29 July 2025

Restore plc

("Restore" or the "Group" or the "Company")

Half year 2025 results

Restore plc (AIM:RST), the UK's leading provider of secure and sustainable business services for data, information, communications, and assets, today announces its results for the half year ended 30 June 2025.

SUMMARY OF RESULTS	**H1 2025**	H1 2024	Change
Revenue (£m)	**160.1**	139.4	15%
Adjusted operating profit[1] (£m)	**25.5**	23.6	8%
Adjusted operating margin[2] (%)	***17.7%***	*16.9%*	*80bps*
Adjusted profit before tax[3] (£m)	**18.0**	16.3	10%
Statutory profit before tax (£m)	**5.5**	8.6	(36%)
Net debt[4] (£m)	**120.1**	93.5	(28%)
Leverage[5]	**1.9x**	1.7x	n/a
Adjusted basic earnings per share[6] (pence)	**10.0p**	9.0p	11%
Adjusted diluted earnings per share[7] (pence)	**9.8p**	8.9p	10%
Statutory basic earnings per share (pence)	**2.4p**	4.7p	(49%)
Statutory diluted earnings per share (pence)	**2.4p**	4.7p	(49%)
Dividend per share (pence)	**2.2p**	2.0p	10%

FINANCIAL HIGHLIGHTS

- Group revenue of £160.1m, up 15%, principally attributable to acquisitions made during the period, with the high proportion of recurring storage income in Information Management continuing to support overall revenue.
- Adjusted operating margin increased 80bps to 17.7% (H1 2024: 16.9%), reflecting actions to improve profitability and continued progress towards 20% medium-term target.
- Adjusted profit before tax increased 10% to £18.0m (H1 2024: £16.3m), with adjusted basic EPS up 11% to 10.0p (H1 2024: 9.0p).
- Free cashflow[8] of £22.3m (H1 2024: £14.9m), with cash conversion[9] of 117% (H1 2024: 84%). Leverage at 1.9x following acquisition-related increase in net debt.
- Interim dividend increased 10% to 2.2 pence (H1 2024: 2.0 pence).

STRATEGIC HIGHLIGHTS

- Information Management property consolidation programme is now c50% complete with two million boxes moved.
- Whilst Digital activities, primarily scanning, continued to undergo significant change, integration related cost savings now in excess of £5m on an annualised basis (versus £3m original estimate). The business has recently been awarded a multi-million pound medical record scanning contract with Oxford University Hospitals which will start in 2026.
- Datashred and Technology continue to improve performance.
- Net Zero targets approved by Science Based Targets initiative (SBTi).
- Acquisition of Synertec provides a new, high growth business stream.
- Four further bolt-on acquisitions completed in shredding and document storage.

Charles Skinner, CEO, commented:

"The Group made good progress during the first half, continuing to deliver on its strategic priorities and reporting a robust financial performance that reflects the strength of its market positions and recurring revenues.

Recent acquisitions, including Synertec, which offers significant growth potential, are trading as anticipated and we continue to pursue further growth opportunities through additional bolt-on acquisitions.

Our full year expectations are unchanged and we remain confident that the Group will achieve its medium-term target of adjusted operating margins of 20% and deliver further value to shareholders."

1) Calculated as statutory operating profit before adjusting items (reconciled below the Condensed consolidated statement of comprehensive income)
2) Calculated as adjusted operating profit divided by revenue, excluding Synertec postage costs (reconciled in note 2)
3) Calculated as statutory profit before tax and adjusting items (reconciled below the Condensed consolidated statement of comprehensive income)
4) Calculated as external borrowings less cash, excluding the effects of lease obligations under IFRS16 (reconciled in note 10)
5) Calculated as adjusted EBITDA (defined in note 3) divided by net debt, including a pro-forma adjustment to EBITDA for acquisitions in line with financial debt covenants
6) Calculated as adjusted profit before tax with a standard tax charge applied, divided by the weighted average number of shares in issue (reconciled in note 5)
7) Calculated as adjusted profit before tax with a standard tax charge applied, divided by the weighted average fully diluted number of shares in issue (reconciled in note 5)
8) Calculated as cash generated from operations less income taxes paid, capital expenditure and principal lease repayments, but before the cash impact of adjusting items (reconciled below the Condensed consolidated statement of cash flows)
9) Calculated as free cashflow divided by net operating profit after tax[10] (reconciled below the Condensed consolidated statement of cash flows)
10) Calculated as adjusted operating profit with a standard tax charge applied (reconciled below the Condensed consolidated statement of comprehensive income)

Cautionary Statement: This announcement contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans, and objectives for the management of future operations of Restore and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as 'intends', 'expects', 'anticipated', 'estimates' and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Restore believes that the expectations will prove to be correct. There are a number of factors, many of which are beyond the control of Restore, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

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BUSINESS PERFORMANCE

Overview

Revenue for H1 2025 was £160.1m (H1 2024: £139.4m), an increase of 15%, principally attributable to acquisitions made during the period.

Our largest division, Information Management, now including Synertec, acquired in March 2025, recorded a 22% increase in revenue to £106.5m (H1 2024: £87.5m). Datashred increased revenue by 15% to £20.2m (H1 2024: £17.5m). Technology increased revenue by 4% to £17.7m (H1 2024: £17.0m). Harrow Green continued to experience very challenging market conditions with revenue falling to £15.7m (H1 2024: £17.4m).

Adjusted operating profit was £25.5m (H1 2024: £23.6m), reflecting increased profit in each of the Group's divisions with the exception of Harrow Green, a positive contribution from in-period acquisitions and the impact of increased NIC contributions. As previously indicated, the acquisition of Synertec structurally reduces Group operating margins as more than half of its revenues are derived from postal charges which are passed on to customers. Accordingly, in reporting the Group's performance in the period and going forward, we are excluding these postal charges from the calculation of adjusted operating margin. Adjusted operating margin has improved to 17.7%, representing an 80 basis point increase compared to the prior period.

Central costs remained steady at £3.6m. Interest costs from bank borrowing were also broadly flat at £4.3m with tailwinds from lower interest rates and improved cash generation being offset by additional interest incurred on debt drawn to fund the acquisitions in the period. Cash generation remained strong with cash conversion of 117% (H1 2024: 84%). Net debt at the end of the period increased to £120.1m (H1 2024: £93.5m), with leverage of 1.9x (H1 2024: 1.7x), reflecting the acquisitions made in the period.

Adjusted profit before tax was £18.0m (H1 2024: £16.3m), an increase of 10%.

Information Management

Information Management recorded revenue of £106.5m (H1 2024: £87.5m) and adjusted operating profit of £25.5m (H1 2024: £24.6m). Adjusted operating margin was flat at 28%.

