

# Restore plc

Company registered no. 05169780

Annual Report for the year ended 31 December 2022

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

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For more information please see  
[www.restoreplc.com](http://www.restoreplc.com)

# Highlights

Restore has delivered a further year of strong growth in 2022.

Revenue and profit performances demonstrating the resilience of the business during a challenging year.

<b>+19.1%</b>	<b>+9.8%</b>	<b>+7.6%</b>	<b>+1.3%</b>	<b>-0.1x</b>	<b>+4.7%</b>
<b>£279.0m</b>	<b>£81.5m</b>	<b>£41.0m</b>	<b>£23.3m</b>	<b>1.7x</b>	<b>24.3p</b>
Revenue	Adjusted EBITDA <sup>1</sup>	Adjusted profit <sup>1</sup> before tax	Statutory profit before tax	Leverage <sup>2</sup>	Adjusted basic earnings per share <sup>3</sup>

With strong organic growth (11%) underpinned by winning in the market and acquisition growth (8%) we have continued to show the critical nature of the services we provide.

The Group enters 2023 substantially larger, with increased capability and a solid financial foundation and is well placed for further growth through its strategy of organic expansion, strategic acquisitions and margin enhancement through efficiency and scale.

## Business Highlights

- Strong organic and acquisitive growth despite challenging macroeconomic conditions, demonstrating resilient nature of the business and excellent service delivery
- Records Management net box growth of 1.6% (2021: 1.3%) in line with long term growth strategy increasing boxes under management to 22.4 million boxes with utilisation increasing from 89% to c.97% by the end of 2022
- Strong sales performance including major storage and service contract wins with BBC Heritage (c.£22 million over 10 years) and Department for Work and Pensions (c.£1 million per year) during the year
- Digital achieved exceptional performance through a number of large government contracts and expansion of revenues in long term business process outsourcing and cloud storage
- Technology grew strongly albeit behind plan due to short term market conditions and with positive operational cost management
- Datashred and Harrow Green performing in line with plan with growing service visits in Datashred and Harrow Green progressing in Life Science sector and commercial storage markets in line with strategy.

## Financial Highlights

- Revenue increased 19.1% to £279.0m (2021: £234.3m), with organic growth (+11%) and acquisitions (+8%) with resulting adjusted EBITDA<sup>1</sup> growing to £81.5 million (2021: £74.2 million)
- Adjusted profit before tax increased 7.6% to £41.0m (2021: £38.1m) as a result of strong performances in Records Management and Digital offset by increased interest rate impact of £2.4 million for the year
- Statutory profit before tax of £23.3 million (2021: £23.0 million) showed a small increase and reflective of higher amortisation on prior year acquisitions, interest rate increases, property exit charges and strategic IT programme costs
- Adjusted basic earnings per share increased 4.7% to 24.3p (2021: 23.2p) with statutory earnings per share up 41.4% to 12.3p (2021: 8.7p)
- Good cash conversion<sup>3</sup> of 82% (2021: 104%), with resulting net debt<sup>4</sup> at period end of £103.5m and leverage ratio of 1.7x (2021: 1.8x), despite five acquisitions, well within the Group's target range of 1.5- 2.0x adjusted EBITDA. The Group retains substantial headroom across its borrowing facilities
- Proposed final dividend of 4.8p taking total dividend for the year to 31 December 2022 to 7.4p (2021: 7.2p).

<sup>1</sup> Calculated as statutory profit before interest, tax and other depreciation and amortisation and adjusting items (reconciled on page 70)

<sup>2</sup> Calculated using pre-IFRS14 EBITDA adjusted for share-based payments, including a pro-forma adjustment for acquisition in line with financial debt covenants.

<sup>3</sup> Calculated as free cashflows (reconciled on page 73), divided by net pre-operating profit (reconciled on page 70), with an amendment to exclude the impact of VAT deferral from 2020 to 2021.

<sup>4</sup> Calculated as external borrowings less cash, excluding the effects of lease obligations under IFRS 16

# Chair's Introduction

**Sharon Baylay-Bell**

"The Group has posted a strong financial result for the year to 31 December 2022 and enters 2023 with excellent momentum and strong plans for further growth."

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## Introduction

I am pleased to report a further year of strategic progress in the development and expansion of Restore.

The business has once again shown its resilient characteristics during a difficult economic period and despite the challenges of 2022, the Group has posted a strong financial result for the year to 31 December 2022 and enters 2023 with excellent momentum and strong plans for further growth.

The Board was pleased to welcome Lisa Fretwell as Non-Executive Director to the team in April. Lisa brings extensive experience of overseeing data-based businesses together with deep understanding of risk management and ESG and chairs both the Risk Committee and recently established ESG Committee.

As the Board and I look ahead, we remain confident that despite the macro uncertainty, the business has clear plans and will continue to deliver on its strategy for growth through organic expansion, acquisition for capability and margin enhancement through efficiency and scale.

Finally, I would like to thank the whole team for the successes achieved throughout the past financial year and their steadfast determination in addressing the challenges that arose and their commitment towards continuing to build our business in 2023.

## 2022 Performance

Restore has delivered strong revenue and profit growth in 2022 with a 19.1% increase in revenues to £279.0 million and a 7.6% increase in adjusted profit before tax to £41.0 million. On a statutory basis, profit before tax was a healthy £23.3 million, a small increase on 2021.

Strong, recurring organic revenue expansion was a key feature of the Group's performance in 2022 with five acquisitions completed in the year, for consideration of £12.3 million net of cash, providing increased capability in Restore Technology and further scale to Restore Records Management and Restore Harrow Green.

Inflationary cost pressures were significant and whilst we anticipated interest rate increases, the pace of rate increase was faster than we expected. As such, whilst we are pleased with the solid profit growth in 2022, this has been affected by these pressures and looking ahead to 2023, management have a number of plans to continue to mitigate these challenges and to drive further profitability gains.

As a result of the improved profits of the Group, adjusted earnings per share increased to 24.3 pence for the year, an increase of 4.7% compared to the 23.2 pence achieved for 2021.

The Group continues to demonstrate its highly cash generative nature and the closing leverage of 1.7x provides plenty of capacity to continue to invest in 2023.

## Strategic progress

Restore continues to make good progress in its strategy to significantly grow the revenues and profits of the business through organic expansion, strategic acquisition and margin improvement through further efficiency investments and increased scale.

Organic progress was especially strong in 2022 with another year of reliable increase in the Group's boxes under management to over 22 million boxes, a number of substantial contract wins across the different businesses and the benefits from expanding the Group's product capability, especially in Restore Digital and Restore Technology.

I am especially pleased with the BBC heritage storage and services contract win (Restore Records Management and Restore Harrow Green), evolution of contracts with the Department for Work and Pensions (Restore Records Management) and HMRC (Restore Digital) and the cross-Group BT technology decommissioning solution. These wins are illustrative of the increasing capability of the Group and the growing demand for the critical solutions and services we provide.

The Board and I chose to reduce the level of acquisition investment in the year compared with 2021, as the Group explored a number of strategic options and assessed the economic situation. That said, we are delighted with the five acquisitions made during the year and especially the purchase of 'Ultratec', a hard drive business that adds significant and class leading capability in hard drive erasure and restoration.

Margin expansion was more challenging in 2022 due to cost inflation, although Restore Datashred and Restore Digital both made significant progress as a result of scale benefits and as operational improvement plans took effect. Pricing is a key focus area as we look ahead to ensure hard won efficiency benefits and the benefits of scale are not lost.

## Health and Safety

Health and Safety remains the first item for Board discussion, always, and I am pleased with the sustained focus across the business on ensuring Restore remains a safe place to work.

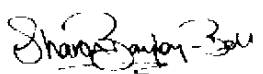
With the Group's operational management processes now well evolved, the Health and Safety Committee has started to focus on a number of strategic objectives including culture, communications, systems and training enhancement and during 2022, a number of awareness campaigns were run and a major initiative to enhance virtual training resources was also completed.

Management's relentless approach to continuous improvement is commended and I extend my gratitude to the health and safety and management team for their diligence and evolution of focus as the business continues to expand.

Finally, during the year, the Board and I visited several sites across Restore Technology, Restore Digital and Restore Records Management where we were pleased to see the business operating effectively and safely.

## Dividends

Your Board is recommending a final dividend of 4.8 pence, payable on 7 July 2023. This brings the total dividend for the year to 7.4 pence (2021: 7.2 pence).



**Sharon Baylay-Bell | Chair**

15 March 2023

## Our Business

Restore provides mission critical services that protect and manage valuable data, information and assets. The Group has five businesses organised across two divisions: Digital & Information Management and Secure Lifecycle Services.

Restore plc						
Digital & Information Management			Secure Lifecycle Services			
	Restore Records Management	Restore Digital	Restore Technology	Restore Datashred	Restore Harrow Green	Total
Market Position	<b>No.2</b>	<b>No.1</b>	<b>No.1</b>	<b>No.2</b>	<b>No.1</b>	<b>Strong and improving</b>
Market Size	<b>£490m-£500m</b>	<b>£330m-£335m</b>	<b>£580m</b>	<b>£200m-£210m</b>	<b>£350m</b>	<b>£2.0b</b>
Market Growth	<b>c.1-2%</b>	<b>c.4%</b>	<b>c.5-6%</b>	<b>c.0-1%</b>	<b>c.1%</b>	<b>c.3%</b>
Market Share <sup>1</sup>	<b>22%</b>	<b>16%</b>	<b>6%</b>	<b>19%</b>	<b>12%</b>	<b>c.14%</b>
UK Sites	<b>52</b>	<b>11</b>	<b>7</b>	<b>12</b>	<b>9</b>	<b>91</b>
Employees	<b>975</b>	<b>833</b>	<b>431</b>	<b>341</b>	<b>301</b>	<b>2,881</b>
	<ul style="list-style-type: none"> <li>Long term physical record storage and management services</li> <li>Physical/digital data hybrid services</li> <li>Heritage asset protection</li> <li>Digital tape back-up services</li> </ul>	<ul style="list-style-type: none"> <li>Physical to digital processing</li> <li>Cloud storage and data management</li> <li>Digital transformation consultancy</li> <li>Process outsourcing</li> <li>Digital mailrooms</li> <li>Data management software</li> </ul>	<ul style="list-style-type: none"> <li>High security IT asset erasure</li> <li>IT decommissioning and recycling</li> <li>Technology refurbishment and resale</li> <li>IT asset preparation and installation</li> <li>IT relocation</li> </ul>	<ul style="list-style-type: none"> <li>Secure paper and IP destruction</li> <li>Paper recycling and resale</li> <li>Onsite and offsite capability</li> </ul>	<ul style="list-style-type: none"> <li>Office and commercial relocations</li> <li>Short and medium term commercial asset storage</li> <li>Office and light industrial decommissioning solutions</li> </ul>	
<b>Growth trends</b>			<b>Growth trends</b>			
Secure storage			Secure data destruction and recycling			
Flexible working demands			Workplace transformation			
Digitisation			Rising technology lifecycle requirements			

<sup>1</sup> Management estimate of market share.

