0.7m and invoice discounting facility of £3.1m
- £98m of RCF debt and £25m of USPP fixed rate notes outstanding at HY25; £27m of the RCF committed but undrawn

*See appendix glossary

Adjusting items

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	HY25 (£m)	HY24 (£m)
Amortisation	6.8	6.0
Acquisition and related costs	3.2	-
Restructuring and redundancy costs	1.4	0.7
Property related costs	1.1	0.4
Strategic IT reorganisation	-	0.6
Total adjusting items	12.5	7.7
Adjusting items – administrative expenses	5.3	1.6
Adjusting items – amortisation of intangible assets	6.8	6.0
Adjusting items – finance costs	0.4	0.1
Cash adjusting items	3.7	1.6
Non-cash adjusting items	8.8	6.1

- **Amortisation** - the increase year-on-year is related to the amortisation of the significant intangible assets identified as part of the HY25 acquisitions
- **Acquisition costs**
    - £2.1m relates to the HY25 portion of the Synertec earn-out consideration which is tied to performance as well as continued service and is therefore treated as a remuneration expense
    - £0.8m relates to 3rd party advisory costs incurred on the acquisitions in the period
    - £0.3m relates to the unwind of the discounting of the Synertec contingent consideration liability
- **Restructuring and redundancy costs** - the ongoing costs of integrating Digital into the Information Management division
- **Property related costs** - primarily related to the incremental box move and dual running costs incurred in the property consolidation programme

Outlook

Business outlook

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- Strength of physical records storage business within Information Management continues to underpin Group profits and cashflow. Ongoing focus remains on improving operating margins
- Significant cost cutting within Information Management digital business, combined with new business wins, should significantly improve profitability and growth prospects
- Encouraging performance from Synertec, with opportunity for above inflationary revenue growth over the medium term
- Datashred trading well and will benefit from bolt-on acquisitions
- Technology now profitable with appreciable scope to improve performance and achieve mid-teen adjusted operating margins
- Tough commercial moves market continues for Harrow Green, although outlook is improving

Group outlook

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- The Group made good progress and delivered a robust performance in H1
- Continued focus on improving adjusted operating margins, with the Group's 20% adjusted operating margin goal maintained
- Cash generation remains strong
- Value-accretive acquisition programme in our core business or adjacent areas underway
- Increasingly confident that Restore's businesses are being managed optimally and represent a strong platform for organic and inorganic growth
- Our expectations for the Group's full year performance remain unchanged

Appendices

Capital allocation priorities

1 **Invest for growth**

- Invest in the business where it accelerates progress and will deliver attractive returns
- Target value accretive acquisitions in our core business or adjacent areas

2 **Deliver shareholder returns**

- Maintain a progressive dividend policy, with consistent dividend cover
- Consider return of surplus capital to shareholders in the form of share buybacks

3 **Maintain a strong balance sheet with target leverage ratio over the medium term of 1.5 – 2.0 x net debt to adjusted EBITDA**

Glossary

Term	Definition & calculation
Adjusted operating profit	Calculated as statutory operating profit before adjusting items
Adjusted operating margin	Calculated as adjusted operating profit divided by revenue, excluding Synertec postage costs of £15.9m (HY24: nil)
Net operating profit after tax ("NOPAT")	Calculated as adjusted operating profit with a standard tax charge applied. Adjusted Performance Measure ("APM") used for calculation of cash conversion
Adjusted EBITDA	Calculated as EBITDA before IFRS 16 and share-based payments. APM used for calculation of leverage, in line with the calculation of financial debt covenants
Adjusted profit before tax	Calculated as statutory profit before tax and adjusting items
Adjusted basic earnings per share	Calculated as adjusted profit before tax with a standard tax charge applied, divided by the weighted average number of shares in issue
Adjusted fully diluted earnings per share	Calculated as adjusted profit before tax with a standard tax charge applied, divided by the weighted average fully diluted number of shares in issue
Net debt	Calculated as external borrowings less cash, excluding the effects of lease obligations under IFRS 16
Leverage	Calculated as adjusted EBITDA divided by net debt, including a pro-forma adjustment to EBITDA for acquisitions in line with financial debt covenants
Free cashflow	Calculated as cash generated from operations less income taxes paid, capital expenditure and principal lease repayments, but before the cash impact of adjusting items
Cash conversion	Calculated as free cashflow divided by NOPAT

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