The core records management activities, predominantly document storage, continued to perform strongly with a broadly stable number of boxes stored. Whilst the market remains generally mature, we are targeting a number of NHS Trusts which continue to store patient records on-site where we see significant opportunities for the NHS to save money and for us to increase our box numbers. Our property consolidation programme has progressed as expected: our Markham Vale site in Chesterfield is approaching capacity, and our Connect 84 site in Durham is approximately half-full. At the end of the first half, our overall project to relocate four million boxes was about half-way complete. We expect to identify a third new site within the next year to complete the property consolidation programme.

The division's digital activities, predominantly scanning, continued to undergo significant change. Revenue was weak, accentuated by the previously highlighted termination of a major contract at the end of 2024. This revenue is starting to be replaced by the major contract win of the Department of Work & Pensions' digital mailroom, which is expected to come fully on-stream during the second half of the year. As previously announced, we have been addressing the unsustainably high overheads in this business and have now achieved annualised cost savings in excess of £5m, significantly more than the £3m originally targeted. Improved productivity has resulted in a more competitive offering as evidenced by recent contract wins, such as a multi-million pound medical records scanning contract with Oxford University Hospitals which will start in 2026. We are optimistic that our digital activities will soon deliver a significant improvement in operating margins and remain confident that the business is well placed to capture the many opportunities for further organic growth that we foresee.

The acquisition of Synertec in March 2025 broadened our service offering, taking us into the outbound communications market, in post, email and texts. The business predominantly serves the NHS where there is considerable scope to continue to expand its activities and cross sell its services where the Group holds strong customer relationships. Since acquisition, Synertec has traded in line with our expectations and we are starting to see some cost synergies deriving from being part of the Group.

We continue to focus on growth via accretive acquisitions and, since the period end, have acquired Topwood Limited, a bolt-on records management and shredding business in Wrexham, which will generate additional revenue and profit for both Information Management and Datashred.

Datashred

Datashred improved its adjusted operating profit to £2.1m (H1 2024: £1.2m) from a 15% increase in revenue to £20.2m (H1 2024: £17.5m). Adjusted operating margin increased to 10% (H1 2024: 7%).

We are achieving industry-leading KPIs, notably on visits per vehicle per day and miles travelled per collection. The previously announced hedging of the paper price for 50% of our resold paper has sharply increased the quality of earnings in what is a very steady business, where profitability was previously subject to wide variation according to the prevailing paper price. We have also introduced Restore Recycle, which broadens the range of material to be recycled and now offer this service for dry mixed recycling, batteries, old IT equipment, textiles, and food waste, amongst other materials.

Datashred has significant competitive advantages based on its scale as one of the two major operators in the UK. It also benefits from being part of the Group: 20% of its paper volumes are derived from Information Management, and it shares a number of sites with our document storage business which typically have far larger yards than required for their own activities.

The UK shredding market remains highly fragmented and there are a number of attractive acquisition opportunities, with vendors' pricing expectations now at a level where we can deliver attractive returns on invested capital. Accordingly in April 2025 we acquired Shred-on-Site, a c£5m revenue shredding business based in Camberley, Surrey. Integration is underway with two Shred-on-Site regional operating sites in the process of closing. We also acquired two small shredding businesses: Shred First, in Gravesend, Kent in April 2025 and Data Shredding services in West Sussex in July 2025. Additionally, the acquisition of Topwood in July (referred to above) brings in additional shredding revenues and will be serviced from Datashred's Manchester site.

Harrow Green

Harrow Green's revenue fell to £15.7m (H1 2024: £17.4m) and adjusted operating profit fell by £0.9m to £0.3m (H1 2024: £1.2m). Adjusted operating margin was 2% (H1 2024: 7%).

Harrow Green's primary market is for complex office moves. This market remains exceptionally tough, particularly outside the South-East of England. Several major moves have been postponed both for us and our competitors, which has increased pricing pressure on the few moves which remain on track. We have controlled costs sensibly and continue to look at ways to further reduce overheads.

We continue to work closely with many of the major professional firms and banks in the City of London, where we have many very long-established relationships, although activity levels remain low. We also remain focused on niche markets. We have successfully completed the local move for the Cavendish Laboratory to the Ray Dolby Centre in Cambridge, underlining our leading position in the life sciences sector. Trading at our Oxford branch, opened last year, has been encouraging. Our heritage business, which has a strong long-term storage element, remains steady.

There are some signs that the market is picking up, and many deferred moves are expected to be reactivated over the next two years. We expect that a major telecoms business will restart its site closure programme, and that our largest regional customer, recently affected by tariff uncertainty, will resume its programme of regularly updating its sites. Given this, and that the second half of the year is traditionally stronger, we are hopeful that the business will deliver an improved full year performance compared with last year.

Technology

Technology turned a break-even position in H1 2024 into a £1.2m adjusted operating profit in H1 2025 from a 4% increase in revenue to £17.7m (H1 2024: £17.0m). Adjusted operating margin for the period was 7% (H1 2024: 0%).

Technology's turnaround reflects a change in management approach to its market and operations. We have moved out of low-quality IT recycling to focus on customers who value service levels, blue-chip standards of erasing data and zero-to-landfill recycling. We have focused on operational efficiency and those activities capable of generating sustainable and attractive margins. We have completed the installation of a new operational IT system to enable all our recycling sites to operate on one system, generating significant improvements at all levels of operation, and enabling us to close our facility at Cannock.

Our primary sales target has been major Value-Added Re-sellers ("VARs"). The VARs' customers want their assets to be actively managed during their lifecycle and look to subcontractors such as Restore for this. We believe that we are now the largest partner for VARs in the UK and recently completed a major project for a Government department supplying us with 35,000 end-of-life tablets which had been replaced by their VAR. We also continue to be active in processing old IT equipment for many well-known companies.

Our Bristol operation, which specialises in equipment destruction (some generated from our recycling processes), has continued to trade well. Our engineering division, which specialises in moving our customer's IT equipment, has been impacted by the slow level of relocations (as witnessed by Harrow Green) but there are signs that its market is improving. Ultratech, our hard-drive restoration and trading operation, delivered a stable performance. Ultratest, which has developed two systems for repurposing hard drives, has continued to generate healthy licensing revenues.

Whilst there is more to do to achieve mid-teen operating margins within Technology, we are encouraged by its recent progress.

Outlook

The Group made good progress during the first half, continuing to deliver on its strategic priorities and reporting a robust financial performance that reflects the strength of its market positions and recurring revenues.

Recent acquisitions, including Synertec, which offers significant growth potential, are trading as anticipated and we continue to pursue further growth opportunities through additional bolt-on acquisitions.

Our full year expectations are unchanged and we remain confident that the Group will achieve its medium-term target of adjusted operating margins of 20% and deliver further value to shareholders.

FINANCIAL PERFORMANCE

Overview

Revenue for the period ended 30 June 2025 increased by 15% to £160.1m (H1 2024: £139.4m), principally due to the contributions from acquisitions, notably Synertec. Adjusted profit before tax was £18.0m (H1 2024: £16.3m). On a statutory basis, the Group made a profit before tax of £5.5m (H1 2024: £8.6m). Good cash generation endures as a key strength of the Group with cash conversion of 117% (H1 2024: 84%).