## Growth Strategy

Restore's medium term growth plan sees revenue grow to over £450m with associated growth in adjusted EBITDA to £150m, which will deliver significant shareholder value creation.

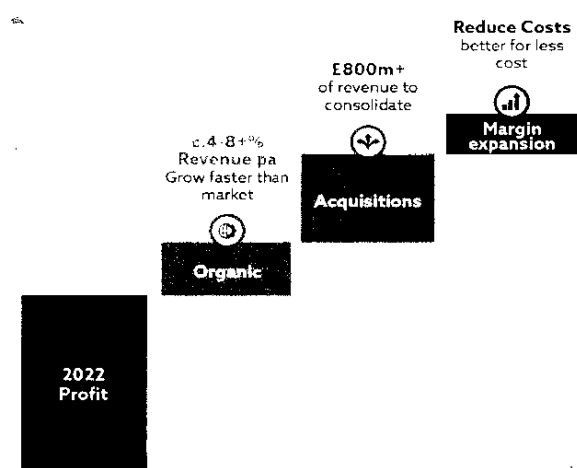
### Growth with quality

With a strong track record of profitable and cash generative growth and substantial opportunity to increase market share, Restore's high growth strategy is built on compounding, high quality organic expansion, strategic acquisitions delivering scale and product capability and margin enhancement through synergy and efficiency.

	2018		2019		2020		2021		2022	Medium term goal
<b>Sustained revenue expansion</b>	£195.5m	→	£215.6m	→	£182.7m	→	£234.3m	→	£279.0m	→ c.£450m - £500m
<b>Profitable organic growth</b>	+3.0%	→	+3.1%	→	+1.4%	→	+5.0%	→	+11.0%	→ 4-8+%
<b>Attractive adjusted operating margins</b>	21.6%	→	21.0%	→	17.4%	→	19.7%	→	18.6%	→ >22%
<b>Consistent adjusted EPS Growth</b>	+12%	→	+9%	→	(35%)	→	+55%	→	+5%	→ 10 - 30%
<b>Strong return on invested capital<sup>2</sup></b>	10.0%	→	11.4%	→	7.7%	→	10.1%	→	10.0%	→ >11 - 13%
<b>Strong cash conversion<sup>3</sup></b>	80%	→	123%	→	118%	→	104%	→	82%	→ 80-90%
<b>Carbon emissions</b>					11,870t		13,644t <sup>1</sup>	→	14,212t	→ Scope 1 & 2 Net Zero by 2035

### Growth Strategy

### Profit Roadmap



1. 2021 restated as we expand our data collection, data coverage and data quality.

2. 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.

3. Calculated as free cashflow (as defined on page 73) divided by net operating profit after tax (as defined on page 70) with an amendment to exclude the impact of the VAT deferral from 2020 to 2021.

## Investment Case

Restore provides a compelling investment case with high growth potential and strong resilience characteristics. Set out below are highlights of the investment rationale.

### Growth

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#### Long term structural growth markets, supported by future trends

Our markets are growing and with an estimated 14% share of the total market size of c.£2.0 billion, we have significant room to grow.

- Growing demand for cost effective secure storage
- Flexible working demands
- Digitisation
- Secure Data destruction and recycling
- Workplace transformation
- Increasing technology lifecycle requirements.

#### Strong market positions, high customer satisfaction and retention rates

In all of the five markets we operate in, we are either the UK market leader or a strong challenger.

- Operations across the UK in a diverse number of industries
- Primarily medium to very large sized organisations as customers, including regulated businesses (Utilities, Financial Services, etc) that form the backbone of the UK economy
- Public and private sector customer base, with 81% of FTSE 100
- Leading customer satisfaction ratings and high retention rates
- Ability to cross-sell wider Group services over time.

#### Track record of organic growth

The business has a track record of delivering organic growth and targets over 4-8% per year across its businesses.

- Sustained growth in the number of assets under management measured by number of boxes or the revenues in digital and commercial storage
- Development of new business lines in the Digital and Technology Recycling sectors
- Growth of new, highly recurring services and entry to new market segments including heritage storage and life science logistics support.

#### Substantial acquisition opportunity

The markets in which the Group operates are highly fragmented and provide substantial opportunity for consolidation further driving scale and cost benefits.

- Addressable acquisition opportunity (in revenue terms) is c.£0.8 billion of the £2.0 billion market in which the Group operates
- Acquiring just 15-20% of acquisition opportunity would surpass the Group strategy to reach revenues of £450-£500m and adjusted EBITDA of £150m in the medium term
- Acquisition rationale includes (1) scale benefit, delivering productivity and consolidation savings; (2) product/service enhancement, particularly in Restore Digital and Restore Technology; and (3) geographic coverage, delivering customer and operations benefits.

#### Strong margins with further growth potential

Group adjusted operating margins are strong and consistent at c.20% with further growth potential.

- Excellent margins, on storage and service income and the benefit of growing scale on fixed operating costs and capacity to invest to continually improve the quality of the business in finance, property, HR and IT and meet the requirements of a growing business and our ESG charter
- Goal to improve operating margins across all business units over time and to continue to unlock the benefit of the broader Group structure through a 'One Restore' approach which delivers up-selling across the product lines and consolidates cost wherever it makes a compelling rationale.

#### Increasing dividends

The Board aims to provide shareholders with regular, increasing dividends.

- Objective to provide shareholders with the best value creation, by balancing increasing dividends with strong investment back in the business
- Substantial increase in dividends from 1.5p per share in 2012 to 7.4p in 2022, representing a 17% average annual growth on dividend since 2012.



## Resilience

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### Resilient and ability to flex

Restore can adapt price and cost quickly.

- Critical demand characteristics for Restore's services demonstrated through the pandemic and subsequent macro-economic challenges in 2021 and 2022
- Underlying business resilience due to high proportion of fixed storage income and recurring nature of the revenues
- Contractual frameworks with customers in the majority of cases which allow for price change to be incorporated both ad hoc and in a more systematic way for example through annual CPI tickers.

### Appropriate debt and leverage strategy

The Group aims to operate leverage at between 1.5x and 2.0x adjusted EBITDA to deliver the strategy in the medium term.

- Demonstrable ability to reduce leverage by at least 0.5x per annum in the absence of acquisitions, reflecting strong underlying free cash flow generation
- Debt primarily financed through an investment grade revolving credit facility, together with a proportion of debt on a fixed rate through a bilateral loan note with a major US institution in the US private placement market entered into after the year-end.

### Strong ESG credentials and commitment

The Business has strong ESG credentials set out in its strategy 'Restore Our World' and is 'Planet Mark' accredited.

- Responsible operation of the Group's affairs
- Provision of services to support organisations with their own ESG strategies
- Continued evolution to drive the use of sustainable sources of energy
- Steps taken to ensuring all staff will be paid above the national living wage.

### Highly experienced management team with strong governance framework

Restore's Board is hugely experienced and dedicated to success for all stakeholders.

- Aim to operate as a FTSE250 in most respects, whilst listed on AIM, with the non-executive and executive team providing substantial experience and commitment
- Well governed business with high quality management processes in place today and a commitment to continuous improvement.

### Critical nature of our services

The Group operates across the UK in 91 sites and provides services that are vital to organisations day-to-day operations but cannot be performed effectively in-house.

- Secure document and heritage storage and management
- Digital information management and storage services
- Business process outsourcing
- Pre, mid and end of life technology asset management
- Secure data destruction
- Commercial relocations.

### Predictable, recurring income and highly cash generative

The majority of the services we provide operate under long term contracts or have highly recurring characteristics.

- Predictable, recurring income across 88% of the Group's revenues
- Predictable costs, principally being people, property or fleet lease costs
- Well managed, stable and resilient business
- Highly cash generative Group with the ability to reinvest in the business and fund acquisitive growth
- 71% recurring or fixed/rental revenue, 17% long term contract revenue, and 12% adhoc revenue.

## Our Divisions

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.

Providing a mixture of physical, pure digital, and hybrid (physical and digital) solutions, the Group supports customers in protecting their data assets and also unlocking the value of the information while transforming their business models and ways of working.

The Group is highly customer-centric with a small head office structure supporting the Divisions that are sector leading, highly product focused and operating everyday at customers' premises. We are scale operators in the markets we operate in and we work extensively with medium and large organisations across both the public and private sectors and have a high proportion of customers in regulated or semi regulated industries which require the highest levels of data governance. The customers we deliver services to form the foundations of the UK economy.

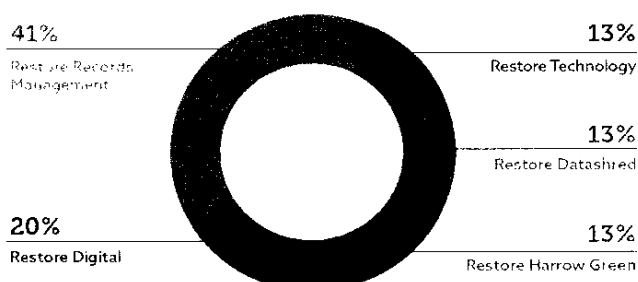
The business is centred around two growing sectors – information management and security in data and asset handling. Both of these sectors have long term growth characteristics (growing for the last 40 years) due to the critical nature of the services provided and cost efficiency which is in even greater need in the current challenging economic environment.

The business has strong governance, an exceptional leadership team and is managed through two business divisions comprising of five product aligned business units.

### Quality income

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.

### Revenue Mix



### Customer focus

Restore is highly customer centric and provides organisations with sector leading service delivery.

The business has best in class accreditations with a reputation for providing consistent quality and is highly trusted, 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 <sup>TM</sup> accreditation.

Our Planet

Our People

Our Business

### National scale

The Group has 91 sites across the UK providing national scale with local service.

The scale and capability of Restore provides customer with class leading services and cost benefits.

## Our Divisions: Digital and Information Management

**Records  
Management**

**No.2**

**UK Market Position**



<b>£113.7m</b>	<b>22m</b>	<b>975</b>	<b>52</b>	<b>Accreditations</b>
2022 Revenue	Boxes under management	Staff	Sites	Cyber Essentials ISO9001 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 profits and represents a major growth driver. With a consistent track record of organic growth and expansion through acquisition, Restore Records Management has 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 c.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.

Over 80% of revenue is generated from highly contracted storage fees which provide a predictable and consistent income stream and 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 52 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.

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 'unwended' 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 increasing scale and 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 records, tape and heritage management solutions and working closely with Restore Digital we can support customers with the full suite of services to transform their businesses.

**Digital**

**No.1**

**UK Market Position**



<b>£54.5m</b>	<b>650m</b>	<b>833</b>	<b>11</b>	<b>Accreditations</b>
2022 Revenue	Cloud hosted documents	Staff	Sites	ISO 9001, 27001, 14001, 45031, 22301, BS10008, Cyber Essentials Plus

**“High growth 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, process transformation consultancy and execution, business process outsourcing, digital document storage and digital asset management solutions.

A high proportion of our revenue is with large organisations and recurring in nature. This includes business process outsourcing, provision of digital rooms, cloud storage, support for the annual UK exam scanning season and other large long term projects that are central to the transformation of data management in the healthcare, engineering and energy sectors as well as a large number of complex Government initiatives.

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

The market is large and growing with long term positive trends. We help customers reduce their costs in delivering services to their end customers and also we help customers transform to be more digital and help them unlock further business growth. Over the last 10 years we have seen that customers are more comfortable working with a business that has both a physical and pure digital offering because we then tailor the solution to their needs. Our services are market leading and we are investing further in our software platforms to underpin our strategy of growing market share.

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.

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.

## Our Divisions: Secure Lifecycle Services

# No.1

Technology

UK Market Position

# No.2

Datashred

UK Market Position

£35.8m

2022  
Revenue

1.6m

Assets  
processed

431

Staff

7

Sites

Accreditations

ADISA Certified,  
ISO 9001, 14001,  
27001, 45001,  
National Police  
clearance

**“The UK's largest and most capable IT asset decommissioning and recycling business, operating with the highest levels of accreditation and reputation in a highly fragmented and expanding market”**

We have operated in the market for over eight years and notably in the last three years scaled operations significantly as we have realised the full opportunity in this market. The market for end of life IT recycling has been in existence for over 40 years and in the UK the market is extremely fragmented. We are the only national and scale operator with around c.6% market share so substantial room to grow.

Over the last 5-10 years the growing importance of secure destruction of data on all types of IT assets from laptops to servers to network equipment is driving demand and also more recently the environmental focus from customers about how their e-waste is being recycled or disposed of properly. We expect this trend to only grow in importance in the boardrooms of UK plc businesses which further underpins our confidence in the market.

In addition to end of life recycling services we provide full lifecycle management over IT and related assets. Restore Technology is unique in the sector in the breadth of its technical capability and its status as part of highly governed UK plc gives real confidence to customers.

Our products extend from software imaging, physical installation and asset tagging at early stage initiation, through the mid-life provision of relocation services, hardware and software upgrades and 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, we are investing to continue to grow our technical expertise and operational coverage and are uniquely positioned through our scale and experience to provide greater assurance and effectiveness in client engagement through both direct to customer and channel partnership channels.

We provide customers with a trusted supply chain of enterprise critical importance and our accredited processes provide high levels of customer assurance in managing 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 and Restore Technology is at the forefront of developing the future of this market.

£37.4m

2022  
Revenue

50,000

Average tonnes  
of paper recycled

341

Staff

12

Sites

4.7/5

Trust pilot

**“Highly accredited and trusted supplier of secure paper destruction and recycling services, operating with national scale but providing local customer service”**

We are one of two National operators providing onsite and offsite shredding services in a fragmented market. Visiting over 30,000 different sites with more than 400,000 total visits per year, we serve customers ranging from SMEs to large national organisations. Excellence in service delivery and positive customer experience is reflected in our market leading 4.7/5 trust pilot rating.

The majority of income is in the form of highly contracted service fees with the remaining income from the sale of recycled paper to UK and global paper mills. An average of 50,000 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 Restore and, as such, the business is more resilient to fluctuations in the highly commoditised shredded paper market.

Although we offer scale onsite shredding and offsite shredding we are seeing a growing trend for customers to prioritise environmental concerns with onsite shredding trucks emitting carbon outside customer premises versus the lower carbon alternative of offsite shredding in larger scale facilities powered by electricity from renewables. We are working with customers to incentivise and educate them on this trend which is becoming more attractive to customers especially when matched with the governance of a high accredited UK plc in Restore Datashred.

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.

**No.1****Harrow Green****UK Market Position**

<b>£37.6m</b>	<b>370,000 pa</b>	<b>301</b>	<b>9</b>	<b>115</b>
2022 Revenue	Desks relocated	Staff	Sites	Fleet size

**“The UK’s No.1 commercial relocations organisation with growing capability in high volume storage solutions”**

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 aligned storage solutions we provide are also highly valued and revenues and capacity is expanding as organisations seek flexibility to transform and manage their property estate or seek storage solutions for complex asset management requirements.

For many organisations, the integrated service we can provide simplifies a complex logistics challenge. In addition, for many clients, access to paper and IT recycling and long term records storage provide useful complementary solutions triggered by a decision to change location.

With a team of its size of over 300 staff and operating a fleet of 115 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.

Operating nationally, the business continues to expand its regional footprint and is developing expertise in new sectors, particularly media, heritage asset and life sciences where unique customer requirements require specific skills and assurance.

Importantly, Restore Harrow Green also plays 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 delivering an IT Lifecycle Service ensuring data security, high level of customer experience and driving cost efficiencies

The Customer is a leading player in the Managed Services space working with an extensive range of government customers.

Restore Technology has been working in partnership with the customer for 13 years and has been successful in retaining the contract through three tender cycles. In total, we have made 37,200 collections from both our customer and their customers and processed 971,818 assets. We will pass one million assets processed in 2023.

Our customer has three key objectives for their IT Lifecycle Services requirements:

- Absolute security of data to the appropriate levels for each asset
- Delivering cost efficiencies throughout the lifecycle
- Driving a positive customer experience for their internal and external customers

Restore Technology designed a service to meet and exceed these objectives.

We worked with the customer to understand the level of data security required for each asset on each project and recommend the optimum route. We provide a range of secure services, including secure disk wiping and onsite secure disk shredding, all to the highest level of security.

This means the customer, and their customers, can be certain that their assets are handled securely whilst choosing the most environmentally friendly way to dispose of them.

By taking this approach, we have delivered significant cost savings for the repair of iPhones and laptops, driven cost efficiencies through an optimised process for returning devices to stock so replacement devices are readily available customers and succeeded in re-marketing devices that are no longer required to generate funds that offset the cost of repair.

A key customer focus is customer experience. Restore Technology works hard to deliver the best possible service to the customer and their end customers with regular reporting on status to ensure we hit the target SLAs. One of the end customers has introduced Net Promoter Score and we consistently achieve a score of more than 80 demonstrating a world class service.

By consistently exceeding our client's expectations, we have successfully introduced additional Restore Group capabilities into the client with current projects in flight with our Restore Harrow Green.

### A Service Manager for the customer said:

"As a team you deliver consistently and have been seen more as an extension of our company rather than just a trusted supplier, you are responsive, proactive and at times due to our needs extremely reactive."

### A Head of Resourcing and Reskilling for the customer said:

"Restore Technology are flexible, responsive, and willing to consider different ways of working with us to help us increase revenue, reduce costs of disposals and to dispose of items in a way that is consistent with our corporate social responsibility aspirations."

## Delivering complex lifecycle services for Tata Consulting Services (TCS)

TCS is a global leader in IT services, consulting, and business solutions, leveraging technology for business transformation.

As part of their business transformation project with one of their large clients in the manufacturing sector, they needed to decommission two data centres in their customer's estate safely, securely, and efficiently.

This was a complex project that required detailed planning to ensure the protection of assets, the security of data and a focus on sustainability for end-of-life equipment.

Restore Technology worked with TCS to deliver a plan for the project detailing all aspects including physical environment issues, logistics implications, security considerations and end of life preferences so that issues were understood and addressed through the meticulous planning process.

Ensuring the security of data bearing assets was vital to TCS. Restore Technology was able to deliver all elements of the project from their own inhouse capabilities including appropriately vetted at all stages of the project.

Once the decommissioning began, assets were separated into data bearing and non data bearing to ensure each asset followed the best path for the most sustainable end of life choice. All data bearing assets were scanned to identify serial numbers so that every asset could be tracked throughout the process.

Non data bearing assets were collected from site and processed through the extensive facilities we operate throughout the UK. These items were then either recycled to maximise the re-use of component parts or re-marketed to extend their useful life.

To deliver the destruction of data bearing assets to the HMGIA standard required for the project, we were able to offer our secure on-site shredding service where our team of data destruction experts complete the shredding process on site using our own specialist vehicles.

At the end of the process, TCS and their customer, received a full set of certified reports detailing how the assets had been processed and a Certificate of Data Destruction to complete the audit trail for data security.

**'We were extremely happy with the full service from Restore Technology because we knew that they could deliver all aspects from their own team which is reassuring from a security perspective. From planning to delivery, the team were organised and professional throughout which led to a successful project delivered within agreed timescales.'**

## Our Strategy

### **Delivering a secure and sustainable future**

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**Our businesses share a common purpose – to provide the highest level of assurance to organisations in managing their data, information and prized possessions and to do this cost effectively and in the right way.**

From a UK success story of market consolidation in the document storage sector, Restore has evolved to become the UK's leading provider of Digital and Information Management and Secure Lifecycle Services and has successfully established itself as the number 1 or 2 in these markets through its focus on excellent customer service and a clear growth strategy.

Operating through 2 divisions, and 5 product aligned business units, we have a decentralised operating model but with strong governance led by a highly capable and experienced Executives and Board.

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.

## High growth with resilience

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Restore has a track record of strong, cash generative growth. The business has highly predictable, recurring income, and due to the critical nature of the services provided, the business is highly resilient.

The business has high potential and the strategy for growth is straight forward:

- **Organic expansion** of 4-8% per year through customer and product focus
- **Strategic acquisition** to enhance capability and realise synergy
- **Margin enhancement** through scale and efficiency.

This plan sees revenue grow from £279 million today to more than £450 million in the medium term with an associated increase in adjusted EBITDA from £80 million to c.£150 million.

Growth is planned across all business units. The largest growth in absolute terms is planned to be from consistent and steady growth in the Records Management storage and service income where the business is demonstrating a sustained increase in the number of boxes under management and is winning complex long term service contracts. Fast growth is planned for Restore's Technology and Digital businesses.

Progress is measured through our growth and will deliver long term value through investment returns, quality of earnings and meeting ESG responsibilities.