Revenue

£m	H1 2025	H1 2024	Change
Information Management	**106.5**	87.5	22%
Datashred	**20.2**	17.5	15%
Harrow Green	**15.7**	17.4	(10%)
Technology	**17.7**	17.0	4%
Total	**160.1**	139.4	15%

Adjusted profit

Adjusted operating profit was up 8% at £25.5m (H1 2024: £23.6m) reflecting increased profits in each of the Group's divisions with the exception of Harrow Green, a positive contribution from in-period acquisitions and the impact of increased NIC contributions. Bank interest costs were broadly flat at £4.3m (H1 2024: £4.6m). Consequently, the Group's adjusted profit before tax was £18.0m (H1 2024: £16.3m).

Adjusting items

Due to the nature of certain income or costs, the Directors believe that an alternative measure of profit before tax and earnings per share provides readers of these results with a useful representation of the Group's performance that should be considered together with statutory profit and earnings per share.

The adjusting items in arriving at adjusted profit before tax are as follows:

£m	H1 2025	H1 2024
Amortisation of intangible assets	**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	**12.5**	7.7
Adjusting items - operating costs	**12.1**	7.6
Adjusting items - finance costs	**0.4**	0.1
Total adjusting items	**12.5**	7.7

Amortisation of intangible assets increased to £6.8m from £6.0m due to the additional intangible assets recognised as part of the acquisitions of Synertec and Shred-on-Site. Acquisition and related costs includes £2.1m related to the H1 2025 portion of the Synertec earn-out consideration which will be recognised as remuneration and will be expensed over the earn-out period, £0.8m of third-party advisory fees and £0.3m relating to the unwind of the discount on the Synertec contingent consideration liability. Restructuring and redundancy costs of £1.4m relate to the ongoing integration of the Group's Digital business into the Information Management segment. Property costs primarily reflect the ongoing property consolidation with incremental box move and dual-running costs.

Following these adjusting items, the Group made a statutory profit before tax of £5.5m (H1 2024: £8.6m).

Net debt and leverage

Net debt as at 30 June 2025 was £120.1m (H1 2024: £93.5m), with leverage increasing from 1.7x to 1.9x, principally due to the acquisitions made in the first half.

Cashflow

The Group generated free cashflow of £22.3m (H1 2024: £14.9m). Net cash generated from operating activities was £28.1m (H1 2024: £21.6m). Enhanced working capital and cash conversion of 117% were achieved through improved supplier management (H1 2024: 84%).

CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of comprehensive income

For the half year ended 30 June 2025

	Note	**Unaudited six months ended 30 June 2025 £m**	Unaudited six months ended 30 June 2024 £m	Audited year ended 31 December 2024 £m
Revenue – continuing operations	**2**	**160.1**	139.4	275.3
Cost of sales	**2**	**(93.3)**	(77.5)	(152.8)
Gross profit	**2**	**66.8**	61.9	122.5
Administrative expenses		**(53.7)**	(45.8)	(89.8)
Movement in trade receivables loss allowance		**0.3**	(0.1)	(0.1)
Operating profit		**13.4**	16.0	32.6
Finance costs		**(7.9)**	(7.4)	(14.7)
Profit before tax		**5.5**	8.6	17.9
Taxation	**4**	**(2.2)**	(2.2)	(5.5)
Profit after tax		**3.3**	6.4	12.4
Other comprehensive income		**-**	0.1	0.1
Total comprehensive income for the period from continuing operations and profit attributable to owners of the parent		**3.3**	6.5	12.5
Earnings per share attributable to owners of the parent (pence)	**5**			
Total – basic		**2.4p**	4.7p	9.1p
Total – diluted		**2.4p**	4.7p	9.0p

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

	Note	**Unaudited six months ended 30 June 2025 £m**	Unaudited six months ended 30 June 2024 £m	Audited year ended 31 December 2024 £m
Operating profit		**13.4**	16.0	32.6
Adjusting items – administrative expenses	**3**	**5.3**	1.6	4.1
Adjusting items – amortisation of intangible assets	**3**	**6.8**	6.0	12.1
Total adjusting items – operating costs		**12.1**	7.6	16.2
Adjusted operating profit		**25.5**	23.6	48.8
Adjusted operating profit		**25.5**	23.6	48.8
Tax at 25% (2024: 25%)		**(6.4)**	(5.9)	(12.2)
NOPAT (Net operating profit after tax)		**19.1**	17.7	36.6
Profit before tax		**5.5**	8.6	17.9
Adjusting items - operating costs (as stated above)		**12.1**	7.6	16.2
Adjusting items – finance costs	**3**	**0.4**	0.1	0.3
Adjusted profit before tax		**18.0**	16.3	34.4

Condensed consolidated statement of financial position

At 30 June 2025

Company registered no. 05169780

	Note	**Unaudited 30 June 2025 £m**	Unaudited 30 June 2024 £m	Audited 31 December 2024 £m
ASSETS				
Non-current assets				
Intangible assets	**7**	**314.1**	279.9	274.4
Property, plant and equipment		**87.6**	79.6	83.1
Right of use assets		**136.2**	114.8	125.6
Other receivables		**4.0**	4.7	4.6
		541.9	479.0	487.7
Current assets				
Inventories		**3.4**	1.5	1.3
Trade and other receivables		**68.9**	65.4	56.5
Cash and cash equivalents		**12.8**	10.0	8.0
Current tax assets		-	-	0.2
		85.1	76.9	66.0
Total assets		**627.0**	555.9	553.7
LIABILITIES				
Current liabilities				
Trade and other payables		**(63.4)**	(46.2)	(40.5)
Financial liabilities – borrowings	**10**	**(7.9)**	-	(3.2)
Financial liabilities – lease liabilities		**(21.9)**	(20.2)	(19.3)
Current tax liabilities		**(0.7)**	(0.1)	-
Provisions	**11**	**(3.9)**	(5.3)	(3.9)
		(97.8)	(71.8)	(66.9)
Non-current liabilities				
Financial liabilities – borrowings	**10**	**(125.0)**	(103.5)	(93.8)
Financial liabilities – lease liabilities		**(128.2)**	(108.8)	(120.7)
Deferred tax liability		**(34.1)**	(27.4)	(28.7)
Provisions	**11**	**(9.4)**	(12.5)	(9.6)
Other payables		**(0.4)**	(0.2)	(0.2)
		(297.1)	(252.4)	(253.0)
Total liabilities		**(394.9)**	(324.2)	(319.9)
Net assets		**232.1**	231.7	233.8
EQUITY				
Share capital		**6.8**	6.8	6.8
Share premium		**187.9**	187.9	187.9
Other reserves		**(1.7)**	1.4	(0.5)
Retained earnings		**39.1**	35.6	39.6
Total equity		**232.1**	231.7	233.8