Our Strategy continued

## Organic expansion through customer focus

At the core of what we do is developing long term relationships with our customers that meet their complex and mission critical data and information requirements and one of our greatest assets is the quality of our large and high-quality customer base across both private and public sector.

The combination of our scale and this customer focus enables 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.

We are very clear that customers primarily seek to procure 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. We aim to develop deep and trusted relationships that encourage up-selling within the business unit and cross-sell of complementary services from other parts of the Group.

### Our customer base

FTSE 100 companies

**81%**

Top 50 UK accountancy practices

**76%**

Top 100 UK legal practices

**85%**

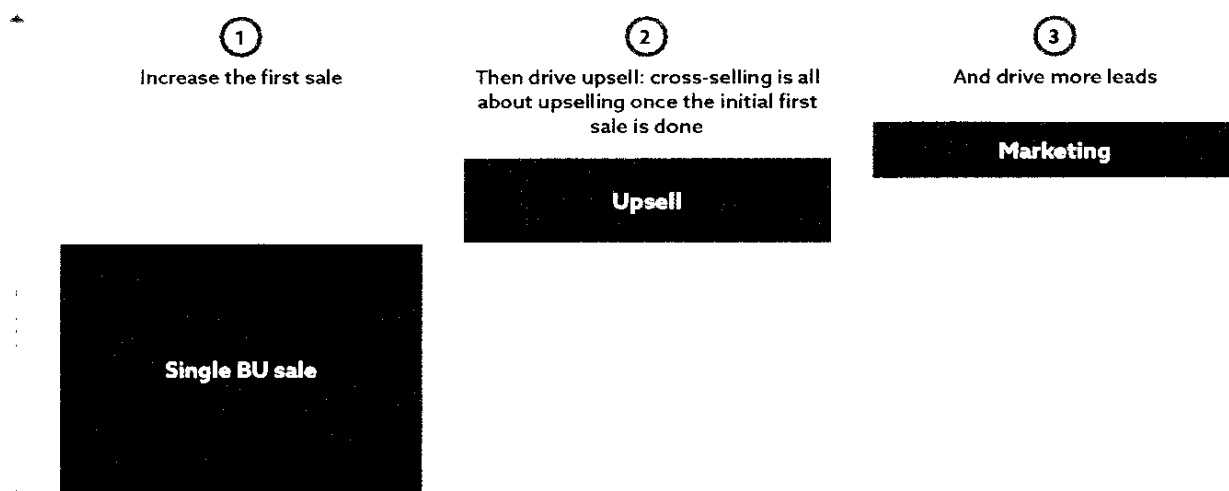
Local authorities in England, Wales and Scotland

**74%**

UK National Health Trusts

**82%**

### Sales Model



## Acquisition for capability and scale

Our businesses benefit from leading market positions today. However, we have a 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 mean 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 for our acquired customers who see benefit in now being serviced by a company with increased financial strength and service excellence

### Markets

	<b>Restore</b> Records Management	<b>Restore</b> Digital	<b>Restore</b> Technology	<b>Restore</b> Datashred	<b>Restore</b> Harrow Green	
Market Position	<b>No.2</b>	<b>No.1</b>	<b>No.1</b>	<b>No.2</b>	<b>No.1</b>	
Market Size	<b>£490m-£500m</b>	<b>£330m-£335m</b>	<b>£580m</b>	<b>£200m-£210m</b>	<b>£350m</b>	<b>£2.0b</b>
Market Growth <sup>1</sup>	c.1-2%	c.4%	c.5-6%	c.0-1%	c.1%	c.3%
Market Share <sup>1</sup>	22%	16%	6%	19%	12%	c.14%
Market Structure	Fragmented	Highly Fragmented	Extremely Fragmented	Highly Fragmented	Fragmented	

The business is highly cash generative and whilst operating at modest leverage, the business can fund a substantial proportion of acquisitions from the operating cashflows of the business. Where transactions are more substantial and provide a transformative step-up in scale, additional equity may be considered in order to maintain sensible gearing although the Board is very focussed on minimising dilution and focussed on earnings per share growth.

As the business grows it continues to invest to support this strategy and has developed high quality governance and management capability and in driving organic growth and integrating acquisitions successfully. However, growth is a constant and so attention to transformation and evolution remain a key priority and regular review of the operating model is conducted with adaptation of structure, IT and organisation capability requirements.

### Acquisitions in the year

#### Restore Records Management

- Secure Records & Data Management Limited<sup>2</sup> 4 May 2022
- UK Archive Limited<sup>2</sup> 20 May 2022
- Millbank Document Storage Limited<sup>2</sup> 31 October 2022

#### Restore Technology

- Ultratec (Holdings) Limited 3 May 2022

#### Restore Harrow Green

- CAMA Group Limited 31 October 2022

<sup>1</sup> Management estimate of market growth and market share

<sup>2</sup> Trade and asset purchases

Our Strategy continued

## Margin enhancement

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.

In addition, the highly contracted nature of the business provides certainty in planning ahead and although the business operates in competitive markets, in the main, each business can re-price on an ad hoc and structured annual pricing process.

### Pricing

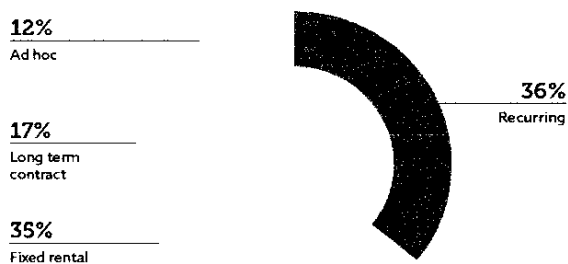
The business units operate differently but each has the capacity to adapt prices structurally in relatively short term and implement ad-hoc charges as circumstances change as we have seen through COVID-19 and the current inflationary period

Restore Records Management is the most highly contracted with long term, highly structured contracts supporting customer demand for security of service provision with Restore Digital and Restore Dashshed also highly contracted reflecting the high degree of complexity and need for service performance in these market segments. Restore Harrow Green and Restore Technology are generally more contracted on a per project basis with high customer retention due to the high trust that is built in these markets.

Key opportunities today include continuing to invest to drive productivity from the team with staff being the highest cost in the business, consolidation of the large property estate to increase storage density and reduce duplication whilst maintaining geographic coverage and consolidating costs and processes where one approach across the Group should deliver scale and quality return

Operating with strong margins today and through a continued focus on cost and on pricing, the Group has opportunity to improve margins and react to changing input costs as the macro-environment changes.

### Revenue type



### 2022 Cost base



\*£9.6 depreciation cost have been excluded

### Looking ahead

The business is making excellent progress in delivering the strategy and this is resulting in consistent growth and a business that is developing greater capability and more depth.

Whilst the current operating environment remains challenging, the Group has shown its resilience in the recent past and is well set to navigate the current challenges and to focus on continuing to demonstrate strategic growth.

# Case Study



## University of Manchester laboratory relocation

The University of Manchester is part of the prestigious Russell Group of universities, with outstanding facilities and the widest range of courses. Highly respected across the globe as a centre of teaching excellence and innovative research.

Restore Harrow Green were appointed to relocate 75 laboratories, which included 3,000 large items and tens of thousands of bench top items, 2,000 staff and students from ten buildings on the existing north campus to the purpose-built new facility and a few other buildings on the main campus.

We were involved in supporting the University Move Team with enhancing their processes which included, roles and responsibilities, countdown documents, enabling works document to complement their "Move plan pack" and develop the relocation programme.

The team completed a number of elements for the customer including working alongside the construction contractor in conducting familiarisation tours by department of the areas they were to occupy. Together we led and worked collectively to deliver any change requirements in line with the relocation programme.

Our relocation programme was also the driver for engaging and co-ordinating the lab equipment providers who came from as far afield as China, Taiwan, North America and all over Europe, quite a challenge considering there were still pandemic restrictions at this time.

We engaged specialist heavy lift companies to support where required, some of these items included an 11 tonne transformer for the High Voltage Laboratory, an Avery Test rig from the early 1970's which had to be stripped and rebuilt in its entirety along with a Northrop Shuttle weaving loom.

**The relocation went smoothly and was completed in the planned and agreed timescales, and within budget. There was minimal disruption caused to the research and the programme worked around teaching with no downtime for the teams.**

## Restore Harrow Green Laboratory Relocation for Yourgene Health

Yourgene Health is a leading integrated technologies and services business, enabling the delivery of genomic medicine. The group works in partnership with global leaders in DNA technology to advance diagnostic science.

Restore Harrow Green Laboratory Services worked with the Yourgene team and completed the multi-phase relocation in Manchester.

The team completed a number of elements for the customer including:

From the start our project manager:

- Completed site audits and surveys to ensure we had all the required information to allow for a successful relocation project.
- Measured all delicate laboratory equipment to ensure that specialist bespoke packaging was made and used to ensure equipment wasn't damaged during transit,
- Designed a suitable programme of works throughout the phases to ensure minimal science downtime,
- Obtained all the required information to safely and legally relocate chemicals and samples under ADR regulations,
- Completed packing and relocation meetings and advised of best practice,
- Completed regular planning meetings with key stakeholders,

The team completed:

- Packing/relocation/unpacking and positioning of equipment of 30 HGV loads over the relocation phases,
- Supplied DGSA (Dangerous Goods Safety Advisor) and ADR drivers to oversee and complete the relocation of chemicals and samples, including supplying specialist UN compliant temperature controlled sample shippers and chemical crates,
- Supplied bespoke crating and packaging/packing/moved/unpacked some very delicate and expensive analytical equipment,

The move was completed below the budgeted amount and our team were very reactive to changes in the client's programme requirements that were needed.

**"I just wanted to say a huge thank you to you and your team for all the support during our move. Mark, nothing but high praise for him, his team went above and beyond to ensure a lot of pressure was taken off myself and my team."**

**Sarah, Operations Manager, Genomic Services**

# Chief Executive Officer's Statement

Charles Bligh

"Our growth strategy delivered strong results in 2022. We are winning in the market and our essential services are needed more than ever by customers"

## Adjusted earnings per share (p)\*

2012	7.4
2013	10.5
2014	12.3
2015	15.6
2016	17.9
2017	22.4
2018	25.2
2019	27.6
2020	23.2
2021	15.0
2022	23.2
2023	24.3

\* Adjusted earnings per share is calculated as earnings before interest and taxes, less finance costs, less income tax, less non-recurring items, divided by the number of shares in issue.

## Dividend per share (p)

2012	1.5
2013	1.9
2014	2.4
2015	3.2
2016	4.0
2017	5.0
2018	6.0
2019	2.4
2020	Nil
2021	7.2
2022	7.4

## Introduction

I am pleased to report a further year of revenue growth, up 19.1% leading to another year of record profit delivery. Business activity increased during the year and despite the economic and political challenges, the business has shown excellent organic revenue growth of 11% with acquisition related growth of 8%.

After ending 2021 strongly and even with COVID-19 restrictions in Q1 2022, the business continued to see expansion with activity levels rising across the Group. With activity in the economy improving, the leadership team had to adapt very quickly to the rising inflation and economic changes brought about by the war in Ukraine and the political/economic volatility that ensued in H2. I have said many times during the last few years that Restore's business model has both highly resilient and growth qualities. We saw this demonstrated in 2020 and 2021 as we emerged from the pandemic even stronger than before, and we showed the growth qualities of the markets we are in as we won small and large contracts to drive organic growth.

## Health and Safety

Health and Safety is the first priority across the Group, and I am pleased with the year-on-year improvement in our operational safety. During the year we continued substantial investment in our people, facilities, and technologies to enable improved operational safety at the sites and in operating the fleet, as well as improving our reporting and monitoring systems.

We have continued to conduct our programme of internal and external audits across all of our operations and continually make improvements in policies and procedures. In addition, we carry out regular risk assessments to stand-back, learn and plan for more improvement in 2023. As the Board and I look ahead, our focus is continued expansion of technology enabled improvement and on enhancing further the culture of preventative safety across the Group, both of which are built upon the strong foundation that has been put in place.

## Results

Our financial performance was strong in 2022 with adjusted EBITDA increasing +9.8% to £81.5 million, and despite the headwind of rapidly increasing interest costs in the year we delivered a record adjusted profit before tax of £41.0 million, up +7.6% on 2021, and delivered a statutory profit before tax of £23.3 million, up +1.3% on 2021. Factoring in the prior year equity raise and the impact of this on the weighted average number of shares in issue in 2022 compared to 2021, we achieved good adjusted basic EPS growth of +4.7% to 24.3 pence per year, with statutory basic EPS increasing +41.4% to 12.3 pence per share.

I did highlight throughout the year that as we enter high inflation periods the cost base of the company increases at a slightly faster rate than our ability to take further actions to reduce cost and also increase pricing. Therefore this result, strong as it was, reflects the time lag between fast rising inflation and pricing.

On a positive note, a function of the highly contracted nature of the revenues is that they have the facility to apply in-contract price changes with a high proportion using backward looking CPI/RPI mechanisms. As such, as inflation abates we will see cost and price effects first neutralise and then move to a tailwind as cost pressure falls but price amendment remains at the higher rate due the lag effect of backward-looking price mechanisms.

Going into 2023, the net effect of pricing and inflation is anticipated to be neutral to positive on profit, assuming inflation reduces as expected.

Cash management in our growing company is a core discipline and the team executed strongly on all aspects of cash management. We finished the year with net debt at year end of £103.5 million delivering an improved leverage ratio of 1.7x. With the substantial cash generation capability of the Group combined with future profitable growth and the bank facilities we have, there is significant capacity to pursue highly accretive and strategic acquisitions when they arise.

For the first time in early 2021 we published our 'Growth with Quality' strategic growth targets which show the medium-term balanced goals including profit growth, Return On Invested Capital (ROIC), Cash Conversion and Carbon Emissions and I am delighted we continue to deliver against these targets. Investors can be re-assured we are focused on driving significant growth in our fragmented markets but also growth with higher quality contracted and largely recurring profits which fundamentally generates cash to re-invest back into the business to drive above average returns for shareholders.

## Customers

As previously highlighted, of the 19.1% revenue growth, organic growth was 11% and acquisition related growth was 8%. The organic revenue growth was largely driven by winning new contracts from customers and taking market share versus inflation related top line growth. I am very pleased with the improving quality of sales experience and execution across the whole sales team and at the same time I know there is more we can do to drive more pipeline and improve our win rates.

We had some notable large wins in the year, specifically in Records Management with the BBC Heritage contract worth c.£22 million over ten years, which is the largest contract win in the Group's history, and the DWP contract which will deliver over £1 million per year. Across the Group there were over 3,400 new customers in the year which is an increase of 18% (vs prior year new customer increases) which shows we can win market share with our excellent reputation for delivery and competitive pricing. In addition to attracting new customers to the Group we are driving a cross-selling programme which I sponsor with the Managing Directors and Sales Directors in each business unit. The activity associated with cross-selling is gaining more momentum in the business which all contributes to the organic growth in the business. There are many activities which drive cross-selling from the large to small customers, but one activity is referrals. Any employee can refer any opportunity which can deliver an incentive to them and in 2022 there were 1,000 referrals.

Chief Executive Officer's Statement continued

## Acquisitions

We completed five acquisitions in the year with three smaller bolt-on acquisitions in Restore Records Management, one acquisition in Restore Technology with Ultratec, and one acquisition in Restore Harrow Green. The total consideration of the acquisitions net of cash was £12.3 million.

## People

With another year of record revenues driving higher activity levels, we end the year with an increasing number of employees across our 91 UK sites and we are immensely proud to be a strong regional employer across the length and breadth of the UK.

The number of permanent employees at the end of 2022 was 2,881, which is an increase of 4.4% compared to 2,760 at the end of 2021, and our average agency workforce was 324 FTE for the year. We invested in training and development across the business from operations to sales and we have started for the first time in the company history, training of our management and leadership talent with the new 'Leading at Restore' programme. After significant changes in the top c.60 leaders in the business over the last 2 years, we have recruited into the business another 6 senior hires in sales, marketing and operations, with further leaders being awarded promotions during the year as we grow and build the team to deliver on the significant growth plans.

I am also delighted that in 2022 we committed to and signed the Armed Forces Charter to support our veterans and reservists and our target is to become a Gold member over the coming years.

## Investing for Growth

We continued to invest in our facilities in 2022 to support growth. In Restore Records Management we commissioned a new warehouse in Heywood which will have a 1 million box capacity, and we are well advanced on discussions to add further capacity with further warehouses. In Restore Datashred we upgraded our Welsh shredding centre in Bedwas.

We delivered in the year improvements to the digital infrastructure of the Group and also made progress on operating systems which will be implemented in 2023. Notably two business units (Restore Datashred and Restore Technology) will be replacing their ERP systems during 2023 on the back of development and testing in 2022 to drive significant benefits for customers and efficiencies in the business. The finance function is also undertaking a major transformation with consolidation to one technology platform. We have invested in further IT tools and security measures to improve our Cyber Defences and I am delighted we have renewed our Cyber Essentials Plus certification.

We have improved our physical assets security in 2022 with the commissioning of a new Physical Security Operations Centre to consolidate the 24/7 monitoring of our sites which will also include our mobile assets in the future (vans/trucks). We have plans over the next 2 years to invest even further to improve our security posture which will ensure we lead in our markets.

## Delivering Significant Growth

Our strategy is to deliver significant growth, over and above market growth levels, through organic market share gains, accretive and cash generative acquisitions and delivering margin growth using our scale advantage. The medium-term goal is to scale towards £450-500 million in revenues and therefore increase Group adjusted EBITDA to c.£150 million. 2022 adjusted EBITDA was £81.5 million and 2019 adjusted EBITDA was £70.0 million, meaning the business has experienced 16.4% growth in adjusted EBITDA over that 3 year period.

With these and prior results we have demonstrated that we can grow above the market when the wider economy is growing and also when there is uncertainty as shown during the pandemic periods. We also know that in the coming years, with perhaps slower economic growth, we can still continue to grow, because in simple terms, we deliver essential services which saves money for medium to large private/public sector organisations. We also deliver services that customers cannot do themselves at the same scale, service level and cost. During low to negative economic growth periods, organisations are looking to save money and they can outsource more to us and reduce their costs. Therefore we are confident in our ability to continue to grow with strong sales and delivery execution. We do not take this for granted which is why we invest in service innovation and customer experience to have the best customer satisfaction, trust, and certainty of delivery for our customers leading to repeat business and cross-selling opportunities.

Looking at the wider market trends in the UK and around the world the forces which drive growth in our markets are:

- 1) Digitisation
- 2) Security of Data
- 3) Flexible working, and
- 4) Sustainable working in a low carbon economy.

These are forces which have been persistent for the last 20-40 years and we see these forces only growing in intensity and size in the future, which underpins our confidence in the growth of our markets. The services we provide favour providers with scale which drives down unit costs and therefore being either a number one or number two provider in the markets we operate in is key to our success going forward.

## ESG

We announced our new ESG Strategy in Q4 2021 called 'Restoring our World' and I have been pleased with the enthusiasm and focus of the whole Restore team to drive the changes we need. We have actions and targets for the areas that matter for our business to make an impact, in particular in the area of carbon emissions. We have bold targets of Net Zero by 2035 for Scope 1 & 2 emissions and 50% reduction in our Scope 3 emissions by 2030. As a result of rising activity levels in the business, in 2022 we did increase our overall Scope 1, 2 & 3 emissions by 3.5%. However, over the same period revenue increased 19.1%. Therefore, as a result, our carbon emissions per £1 million of revenue decreased by 12.5% which is positive, with emissions per employee similarly decreasing by 12.5%, also showing we are making a difference in the business.

We have plans to drive the transition to electric vehicle which is a large part of our current emissions, and we are also looking to do much more with our supplier base to reduce emissions into the business.

## Digital and Information Management

Our Digital and Information Management division comprises Restore Records Management and Restore Digital. For 2022 revenue was £168.2 million, up 21.6% on 2021 with adjusted operating profit of £47.4 million, up £11.5% on 2021.

### Restore Records Management

Restore Records Management delivered strong growth of 12.1% in revenue during 2022 with total revenue of £113.7 million, which includes organic revenue growth of 8.9%. Total net box growth was 1.6% including good organic growth at 1.2% (vs 1.3% in 2021 vs 0.9% in 2020).

It was a record year of customer wins which underpinned the 1.6% net box growth in 2022 and indeed underpins the growth we expect in 2023. As I previously mentioned, we won the largest contract in the Group's history with the BBC for c.£22 million and also a large contract with the Department for Work and Pensions of c.£1 million per year in revenues. Both wins will result in the transfer of documents/items from facilities managed by the BBC/DWP which demonstrates there is still a substantial amount of opportunity for unvented storage to grow the market. In addition to these larger wins, we experienced a record number of new customers with 286 new customer wins in 2022 which is a 36% increase on 2021. Going into 2023 we have a strong pipeline of potential new customers to power the organic growth going forward. We have over 60% of our 2023 new box target already confirmed.

Storage revenues grew by 8% during the year and service revenue grew by 21% to £32 million because of an increase in project revenues primarily in the public sector. We believe customer activity levels have normalised after COVID-19 and we are seeing an increase in discussions in activity around projects to manage their inventories which were postponed during 2020/2021 because of COVID-19.