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2025

	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 2024	6.8	187.9	3.7	31.5	229.9
Profit for the period	-	-	-	6.4	6.4
Other comprehensive income	-	-	0.1	-	0.1
Total comprehensive income for the period	-	-	0.1	6.4	6.5
Transactions with owners:					
Dividends	-	-	-	(4.6)	(4.6)
Share-based payments charge	-	-	0.7	-	0.7
Transfer*	-	-	(2.4)	2.4	-
Purchase of treasury shares	-	-	(0.8)	-	(0.8)
Disposal of treasury shares	-	-	0.1	(0.1)	-
Balance at 30 June 2024 (unaudited)	6.8	187.9	1.4	35.6	231.7
Balance at 1 July 2024	6.8	187.9	1.4	35.6	231.7
Profit for the period	-	-	-	6.0	6.0
Total comprehensive income for the period	-	-	-	6.0	6.0
Transactions with owners:					
Dividends	-	-	-	(2.7)	(2.7)
Share-based payments charge	-	-	0.6	-	0.6
Transfer*	-	-	(0.8)	0.8	-
Purchase of treasury shares	-	-	(1.8)	-	(1.8)
Disposal of treasury shares	-	-	0.1	(0.1)	-
Balance at 31 December 2024 (audited)	6.8	187.9	(0.5)	39.6	233.8
Balance at 1 January 2025	**6.8**	**187.9**	**(0.5)**	**39.6**	**233.8**
Profit for the period	**-**	**-**	**-**	**3.3**	**3.3**
Total comprehensive income for the period	**-**	**-**	**-**	**3.3**	**3.3**
Transactions with owners:					
Dividends	**-**	**-**	**-**	**(5.1)**	**(5.1)**
Share-based payments charge	**-**	**-**	**1.1**	**-**	**1.1**
Transfer*	**-**	**-**	**(1.3)**	**1.3**	**-**
Purchase of treasury shares	**-**	**-**	**(1.0)**	**-**	**(1.0)**
Balance at 30 June 2025 (unaudited)	**6.8**	**187.9**	**(1.7)**	**39.1**	**232.1**

*In the period ended 30 June 2025 a net amount of £1.3m was reclassified from the share-based payment reserve to retained earnings in respect of lapsed and exercised options (H1 2024: £2.4m, year to 31 December 2024: £3.2m).

Condensed consolidated statement of cash flows

For the half year ended 30 June 2025

	Note	**Unaudited six months ended 30 June 2025 £m**	Unaudited six months ended 30 June 2024 £m	Audited year ended 31 December 2024 £m
Cash generated from operating activities	**9**	**39.8**	31.9	78.1
Net finance costs		**(7.7)**	(7.6)	(14.5)
Income taxes paid		**(4.0)**	(2.7)	(5.1)
Net cash generated from operating activities		**28.1**	21.6	58.5
Cash flows from investing activities				
Purchase of property, plant and equipment and applications software IT		**(5.7)**	(5.7)	(15.2)
Proceeds from sale of property, plant and equipment		**0.2**	-	0.1
Purchase of subsidiary undertakings, net of cash acquired	**8**	**(29.4)**	-	-
Purchase of trade and assets	**7**	**(0.3)**	(0.6)	(0.5)
Net cash used in investing activities		**(35.2)**	(6.3)	(15.6)
Cash flows from financing activities				
Dividends paid		**-**	-	(7.3)
Purchase of treasury shares		**(1.0)**	(0.8)	(2.6)
Drawdown of invoice credit facility, net		**1.1**	-	-
Repayment of revolving credit facility		**(1.5)**	(17.0)	(27.0)
Drawdown of revolving credit facility		**28.0**	-	-
Lease principal repayments		**(11.5)**	(10.2)	(23.9)
Net cash generated/(used) in financing activities		**15.1**	(28.0)	(60.8)
Net increase/(decrease) in cash and cash		**8.0**	(12.7)	(17.9)
Cash and cash equivalents at start of period*		**4.8**	22.7	22.7
Cash and cash equivalents at end of period*		**12.8**	10.0	4.8

*Cash and cash equivalents as at 31 December 2024 included overdraft of £3.2m (note 10).

A reconciliation between the statutory results above and the non-GAAP cashflow measures is shown below:

	Unaudited six months ended 30 June 2025 £m	Unaudited six months ended 30 June 2024 £m	Audited year ended 31 December 2024 £m
Cash generated from operating activities	**39.8**	31.9	78.1
Income taxes paid	**(4.0)**	(2.7)	(5.1)
Purchase of property, plant and equipment and applications software IT	**(5.7)**	(5.7)	(15.2)
Lease principal repayments	**(11.5)**	(10.2)	(23.9)
Add back: Cash impact of adjusting items – administrative expenses	**3.7**	1.6	5.2
Free cashflow	**22.3**	14.9	39.1
NOPAT (Net operating profit after tax)	**19.1**	17.7	36.6
Cash conversion	**117%**	84%	107%

Notes to the condensed interim financial statements
For the half year ended 30 June 2025

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, adopting accounting policies that are consistent with those of the previous financial year and corresponding half year reporting period. The condensed interim financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The information for the year ended 31 December 2024 is based on audited statutory accounts which have been filed with the Registrar of Companies. The Auditor's report for 2024 was (i) unqualified, (ii) included no matters to which the auditor drew attention by way of emphasis and (iii) did not contain statements under Sections 498 (2) or 498 (3) of the Companies Act 2006 in relation to the financial statements. The six-month period to 30 June 2025 and 30 June 2024 was unaudited.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and share options which are held at fair value. The accounting policies have been consistently applied, other than where new policies have been adopted. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The condensed interim financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place. The principal risks impacting the Group during the period remain unchanged from those disclosed in the 31 December 2024 Annual Report.

The Directors are satisfied that climate change does not have a material impact on either individual assets or cash-generating units in the condensed interim financial statements.

The Group's operations are not normally affected by significant seasonal variations between the first and second halves of the calendar year.

The condensed interim financial statements were approved by the Board of Directors on 28 July 2025.

Going concern

The Group meets its day-to-day working capital requirements through its financing facilities and the cash generated through its earnings. Details of the Group's borrowing facilities are given in note 10. 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 the condensed interim financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements. In making this assessment, the Directors have considered the financing arrangements available to the Group and the Group's cashflow forecasts through to 31 December 2026, taking into account severe but plausible downside trading scenarios involving a reduction to non-recurring income streams. The Directors' assessment includes reviewing the level of liquidity headroom and financial covenant compliance headroom over the period in review, including in the downside scenarios modelled. The Group's latest outlook for H2 2025 and forecasts for 2026 show that the Group is expected to operate within the level of its current facilities under the base case and severe but plausible downside scenarios during the going concern period.

New standards, interpretations and amendments adopted by the Group

The following amendment to standards was effective for the first time from 1 January 2025:

- Lack of Exchangeability – Amendment to IAS 21

This amendment is not considered to have a material impact on the condensed interim financial statements.

2. Segmental analysis

Management has identified that the Board is the Chief Operating Decision Maker ("CODM") in accordance with the requirements of IFRS 8 "Operating Segments" and has based their assessment of the relevant operating segments on the information the Board uses to assess both the performance of the business and allocation of resources within the Group.

The vast majority of the trading of the Group is undertaken within the United Kingdom. Segment assets include intangible assets, property, plant and equipment, right of use assets, inventories, receivables and operating cash. Central assets include deferred tax and head office assets. Segment liabilities comprise operating liabilities. Central liabilities include income tax and deferred tax, corporate borrowings and head office liabilities. Capital expenditure comprises additions to computer software, property, plant and equipment and includes additions resulting from acquisitions through business combinations. Segment assets and liabilities are allocated between segments on an actual basis.

Revenue

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

Revenue - continuing operations	**Six months ended 30 June 2025 £m**	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Information Management	**106.5**	87.5	167.9
Datashred	**20.2**	17.5	36.0
Harrow Green	**15.7**	17.4	35.3
Technology	**17.7**	17.0	36.1
Total revenue	**160.1**	139.4	275.3

For the period ended 30 June 2025 no customers individually accounted for more than 3% of the Group's total revenue (H1 2024: 3%; year to 31 December 2024: 3%).

The Group had sales of goods of £16.0m relating to the sale of recycled paper and recycled IT assets (H1 2024: £14.0m; year to 31 December 2024: £31.6m) and sales of furniture of £0.2m (H1 2024: £0.4m; year to 31 December 2024: £0.9m). The remainder of revenue relates to the sales of services.

Segmental information

30 June 2025	**Information Management £m**	**Datashred £m**	**Harrow Green £m**	**Technology £m**	**Central £m**	**Total £m**
Revenue	**106.5**	**20.2**	**15.7**	**17.7**	-	**160.1**
Cost of sales	**(58.6)**	**(12.3)**	**(11.0)**	**(11.4)**	-	**(93.3)**
Gross profit	**47.9**	**7.9**	**4.7**	**6.3**	-	**66.8**
Adjusted operating profit/(loss)	**25.5**	**2.1**	**0.3**	**1.2**	**(3.6)**	**25.5**
Revenue (excluding postage costs)	***90.6***	***20.2***	***15.7***	***17.7***	-	***144.2***
Adjusted operating margin	***28.1%***	***10.4%***	***1.9%***	***6.8%***	-	***17.7%***
Adjusting items	**(2.8)**	**(0.2)**	**(0.1)**	**(0.1)**	**(8.9)**	**(12.1)**
Operating profit/(loss)	**22.7**	**1.9**	**0.2**	**1.1**	**(12.5)**	**13.4**
Finance costs						**(7.9)**
Profit before tax						**5.5**

2. Segmental analysis (continued)

30 June 2024	Information Management £m	Datashred £m	Harrow Green £m	Technology £m	Central £m	Total £m
Revenue	87.5	17.5	17.4	17.0	-	139.4
Cost of sales	(43.8)	(10.8)	(11.6)	(11.3)	-	(77.5)
Gross profit	43.7	6.7	5.8	5.7	-	61.9
Adjusted operating profit/(loss)	24.6	1.2	1.2	-	(3.4)	23.6
Adjusted operating margin	28.1%	6.9%	6.9%	0.0%	-	16.9%
Adjusting items	(1.2)	(0.1)	-	(0.3)	(6.0)	(7.6)
Operating profit/(loss)	23.4	1.1	1.2	(0.3)	(9.4)	16.0
Finance costs						(7.4)
Profit before tax						8.6

31 December 2024	Information Management £m	Datashred £m	Harrow Green £m	Technology £m	Central £m	Total £m
Revenue	167.9	36.0	35.3	36.1	-	275.3
Cost of sales	(84.0)	(21.1)	(24.5)	(23.2)	-	(152.8)
Gross profit	83.9	14.9	10.8	12.9	-	122.5
Adjusted operating profit/(loss)	45.8	3.7	1.9	1.8	(4.4)	48.8
Adjusted operating margin	27.3%	10.3%	5.4%	5.0%	-	17.7%
Adjusting items	(4.2)	(0.3)	(0.1)	(0.3)	(11.3)	(16.2)
Operating profit/(loss)	41.6	3.4	1.8	1.5	(15.7)	32.6
Finance costs						(14.7)
Profit before tax						17.9

The amortisation of acquired intangible assets has been recorded centrally.

2. Segmental analysis (continued)

30 June 2025	Information Management £m	Datashred £m	Harrow Green £m	Technology £m	Central £m	Total £m
Segment assets	**490.4**	**49.9**	**31.6**	**44.0**	**11.1**	**627.0**
Segment liabilities	**168.5**	**28.0**	**25.9**	**12.2**	**160.3**	**394.9**
Capital expenditure	**5.1**	**0.4**	**-**	**0.2**	**-**	**5.7**
Depreciation and amortisation	**12.1**	**2.6**	**1.5**	**0.9**	**6.3**	**23.4**

30 June 2024	Information Management £m	Datashred £m	Harrow Green £m	Technology £m	Central £m	Total £m
Segment assets	432.2	34.2	34.5	57.5	(2.5)	555.9
Segment liabilities	131.4	7.3	20.0	23.3	142.2	324.2
Capital expenditure	4.6	0.2	0.3	0.5	0.1	5.7
Depreciation and amortisation	15.8	2.6	1.1	1.5	0.3	21.3

31 December 2024	Information Management £m	Datashred £m	Harrow Green £m	Technology £m	Central £m	Total £m
Segment assets	429.1	37.9	31.8	43.5	11.4	553.7
Segment liabilities	135.9	23.7	19.0	11.2	130.1	319.9
Capital expenditure	12.6	0.7	0.7	1.2	-	15.2
Depreciation and amortisation	25.4	4.6	3.0	1.7	11.0	45.7

3. Adjusting items

Management believe it is useful to provide readers of the financial statements with alternative performance measures ("APMs") that describe the performance of the Group before the effects of significant costs or income that are considered to be distorting due to their nature or size, and non-cash amortisation primarily arising from acquired intangible assets.

Adjustments made from statutory measures to adjusted measures are referred to as adjusting items within the financial statements and include impairments, amortisation, expenses associated with acquisitions and subsequent integration costs, costs associated with major restructuring programmes, and other significant costs and credits that are considered to be distorting due to their nature when assessing the performance of the business. The Group's adjusting items are set out below:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Amortisation	**6.8**	6.0	12.1
Acquisition and related costs[1]	**3.2**	-	-
Restructuring and redundancy	**1.4**	0.7	2.1
Property related costs[2]	**1.1**	0.4	1.5
Strategic IT reorganisation	**-**	0.6	0.8
Total	**12.5**	7.7	16.5

1. Adjusting items – finance costs of £0.3m related to the unwind of the discount on the contingent consideration liability are includes in acquisition and related costs (H1 2024: nil, year to 31 December 2024: nil)

2. Adjusting items – finance costs of £0.1m related to dual running lease liability interest costs are included in property related costs (H1 2024: £0.1m, year to 31 December 2024: £0.3m)

Amortisation
The amortisation charge primarily relates to acquired intangible assets arising from business combinations. Given the overall quantum of the amortisation charge and its non-cash nature, this cost is adjusted for in deriving the Group's alternative performance measures. For transparency, we note that the Group does not similarly adjust for the related revenue and profit generated from its business combinations in its alternative profit measures.