We implemented price changes throughout the year with CPI or RPI increases (backward facing) as applicable depending on the contractual terms. Given the rapid inflation increase from May to December, the price increases did not fully cover cost increases causing tailwinds in the business, but in 2023 we expect much higher increases with the full impact of the high inflation kicking in to offset the cost increases. We are also seeing our competition implementing significant price increases in the market.

We made three bolt-on acquisitions in Restore Records Management during the year with a total value of £0.7 million with all the boxes transferred to existing facilities.

We have an 8-10 year strategy to rationalise sub scale or high cost sites as and when leases expire and in 2022, we closed four sites with a total box count of 270 thousand and have other sites in the process of being consolidated.

As a result of the new net wins, acquisitions, and rationalisation of sites we ended the year with an occupancy rate (utilisation of

the available capacity) of 97% which is a very substantial increase from the start of the year which was 89%. This occupancy rate is higher than we would like, as it drives extra costs and can constrain growth. It has resulted from the fast pace of client wins and, as such, we are actively looking to accelerate further expansion plans and our search for new sites to cater for the growth we see in the immediate term but also over the next 10 years. We expect over the next 10 years boxes under management to grow from c.22 million to over 25 million based on organic growth and in addition further expansion will be needed for acquisitions.

We continue to deliver for customers and our reputation on Trustpilot with over 405 reviews shows 4.5 stars and an 'Excellent' rating which also complements our internal customer satisfactions surveys and account reviews. Having said this, to make the experience even better, we are investing in our portals and technology for our warehouse and drivers. These should not only improve the customer experience but deliver improvements in productivity in our facilities. We are taking the learnings in our Restore Datashred business and using these to improve the planning for service deliveries to drive route density efficiency as we scale the business.

The short and long term customer trends in the market are positive which underpins our confidence in organic growth. The market is still fragmented which means there is significant acquisition opportunity to further improve the scale of the business. Combining this growth and the productivity improvements we know exist and cost reductions as we rationalise various sites across the UK, means we are confident in the ability to significantly grow revenue and deliver significant profit growth over the short to medium term.

### Restore Digital

Restore Digital revenues continued to increase substantially with revenues up 47.7% to £54.5 million, driven by excellent organic revenue growth of 25.0% with acquisition related growth of 22.7%.

Over the last 3 years the business has transformed from a c.£20 million revenue business with a focus on large scale scanning to be a multi service business with over £50 million in revenues. The revenues are much higher quality, longer term contracted in nature, and more in the high growth areas of cloud, consulting and business process outsourcing. We are leading the markets we operate in but with overall 16% market share in growing markets we have substantial room to grow.

With strong execution and improved market leadership we are seeing good win rates with customers and we are now bidding and winning contracts we would not be considered for in the past, therefore opening up further growth potential. Although we enjoy winning large scale 3-12 month projects, the market dynamics mean our teams are increasingly focused on customer engagement, which have longer term (multi year) annuity services, which involve our cloud and software offerings combined into a Business Process Outsourcing service.

Restore Digital won a significant contract with HMRC to digitise a large archive of records held on microfilm and microfiche. The records date back to the 1960's and are accessed daily by HMRC for historic



## Chief Executive Officer's Statement continued

employment queries by the public. Requiring a complex IT setup due to the volume of data, Restore Digital are scanning c.6.5 million images per day using industry leading microfilm / fiche scanners which will be used for over 12 months until late summer 2023.

Restore Digital has also partnered with Softcat to support Digital Transformation, addressing the complex, customer-specific requirements within the wider NHS. The first contract win was with a Northern England NHS where Restore Digital was chosen as a preferred partner of Softcat to provide digitisation and data hosting services to the Trust (contract value of c. £0.9 million). These services will help the Trust meet the technical challenge of linking complex systems together, putting in the right infrastructure, standards, and security measures with the emergence of new digital systems and services, such as; Cloud, Robotic Process Automation and Artificial Intelligence.

With increased scale, the team also delivered strong productivity improvements in the year and combined with the larger mix of higher profit services, the business improved margins year over year. We did experience higher staff costs, as expected with the higher inflation in the year, but this was also partly offset with a relentless focus on costs and driving efficiency with technology investments to drive long term productivity improvements. We have not been constrained by availability of people to support growth and the regional nature of our operation spreads this load across the UK.

The long term trends for Restore Digital are very positive as we have described in the last few years. Over the last 10 years customers are seeing increasing ways to monetise the data (of which a substantial amount is in paper records) they have in their organisation, and we see this trend continuing for the next 20+ years. Customers are looking to drive new revenue streams

with the creation of new products or services or looking for insight to drive operational efficiency with new IT investments. Ensuring you have customer data from the past (largely in physical form) and the future is important and customers are looking to their physical and digital records suppliers to help them unlock these benefits. Our focus is to help customers in a physical document environment to a hybrid of physical/digital records and workflow processes to a pure digital workflow. We are uniquely placed with both a physical records business and a scale digital business to help customers navigate this often complex and long term issue which can drive significant profits for our customers.

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 Digital comprising a mixture of project and multi year contracted revenues.

The medium term strategy is to grow to more than £80 million in revenues through an organic growth plan. Acquisitions provide further opportunity to accelerate this plan and build a business of even greater scale and service offering. Over the last 3 years we have moved the business from a business with c.80% of the revenues from large scale scanning and this is now reduced to represent only around half of the business. The other half of the revenues are Cloud, Consulting, SaaS and Business Process Outsourcing which are higher margin in nature, often with long term contracts. Our intention is to focus on these higher margin services while maintaining our leadership position as the "go to" provider for large scale and complex scanning services.

## Secure Lifecycle Services

Our Secure Lifecycle Services Division comprises Restore Technology, Restore Datashred and Restore Harrow Green. For 2022 revenue was £110.8 million, up 15.4% on 2021 with adjusted operating profit of £11.8 million, up 0.9% on 2021.

### Restore Technology

Restore Technology continued to grow significantly based on organic growth and acquisition activity, both in-year and from the effect of prior year acquisitions. The business delivered revenue of £35.8 million (2021: £28.1 million) an increase of 27.4%, which we believe gives us a market share of approximately 6% showing the enormous opportunity to grow organically and with acquisitions to consolidate a fragmented market.

*The medium term focus of the business is to increase our scale in end of life processing of IT equipment and to build out our ability to process Intel PC/Laptops, Apple Laptops, Servers, Networking equipment and all types of hard disk technologies. We made very good progress in 2022 which saw us increase our processing of assets by 14% to 1.6 million (2021: 1.4 million) across the 7 core operating sites, and invest further in skills to process the different technologies described above.*

In addition to recycling end of life assets, a significant number of customers in the private and public sector have the most stringent security and require us to completely destroy old IT assets. We are the most trusted and leading provider in the UK with the highest levels of certification. As a result we saw IT destruction revenues increase by 18.5% during the year which was largely driven by organic growth, and we expect this to continue going forward.

We also deliver important services in the pre and mid life of an IT asset to help customers configure and deploy IT equipment and update/change equipment during its life. Our pre and mid-life services grew by 34.6% during the year.

We did experience a slower increase in assets collected during the year than predicted as a result of the wider slow down in IT investment, after the significant increase in 2021. We had to quickly adjust our cost base, but the overall change was profit impacting during the year. However we exited the year with the right cost structure for the volume and we continue to invest in sales and marketing to drive market share gains to further increase volume in 2023.

Across all our services we derive our revenues from both direct customers and through the partner channel (IT Vendors, IT Resellers, Network vendors, Network Resellers, leasing companies etc). Three years ago, the revenues of the business were largely derived from direct customers which accounted for over c.90% of the revenues. Moving forward, we want to grow our direct customer base, but we want to significantly grow our partner channel, which will ensure we access more of the available market to underpin our growth. We have a dedicated Partner Sales team who are delivering excellent growth in the key channel partners in the UK market. We expect over the medium term to generate roughly the same revenues from direct and partner customers.

Our acquisition strategy continued with the acquisition of Ultratec in May of 2022. Ultratec brings on board over c.£7 million of annualised revenue across three business streams. Its core business is the trading and handling of recovered hard drives. Ultratec has the largest stock holding of historic hard drives and customers from across the world use the business for upgrades and replacements into their current and legacy platforms. Ultratec has a large customer base in the UK, which fully complements the Technology partner business.

Ultratec developed and patented a platform called Genesis that can recover hard drives that have failed during industry standard software wiping of data (i.e. Blancco, Youwipe). This offers a unique opportunity for Restore Technology as approximately 30% of hard drives fail when being wiped. Historically, these are then destroyed (to make safe the data they are storing) with minimal value but using the Ultratec Genesis platform, there is the opportunity to further recover over 80% of these failed drives, wipe them and then resell at the relevant market price. Ultratec also provides this Genesis platform on a rental model (SaaS model) to a number of international partners, and we see this highly contracted service offering as providing further growth opportunities for the business.

The Technology team continue to integrate the three companies acquired in 2021 (CDL, PRM Green and the Bookyard) into the existing national footprint. The Bookyard has been successfully re-located into a purpose-built Apple facility in the Runcorn location from which we see enormous opportunity to grow with Apple IT assets. This will form the hub for the majority of Apple assets processed across the wider business.

Restore Technology remains focused on driving both organic and acquisitive growth in an extremely fragmented market. The business offers our partners scale in IT Recycling services and the immediate ability to complement their own services and offer a full lifecycle into their customer base. In return Restore Technology gains quick traction into the in-situ customer bases at a reduced cost to on-board.

The long-term trends of using more IT assets in organisations coupled with the risk associated with security of data and environmental concerns for end-of-life assets means that building a large IT Recycling/Lifecycle business using scale to drive down costs presents a significant opportunity to grow shareholder value. We believe there is substantial opportunity to improve the margins of the business as we scale and drive productivity improvements. Given we are a leader in the market with only 6% market share, and with full national coverage with expertise across all technology types from Intel, Apple, and various hard drives, we see ample opportunity to grow.

### Restore Datashred

Restore Datashred, a market leading secure shredding and paper recycling business had a strong year with revenue up 23.8% to £37.4 million (2021: £30.2 million) which was driven by a 19% increase in service visits for the year, recycled paper tonnage collected was up 11% and we also experienced strong paper prices throughout the year.

## Chief Executive Officer's Statement continued

After the last COVID-19 restrictions were lifted in late Q1 22 we saw a steady increase in customer visits throughout the year. This demonstrates the continual re-activation of customers for the service driven by the post pandemic increase in workers in the various offices (large and small) and wider public sector organisations across the UK. We are now operating at c.8% below pandemic volumes which we believe has now stabilised and expect growth to come from growing the number of customers taking our service.