Acquisition costs
- £2.1m relates to the current period portion of the fair value of the Synertec earn-out consideration that is treated as remuneration. Given the overall quantum of the earn-out remuneration expense and the fact that the earn-out remuneration expense is acquisition-related, this cost is adjusted for in deriving the Group's alternative performance measures. Any changes to the fair value of the earn-out remuneration in future periods will also be recognised in adjusting items.
- £0.8m primarily relates to legal, due diligence and other advisory costs incurred in association with business acquisition activity.
- £0.3m relates to the unwind of the discounting of the contingent consideration liability on the balance sheet.

For transparency, we note that the Group does not similarly adjust for the related revenue and profit generated from its acquisitions in its alternative profit measures.

Restructuring and redundancy costs
The restructuring and redundancy costs relate primarily to the actions implemented to improve the operational efficiency and profitability of the Digital business, including the integration of Digital and Records Management into the Information Management division, which was ongoing throughout 2024 and continued into 2025. Future cost savings are expected from some of the restructuring activity during the year, however, for transparency we note that these cost savings will not be adjusted for in deriving the Group's alternative performance measures.

Property related costs
Property related costs of £1.1m relate primarily to the ongoing property consolidation. Incremental box move costs and dual-running costs of £1.8m have been partially offset by the release of dilapidation provisions of £0.8m. Future cost savings are expected from the site consolidation activity during the year, however, for transparency we note that these cost savings will not be adjusted for in deriving the Group's alternative performance measures.

3. Adjusting items (continued)

Strategic IT reorganisation costs
In 2024 the Group completed it multi-year programme to deliver cloud-based strategic IT programmes, particularly in relation to its financial systems. The implementation costs associated with these system transformations were expensed to the income statement as incurred, with the in-year cost of these programmes being £0.6m for H1 2024.

The Group's APMs are summarised below:

APMs	**Description**
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.
Net operating profit after tax ("NOPAT")	Calculated as adjusted operating profit with a standard tax charge applied. APM used for calculation of cash conversion.
Adjusted EBITDA	Calculated as EBITDA before IFRS16 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 before 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 IFRS16.
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.

The Group's APMs should be considered as supplementary to statutory measures and readers of the accounts should note the limitations of the measures and that they are not comparable across companies.

4. Taxation
The income tax expense comprises:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Current tax expense	**4.4**	4.1	6.1
Deferred tax credit	**(2.2)**	(1.9)	(0.6)
Total tax expense	**2.2**	2.2	5.5

Tax for the six months ended 30 June 2025 is determined based on applying an estimate of the annual effective tax rate expected for the full financial year. The estimated annual effective tax rate used for the six months ended to 30 June 2025 is 39% (30 June 2024: 25%; 31 December 2024: 25%). An increase in the annual effective tax rate is mainly driven by non-deductible expenses of £3.2m related to the acquisitions made in the period.

5. Earnings per share attributable to owners of the parent

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

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Total profit for the period (£m)	**3.3**	6.4	12.4
Total basic earnings per share (pence)	**2.4**	4.7	9.1
Weighted average number of shares in issue	**135,521,991**	136,312,349	136,129,425
Dilutive options (number)	**1,892,686**	1,446,316	1,569,548
Weighted average fully diluted number of shares in issue	**137,414,677**	137,758,665	137,698,973
Total fully diluted earnings per share (pence)	**2.4**	4.7	9.0

Adjusted earnings per share

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

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Profit before tax	**5.5**	8.6	17.9
Adjusting items – administrative expenses	**5.3**	1.6	4.1
Adjusting items – amortisation of intangible assets	**6.8**	6.0	12.1
Adjusting items – finance costs	**0.4**	0.1	0.3
Adjusted profit before tax	**18.0**	16.3	34.4

The adjusted earnings per share and adjusted fully diluted earnings per share is based on the weighted average number of shares in issue during the year of 135.5m (June 2024: 136.3m; December 2024: 136.1m) and the weighted average fully diluted number of shares in issue during the year of 137.4m (June 2024: 137.8m; December 2024 137.7m) respectively, and are calculated below using a standard tax charge:

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Adjusted profit before tax (£m)	**18.0**	16.3	34.4
Tax at 25% (2024: 25%) (£m)	**(4.5)**	(4.1)	(8.6)
Adjusted profit after tax (£m)	**13.5**	12.2	25.8
Adjusted basic earnings per share (pence)	**10.0**	9.0	19.0
Adjusted fully diluted earnings per share (pence)	**9.8**	8.9	18.7

6. Dividends

In respect of the current period, the Directors declare an interim dividend of 2.2p per share (H1 2024: 2.0p). The estimated dividend to be paid is £3.0m (H1 2024: £2.8m) and will be paid on 22 October 2025 to shareholders on the register on 19 September 2025.

7. Intangible assets

	Goodwill £m	Customer relationships £m	Technology £m	Trade names £m	Applications software IT £m	Total £m
Cost						
1 January 2024	219.1	178.3	-	4.3	11.1	412.8
Additions	-	0.6	-	-	0.6	1.2
Disposals	-	-	-	-	-	-
30 June 2024	219.1	178.9	-	4.3	11.7	414.0
Additions	-	-	-	-	0.7	0.7
Disposals	-	(0.1)	-	-	-	(0.1)
31 December 2024	219.1	178.8	-	4.3	12.4	414.6
Additions	-	0.3[1]	-	-	1.0	1.3
Acquired through business	16.0	12.6	15.4	1.2	-	45.2
Disposals	-	-	-	-	(0.2)	(0.2)
30 June 2025	**235.1**	**191.7**	**15.4**	**5.5**	**13.2**	**460.9**
Accumulated amortisation and impairment						
1 January 2024	50.1	67.3	-	3.2	7.5	128.1
Charge for the period	-	5.0	-	-	1.0	6.0
Disposals	-	-	-	-	-	-
30 June 2024	50.1	72.3	-	3.2	8.5	134.1
Charge for the period	-	5.2	-	0.1	0.8	6.1
Disposals	-	-	-	-	-	-
31 December 2024	50.1	77.5	-	3.3	9.3	140.2
Charge for the period	-	5.4	0.7	0.1	0.6	6.8
Disposals	-	-	-	-	(0.2)	(0.2)
30 June 2025	**50.1**	**82.9**	**0.7**	**3.4**	**9.7**	**146.8**
Carrying amount						
30 June 2025	**185.0**	**108.8**	**14.7**	**2.1**	**3.5**	**314.1**
31 December 2024	169.0	101.3	-	1.0	3.1	274.4
30 June 2024	169.0	106.6	-	1.1	3.2	279.9

1 The Group acquired a portfolio of Shred First customer contracts for a consideration of £0.3m.

For the purposes of impairment testing, goodwill, other intangible assets, property, plant and equipment and right of use assets are allocated to cash-generating units ("CGU's") which represent the smallest identifiable group of assets that generate cash inflows from continuing use. As a result of two business combinations in H1 2025 (refer to note 8), the Group comprises seven CGUs as at 30 June 2025 being Records Management, Digital, Datashred, Harrow Green, Technology, Synertec and Shred-on-Site. The recoverable amount of each CGU 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.