The market for recovered paper continued to improve from the paper mills across the UK and Europe. Their focus is improved quality of paper, and this favours our business given we have the highest quality recycled white paper. The average paper price throughout the year was £238 per tonne which was a 29% increase on 2021.

We are winning in the market with our consistently high levels of responsiveness and customer service backed by the national network giving customers a one stop shop. We increased the number of customers taking our service in 2022 by 10% versus pre pandemic levels. There were several key wins across the year with a sizeable new national telecommunications customer, where Restore Datashred, Restore Harrow Green and Restore Technology are providing an office closure program initially for 900 offices. This opportunity will continue into 2023. Additionally, as part of the push in digital marketing Restore Datashred onboarded over 2,812 customers that are new to the Group.

Operational efficiency is a relentless focus of the team, and we delivered further increases in productivity during the year based on better on the day execution and also using analytics and data to drive changes in operations. The team continued to focus 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). We also moved and converted our destruction facility in Rugby to a collection facility in a shared location with Records Management, Coventry. All these changes have resulted in further productivity in the year, with the number of visits per driver, per day, increasing and the number of miles per visit down by c.15% (versus 2021). Combined, this delivers savings on fuel, maintenance and delivers overall cost reductions.

Customer satisfaction was again, excellent throughout the year with an increase in our Trustpilot score to 4.7/5, and we improved our market leading NPS score to 76 (2021: 72.5). Our digital transformation drive continues, with a focus on automation to streamline our processes, enhancing our customer experience. We launched additional Homeshred services which means we offer the most comprehensive, fully compliant, home worker solution in the market. We will be upgrading the core IT system (ERP) of the business in H1 2023 and from this we expect to improve the 'ease of use' for customers to service online and allow us to deliver further operational improvements on a growing customer base.

As a paper recycler, the environmental priority is a core part of what we do, but customers are asking for more, specifically Net Zero carbon solutions. It is relatively easy to provide a shredding service badged as Net Neutral using carbon offsets, but customers are challenging how we can deliver with Net Zero.

Onsite shredding has been a popular service in the last 20 years, but it does produce significant carbon with the engine constantly powering the shredder in the truck at a customer site. Contrast this with offsite shredding where we pickup 'bins' or 'sacks' of whole paper in normal box trucks, securely transport to our facilities where we are using renewable power in the shredding centre. We are leading in both services, but we are seeing growing requests from customers to deliver Net Zero vs Net Neutral, and this favours our business model with national scale offsite shredding facilities. To be fully Net Zero we need a wider variety of electric vehicles, and we are trialling Electric Vehicle and expect over the next 3-5 years this to be more popular than onsite diesel service.

In addition to the environmental concern the highest priority of our customers is the security of data with their shredding service, and we see both the security of data and environmental concerns to only grow in priority around the board table of our customers.

Our strategy is to grow the business both organically and through acquisitions which increases our scale and over time to deliver a Net Zero service. I am delighted with the progress made by the team over the last few years and our focus is to continue to grow the customer base through organic expansion and driving down our costs with further scale effects. The wider market is very fragmented, and we believe there will be consolidation going forward and we are ideally situated to acquire businesses and incorporate them into the existing footprint of the business delivering strong synergies.

### Restore Harrow Green

Restore Harrow Green delivered a solid year with stable revenues of £37.6 million (2021: £37.7 million). As previously announced the Ministry of Defence (DAS) contract ended in Q1 of 2022 and adjusting for this contract the business achieved underlying growth of 8% on prior year. The year was characterised by a lot of smaller to medium projects as customers reconfigured their office space to work in a post COVID-19 environment. We see this favourable trend continuing in 2023 and beyond. We did expect to see the larger projects which were postponed in 2020 and 2021 start to deliver in 2022 but with construction delays across the wider commercial market we have only now started the preparatory work and expect these larger projects to deliver in 2023 and 2024.

A strategic focus is to build our storage revenues and we delivered £4.4 million of storage revenues in 2022, up 7.3% (2021: £4.1 million) on prior year. We are now at 96% utilisation across our 9 sites, and we are in active discussions to add more capacity given the long run growth trend as customers seek more flexible working space and then store furniture/equipment to call on as needed.

We are delighted with the success in the Life Sciences/ Pharmaceutical market. Revenues in this segment are £3.8 million which is a 450% increase on prior year. Our Cambridge facility opened in 2021 and is operating ahead of expectation with storage utilisation of over 90%.

As always, the team showed strong cost control and with our flexible labour model we could flex our resources to meet the demands of our customers. Increased utilisation of our assets helped drive further efficiencies and reduced our variable costs.

Although some larger projects moved into 2023/24, we did deliver some major projects such as the University of Manchester MECD relocation (the biggest undertaking of its type in the UK), University of Glasgow Arc Institute, Preston Museum Harris project, Salford University Science and Engineering relocation, HMRC clearance projects and supported the Commonwealth Games.

The uncertainty surrounding hybrid working deliberation, delays on construction projects and a lack of high grade ESG compliant properties also impacted on potential project works, however, as the year progressed, we saw an increase in major quoting opportunities across our core businesses. We also continued to maintain our high win rate when bidding for work. Examples include Apple, Credit Agricole, T Rowe Price, BT, EDF Energy, Skadden, Hogan Lovells, BPP, Burberry and Ted Baker. In addition, we successfully secured national agreements with HSBC, Emcor and BT which will generate a major revenue stream for Restore Harrow Green throughout 2023 and beyond. We were also successful in retaining key clients such as Anglia Ruskin University, Southwark Council and Kirklees Council.

Although our competitors have bid aggressively during the last few years, we continued to maintain high win rates demonstrating that our track record on delivering complex projects and the trust in our brand to stick to quoted pricing resulted in us securing several large opportunities, showing that clients still value excellent service and robust, accurate budgeting. The outlook for large projects is looking positive with a number of long-term projects in the pipeline which we estimate will have significant values (circa £800K+), and these are spread across both office relocation and specialist Pharma and heritage sectors. Most notably the BBC Archives relocation starting in Q2 2023 in conjunction with Restore Records Management.

Our acquisition focus in Restore Harrow Green is to look for bolt on opportunities which provide additional scope of services aligned to the business strategy. We are delighted in Q4 2022 to acquire CAMA Workspace for consideration net of cash of £2.6 million. CAMA Workspace was a family-run company providing premium corporate moves and services for more than 100 years, uniquely over 40% of the business was in long term storage with a total revenue of c.£2 million. In addition, a majority of the customers are not active customers across the wider business.

Over the next 12-24 months we expect increasing activity from larger projects deferred over the last three years, along with the constant growth of companies looking to downsize, upsize or regionalise their businesses across the UK to drive down costs and access the needed skills and staff.

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 to strengthen our service proposition and target key customer segments. Restore Harrow Green has a pre-eminent customer list across all industries and public sector organisations which also supports additional cross-selling opportunities from the wider Group.

## Outlook

Looking ahead we see strong demand for our essential services which saves our customers money. This is the major focus of our customers given the weak economic backdrop in the UK in the short term.

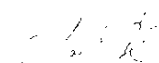
The trends in our market have been positive for the last 20 - 40 years. With market growth expected to continue and together with our high win rates, I have confidence in our ability to continue to drive strong organic growth in the future.

We are increasing prices as appropriate at CPI/RPI in most cases, and driving investments to improve our productivity, with a relentless focus on cost as we scale.

Although we do not envisage acquisitions in H1 2023 the pipeline for buying cash generative and EPS accretive businesses with strong returns based on synergies, is substantial. With pricing of assets becoming more balanced we see opportunity to grow with acquisitions later in 2023 and consistently over the medium term as outlined in our profit growth plans.

Over the medium term, the high growth strategy based on above market organic growth, accretive acquisitions, and margin growth as we scale gives us confidence in the goal to grow revenues from c.£280 million to between £450-500 million, and substantially increasing adjusted EBITDA to c.£150 million.

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



**Charles Bligh | Chief Executive Officer**

15 March 2023

## Chief Financial Officer's Statement

Neil Ritchie

"Restore has delivered strong growth in challenging conditions, demonstrating the resilient nature of the business."

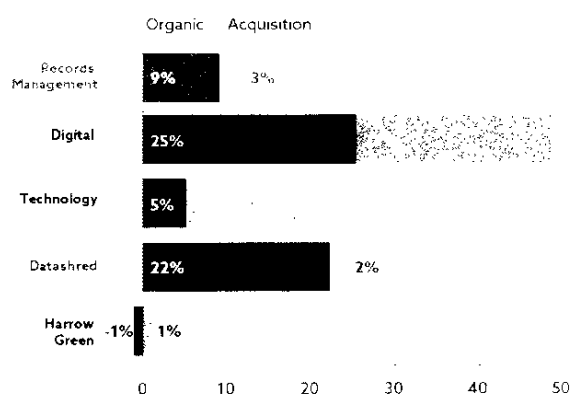
### Financial Highlights

	2022 £m	2021 £m	%
Revenue	279.0	234.3	19%
Adjusted profit before tax <sup>1</sup>	41.0	38.1	8%
Statutory profit before tax	23.3	23.0	1%
Adjusted EBITDA <sup>1</sup>	81.5	74.2	10%
Free cashflow <sup>2</sup>	34.6	31.5	10%
Net debt (pre IFRS16)	103.5	100.8	3%

1 Reconciled on page 70

2 Reconciled on page 73

### Revenue growth (%)



### Overview

I am pleased to report that Restore has delivered a further year of growth for the year ended 31 December 2022 with a 19.1% increase in revenues to £279.0 million, an 7.6% increase in adjusted profit before tax to £41.0 million and a small increase in statutory profit before tax to £23.3 million.

The strong revenue expansion is driven by organic growth of 11% with acquisition effects providing a further 8% growth. As a result, adjusted EBITDA, after the effects of IFRS16, increased 9.8% to £81.5 million with adjusted EBITDA before the effects of IFRS16, as used for covenant calculations, growing by 10.7% to £59.9 million.

The growth in profits is especially pleasing given the challenging economic conditions and this robust performance illustrates the resilient nature of Restore and its ability to adapt to changing conditions.

Five acquisitions were made during the year with Restore Technology acquiring Ultratec (Holdings) Limited, a hard drive recovery business for £9.0 million net of cash in May, three bolt on acquisitions in Restore Records Management for £0.7 million and a small acquisition of a commercial storage and logistics business, CAMA Workspace Ltd, by Restore Harrow Green for £2.6 million net of cash in October.

Good cash generation continues to be a key characteristic of the business with cash conversion of 82% for 2022 (2021: 104%) and leverage reduced to 1.7x at 31 December 2022 (2021: 1.8x).