7. Intangible assets (continued)

Goodwill is tested annually for impairment, or more frequently if there are indicators that an impairment may be required; the Group conducts the annual assessment in line with our full year reporting at 31 December. At June 2025, we have therefore reviewed whether there are any indicators of impairment present at the CGU level. Our conclusion is that there are only indicators present in the Harrow Green CGU, where trading headwinds have led to a challenging first six months. The other CGUs have performed broadly in line with expectations and there are no other external or market factors that would indicate an impairment.

An impairment review was therefore conducted over the carrying values of the Harrow Green CGU. The model utilised forecasts based upon the CGU's outlook for the remainder of 2025 and the five-year plan through to HY30. Terminal cash flows are based on the CGU's HY30 projections and are assumed to grow perpetually at 2%. In accordance with IAS 36, the growth rate for beyond the initially forecast years does not exceed the long-term average growth rate for the industry. The forecasts have been discounted using a pre-tax discount rate specific to Harrow Green, being 12.1%.

Within the Harrow Green CGU, no impairment is shown when considering the base case scenario however there are considered to be some reasonably possible downside scenarios which could result in an impairment.

A summary of the management's base case value-in-use calculation, including key assumptions, is set out below:

	FY25 to FY30 revenue compound annual growth rate (%)	FY25 to FY30 EBIT compound annual growth rate (%)	FY25 to FY30 EBIT margin growth (bps)	Discount rate (%)	Carrying value of assets (£m)	Headroom (£m)	Headroom as % of asset carrying value (%)	NPV terminal year cashflows into perpetuity as % of value-in-use calculation (%)
Harrow Green	2.6%	44.7%	540	12.1%	23.2	8.1	34.7%	48%

The Group monitors climate-related risks and opportunities and has considered the potential impact of climate change on the impairment review conducted. Based on our assessment of climate-related risks likely to emerge, we do not expect these risks to drive a significant downturn in cashflows. Therefore, there are no overriding changes to key assumptions built into the forecasts and no specific sensitivities relating to climate change are considered necessary.

A number of sensitivities have been modelled to highlight the way in which changes in trading and/or market conditions affect the value-in-use calculations. The table below highlights the sensitivity of the value-in-use calculations to changes in forecast cashflows and the discount rate.

	Revenue reduction assuming gross margin in line with plan (%)	FY25 to FY30 revenue compound annual growth rate (%)	Headroom/ (impairment) (£m)	Headroom/ (impairment) as % of asset carrying value (%)
Harrow Green	(6%)	1.1%	1.7	7.2%
	(7%)	0.9%	0.6	2.6%
	(8%)	0.7%	(0.5)	(2.0%)

	EBIT reduction (%)	FY25 to FY30 EBIT margin growth (bps)	Headroom/ (impairment) (£m)	Headroom/ (impairment) as % of asset carrying value (%)
Harrow Green	(35%)	(80)	0.9	4.1%
	(40%)	(110)	(0.1)	(0.3%)
	(45%)	(150)	(1.1)	(4.7%)

7. Intangible assets (continued)

	Discount rate	Headroom/ (impairment) (£m)	Headroom/ (impairment) as % of asset carrying value (%)
Harrow Green	4%	0.9	3.9%
	5%	(0.4)	(1.7%)
	6%	(1.5)	(6.5%)

Harrow Green have continued to experience very difficult market conditions in the first half of 2025, leading to a reduction in both revenue and profit. Given the largely non-recurring nature of Harrow Green's revenue base, there is a reasonably possible scenario in which non-delivery of revenue and profit in line with the base plan could result in a potential impairment. A revenue reduction of 8% in each of the forecast years dropping down to profit with gross margin in line with the plan would trigger an impairment of £0.5m. A 40% reduction to EBIT in each of the forecast years would drive an impairment of £0.1m. A 5% increase in a pre-tax discount rate would drive an impairment of £0.4m.

8. Business combinations

Synertec (Holdings) Limited and Synertec Limited ("Synertec")

On 13 March 2025, the Group acquired the entire issued share capital of Synertec (Holdings) Limited and Synertec Limited, a UK based leading document management business, for an initial consideration of £22.0m. Synertec's business is a highly complementary addition to the Group and supports the Group's growth strategy in broadening its offering to existing customers and facilitating the cross-selling of existing services to Synertec customers.

A provisional purchase price allocation exercise for the Synertec acquisition, which will be finalised in the second half of the year, has been completed which identified £10.6m of acquired intangible assets relating to customer relationships, £15.4m of acquired intangible assets relating to technology and £1.2m of acquired intangible assets relating to brand, which are identifiable and separable, and will be amortised between five and eleven years.

The discount rate applied to the forecast cash flows from the acquired customer relationships and brand is 29%. The discount rate applied to the forecast cash flows from the technology is 19%. £10.9m of goodwill has arisen on the acquisition and is primarily attributable to the deferred tax liability related to the acquired intangible assets of £6.4m and assembled workforce of £1.6m.

From the 13 March 2025, the date of the acquisition, Synertec contributed £24.6m of revenue and £1.3m of adjusted operating profit to the Group's performance for the period. If the acquisition had taken place at the beginning of the year, Synertec would have contributed £38.6m of revenue and £2.5m of adjusted operating profit to the Group's performance for the period.

Mass Holdings and Investments Limited and Shred-on-Site Limited ("Shred-on-Site")

On 4 April 2025, the Group acquired the entire issued share capital of Mass Holdings and Investments Limited and Shred-on-Site Limited, a UK based shredding business, for an initial consideration of £7.9m. Shred-on-site is expected to be an accretive acquisition which will deliver growth in our core business activities.

A provisional purchase price allocation exercise for the Shred-on-Site acquisition, which will be finalised in the second half of the year, has been completed which identified £2.0m of acquired intangible assets relating to customer relationships, which are identifiable and separable, and will be amortised over ten years.

The discount rate applied to the forecast cash flows from the acquired customer relationships is 12%. £5.1m of goodwill has arisen on the acquisition of Shred-on-Site and is primarily attributable to anticipated synergies.

From the 4 April 2025, the date of the acquisition, Shred-on-Site contributed £1.3m of revenue and £0.1m of adjusted operating profit to the Group's performance for the period. If the acquisition had taken place at the beginning of the year, Shred-on-Site would have contributed £2.7m of revenue and £0.2m of adjusted operating profit to the Group's performance for the period.

8. Business combinations (continued)

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of the acquired entity as at the acquisition date are disclosed below. The fair value of the identifiable assets and liabilities are estimated by taking into consideration all available information at the reporting date and are on a provisional basis due to the timing of the acquisitions.

	Synertec £m	Shred-on-Site £m	Total £m
Assets			
Acquired intangible assets recognised on acquisition	27.2	2.0	29.2
Property, plant and equipment	3.9	1.3	5.2
Right-of use assets	4.1	0.9	5.0
Inventory	1.8	-	1.8
Contract assets	2.4	-	2.4
Trade and other receivables	6.8	0.7	7.5
Cash and cash equivalents	-	0.5	0.5
	46.2	5.4	51.6
Liabilities			
Trade and other payables	(8.6)	(0.5)	(9.1)
Contract liabilities	(0.2)	-	(0.2)
Lease liabilities	(3.8)	(0.6)	(4.4)
Current tax liability	(0.5)	-	(0.5)
Deferred tax liability (net)	(6.8)	(0.8)	(7.6)
Borrowings	(11.2)	-	(11.2)
Provisions	(1.8)	(0.6)	(2.4)
	(32.9)	(2.5)	(35.4)
Total identifiable net assets at fair value	**13.3**	**2.9**	**16.2**
Goodwill arising on acquisition	**10.9**	**5.1**	**16.0**
Fair value of consideration	**24.2**	**8.0**	**32.2**

The acquired lease liabilities were measured using the present value of the remaining lease payments as at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities, less any acquisition related adjustments.

The fair value of acquired receivables is £7.5 million, which is equivalent to the gross contractual amount of acquired receivables. The best estimate at the acquisition date of the contractual cash flows not expected to be collected is nil.

The net deferred tax liabilities mainly comprise the tax effect of the accelerated amortisation for tax purposes of the acquired intangible assets recognised on acquisition.

Purchase consideration

	Synertec £m	Shred-on-Site £m	Total £m
Amount settled in cash	22.0	7.9	29.9
Contingent cash consideration	2.2	0.1	2.3
Fair value of consideration	**24.2**	**8.0**	**32.2**

8. Business combinations (continued)

Consideration paid in the period, net of cash acquired, was £29.4 million and is included in cash flows from investing activities.

The discounted fair value of the contingent consideration payable to the sellers of Synertec, subject to certain performance targets being achieved, was £2.2m as at the acquisition date. The unwinding of the discount applied will be recognised in the statement of comprehensive income over the earn-out period (refer to note 3). Contingent consideration of £2.5m payable to the sellers of Synertec is included in trade and other payables as at 30 June 2025.

Earn-out remuneration of £2.1m is the H1 2025 portion of the amount payable to the sellers of Synertec subject to certain future performance targets being achieved as well as their continuing services to Synertec (refer to note 3). This is included in trade and other payables as at 30 June 2025.

Analysis of cash flows on acquisition

	Synertec £m	**Shred-on-Site £m**	**Total £m**
Consideration paid (included in cash flows from investing activities)	**22.0**	**7.9**	**29.9**
Cash acquired with the subsidiary (included in cash flows from investing activities)	**-**	**(0.5)**	**(0.5)**
Total net cash flow included in cash flows from investing activities	**22.0**	**7.4**	**29.4**
Transaction costs (included in cash flows from operating activities)*	**0.6**	**0.1**	**0.7**
Net cash flow on acquisition	**22.6**	**7.5**	**30.1**

* Transaction costs are presented within adjusted items set out in note 3. £0.1m of the costs in Note 3 relate to the acquisition of Topwood which did not complete until after the period end.

9. Cash generated from operating activities

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Profit before tax	**5.5**	8.6	17.9
Depreciation of property, plant and equipment and right-of-use assets	**16.6**	15.3	33.6
Amortisation of intangible assets	**6.8**	6.0	12.1
Net finance costs	**7.9**	7.4	14.7
Earn-out remuneration	**2.1**	-	-
Share-based payment charge (including related NI)	**1.4**	0.9	1.7
Share-based payment settlement	-	(0.1)	(0.2)
(Gain)/loss on sale of fixed assets	**(0.1)**	-	0.3
(Increase)/decrease in inventories	**(0.3)**	-	0.2
(Increase)/decrease in trade and other receivables	**(2.0)**	(1.7)	7.2
Increase/(decrease) in trade and other payables	**1.9**	(4.5)	(9.4)
Cash generated from operating activities	**39.8**	31.9	78.1

10. Financial liabilities – borrowings

Borrowings	**Six months ended 30 June 2025 £m**	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Current:			
Overdraft facility	-	-	3.2
Bank loans	**7.9**	-	-
Non-current:			
Bank loans	**101.0**	80.0	70.0
Other loans (US Private Placement)	**25.0**	25.0	25.0
Deferred financing costs	**(1.0)**	(1.5)	(1.2)
Total non-current borrowings	**125.0**	103.5	93.8
Total borrowings	**132.9**	103.5	97.0

Analysis of net debt	**Six months ended 30 June 2025 £m**	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Cash at bank and in hand	**12.8**	10.0	8.0
Borrowings due within one year	**(7.9)**	-	(3.2)
Borrowings due after one year	**(125.0)**	(103.5)	(93.8)
Net debt	**(120.1)**	(93.5)	(89.0)

The Group acquired £11.2m of bank loans in H1 2025 (refer to note 8).

11. Provisions

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Opening	**13.5**	18.6	18.6
Acquired through business combinations (note 8)	**2.4**	-	-
Additional provision	**1.4**	-	4.4
Utilised	**(1.8)**	(0.6)	(2.6)
Released	**(2.2)**	(0.2)	(6.9)
Closing	**13.3**	17.8	13.5

The balance above represents dilapidation provisions which relate to the future anticipated costs to restore leased properties into their original state at the end of the lease term. Estimates are stated at nominal value and therefore the impact of discounting is not material. An increase in costs of 5% per square foot across the portfolio would result in an increase in the provision of £0.3m.

12. Events occurring after the reporting period

On 1 July 2025, the Group acquired the entire share capital of Data Shredding Servies Limited, a shredding business, for a cash consideration of £0.2m. The consideration was fully satisfied on the 1 July 2025.

On 3 July 2025, the Group acquired the entire issued share capital of Topwood Limited, a shredding and records management business, for an initial consideration of £2.8m. The initial consideration was fully satisfied in cash on 3 July 2025. Contingent consideration of £0.5m is due in 2026 dependant on the retention of customers.

Given the proximity of these transactions to the announcement of the Group’s condensed interim financial statements, a full purchase price allocation exercise has not yet been completed and the fair value of the assets and liabilities acquired will be assessed prior to the next reporting date.