The business exits 2022 in good condition and as we look ahead to 2023, we are focussed on pricing, cost and cash in the near term whilst continuing to develop our strategy for growth through organic expansion and strategic acquisitions for capability and scale.

## Income statement and profit performance

The business increased in scale during 2022 and has delivered underlying organic growth whilst successfully integrating the acquisitions made in 2021 and 2022.

Restore Records Management achieved a further year of strong box growth of 1.6% with major contract wins for the Department of Work and Pensions and BBC Heritage providing the business with a solid platform for growth in 2023 and overall revenue growth of 12% for 2022.

Restore Digital had an outstanding year with revenue growth of 48%, benefitting from the successful integration of EDM, acquired in 2021, incremental contract wins and expansion with existing customers through deepening the level of service provision.

Restore Technology provided good revenue growth at 27% but this was lower than the high bar we set for the business with the asset supply side proving less of a tailwind than expected, largely due to production issues in new assets coming to market. That said, the downstream demand for refurbished assets remained very strong.

Restore Datashred visits increased in the year and with strong paper pricing, the business has enjoyed a good performance with revenue growth of 24%.

Restore Harrow Green has transitioned in 2022, filling the gap created through the loss of its sub-contracted work for Ministry of Defence relocations, into expansion in the regions and storage incomes with overall revenues flat year on year.

Adjusted operating margins remained strong at 18.6% (2021: 19.7%) with the benefit of increased scale but slight dilution due to an increased proportion of Restore Digital within the mix and a time lag between price increases and cost inflation.

The Group's adjusted profit before tax increased to £41.0 million for the year (2021: £38.1 million), an increase of 7.6%. The statutory profit before tax also increased to £23.3 million (2021: £23.0 million).

The increased profits reflect the strong organic and acquisition related revenue growth, offset by the significant year on year increase in interest cost from bank borrowings of £2.4 million that resulted from the rapid increase in interest rates.

Revenue	2022 £m	2021 £m	Organic £m	Acquisition £m	YoY £m
Restore Records Management	113.7	101.4	9.1	3.2	12.3
Restore Digital	54.5	36.9	9.2	8.4	17.6
<b>Digital and Information Management</b>	<b>168.2</b>	<b>138.3</b>	<b>18.3</b>	<b>11.6</b>	<b>29.9</b>
Restore Technology	35.8	28.1	1.4	6.3	7.7
Restore Datashred	37.4	30.2	6.5	0.7	7.2
Restore Harrow Green	37.6	37.7	(0.4)	0.3	(0.1)
<b>Secure Lifecycle Services</b>	<b>110.8</b>	<b>96.0</b>	<b>7.5</b>	<b>7.3</b>	<b>14.8</b>
<b>Total</b>	<b>279.0</b>	<b>234.3</b>	<b>25.8</b>	<b>18.9</b>	<b>44.7</b>

## Chief Financial Officer's Statement continued

## 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 the annual report 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:

	2022 £m	2021 £m
Amortisation	12.1	10.7
Acquisition transaction/advisory costs	1.4	1.2
Restructuring and redundancy	2.6	2.4
Property related costs	0.9	
Strategic IT reorganisation	0.7	
Other adjusting items		0.8
<b>Total adjusting items</b>	<b>17.7</b>	<b>15.1</b>

The £2.6 million increase in adjusting items is largely due to an increase in amortisation of £1.4 million principally arising on acquisitions, acquisition and restructuring costs incurred in the year, the settlement of an unusually high charge on the exit from a property and investment to deliver strategic IT programmes that due to the nature of cloud-based accounting are expensed as incurred. Investment of c.£4 million is planned across Finance, HR and other systems over 3 years with the in-year cost of these programmes £0.7 million in 2022.

## Earnings Per Share (EPS)

Adjusted basic 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.

Adjusted fully diluted 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 and options granted over the shares of the Group.

	2022	2021
Weighted average number of shares in issue	136,761,738	132,932,784
Weighted average fully diluted number of shares in issue	138,025,803	137,669,498
Adjusted profit before tax (£'m)	41.0	38.1
Tax at 19.0% (£'m)	(7.8)	(7.2)
Adjusted profit after tax (£'m)	33.2	30.9
Adjusted basic earnings per share	24.3p	23.2p
Adjusted fully diluted earnings per share	24.1p	22.4p

The 4.7% increase in adjusted basic earnings per share to 24.3 pence (2021: 23.2 pence) results from a 7.6% increase in adjusted profit after tax and a 2.9% increase in the weighted average number of shares.

Statutory basic EPS grew by 41.4% to 12.3 pence as a result of profit growth in the year and a non-cash deferred tax cost adjustment impacting the prior year as a result of the increase to UK corporation tax rate.

## Financing and interest expense

Net debt closed the year at £103.5 million (2021: £100.8 million) with leverage reducing from 1.8x to 1.7x as a result of the increased adjusted EBITDA.

	31 December 2019	31 December 2020	31 December 2021	31 December 2022
Net debt	£88.5m	£66.1m	£100.8m	103.5
Leverage	1.6x	1.8x	1.8x	1.7x

Interest expense relating to bank borrowings increased to £5.0 million due an increase in the average debt balance for the year as a whole and the increase in interest rates from 0.25% to 3.5% during the year. Non-cash interest arising on application of IFRS16 relating to leased assets, primarily property, reduced by £0.2m as a result of the lease liability reducing from £117.0 million at 31 December 2021 to £109.5 million at 31 December 2022.

	2022 £m	2021 £m
Interest on bank loans and overdrafts	5.0	2.6
Interest on finance lease liabilities	5.0	5.2
Amortisation of deferred finance costs	0.9	0.3
<b>Total finance costs</b>	<b>10.9</b>	<b>8.1</b>

In order to improve investment capacity, Restore refinanced its rolling credit facility ("RCF") in early 2022, increasing borrowing capacity to £200 million and introducing new banks to the lending syndicate. Terms were substantially improved and documentation raised to investment grade quality. Subsequent to the year end, the new facility was extended by a further year to 30 April 2026.

During the year, the Group developed relationships with financing providers to introduce a variety of fixed interest rate instruments to create greater certainty over the cost of debt. This includes the potential for hedging mechanisms and access to the fixed rate loan markets.

## Taxation

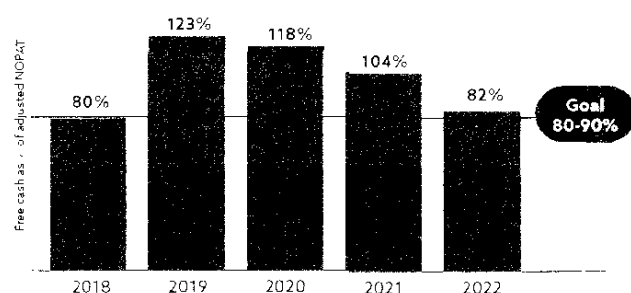
The tax charge for the period is £6.5 million (2021: £11.5 million). In the prior year, the tax charge included a non-cash tax charge of £6.2 million in relation to re-assessment of the deferred tax position of the Group following the announced increase to the UK corporate tax rate to 25%.

## Cashflow

Cash generation continues to be a key characteristic of Restore and in 2022 the Group generated free cashflow before financing costs of £34.6 million (2021: £31.5 million).

Operating cash inflows increased by £5.3 million, whilst working capital requirements increased by £0.5 million to support revenue expansion with capex increased by £2.2 million. The resulting cash conversion<sup>2</sup> was within target range at 82% (2021: 104%)

### Free cashflow as % of Net Operating Profit After Tax



## 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

Working capital management remains a strength of the business with debt ageing consistent at 52 days and the current asset to current liability ratio consistent at 1.4x. Total equity has increased to £273.2 million (2021: £265.2 million).

The provision for estate dilapidations increased by £8.3 million, principally as a result of a review conducted at 31 December 2022 to reflect inflation in construction costs and reassessment of potential liability on sites where a lease exit is considered likely. The total provision following this reassessment is £17.1 million and is depreciated over the remaining term of the lease in accordance with the application of IFRS16.

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

15 March 2023

<sup>1</sup> 2017 and 2018 restated for the impact of IFRS16

<sup>2</sup> Calculated as free cashflows (reconciled on page 73), divided by net operating profit (reconciled on page 70), with an amendment to exclude the impact of VAT deferral from 2020 to 2021



# Case Study



## Chichester College Group's HR Department goes paperless with Restore Digital

Sara Barrett, HR Project Coordinator, Chichester College, Chichester, West Sussex on how Restore Digital integrated DocuWare with success: "The goal was to decrease our reliance on paper-based systems and processes whilst exceeding our already high levels of compliance, all within a cost-effective manner.

Chichester College Group, rated 'Outstanding' by Ofsted, has over 20,000 students aged between 16 and 19 years old, of whom over 5,000 are full-time. Paper-heavy processes were preventing the achievement of the goal to go greener. Chichester College Group were initially driven by a green initiative to go paperless. But in July 2017, a merger with another college asked stern questions of the current management of the college's paper-based systems. A shift to digital would be a daunting and necessary one, however Chichester College Group recognised that to cope with the rising flow of paper documents resulting from various acquisitions, they would need to digitise fast and find a single solution that incorporated document and content capture, a robust document repository, information retrieval and storage, and track and control of documents across ALL their campuses.

Chichester College Group in partnership with Restore Digital deployed DocuWare to re-engineer some long-standing, antiquated paper-based processes, improve compliance, increase storage and encourage some new, greener ways of thinking. The solution was implemented within a busy HR department, to handle employee personnel files and ensure employee data is equally as quick to search as it is quick to retrieve. "We have streamlined access to documents and improved information flow, all whilst maintaining the ability to track, edit and retrieve documents in a GDPR compliant fashion," Sara said. The number of documents that are now managed digitally is in the hundreds and thousands, so the college has hit their objective of reducing their negative environmental impact and made huge cost savings on paper.

**"We have easy access to employee documentation which helps enhance continuity by ensuring documents are accessible in a disaster recovery situation."**

**"Rethinking paper-driven processes really helped us identify inefficiencies and reimagine how different processes within other departments could work more efficiently."**

## ADM Investor Services International in London (UK) improves customer service with Restore Digital

ADM Investor Services International in London (UK) improves customer service with Restore Digital.

ADM Investor Services International (ADMISI) was founded in 1930 in London as a service provider for the global food group ADM, initially responsible for the financial security of the group's internal production. The business was quickly expanded to include external customers and other financial services. Today, ADMISI has around 140 employees and offers a full range of investment services in brokerage and clearing, serving over 1,200 customers worldwide. A cloud-based document management system (DMS) handles the archiving of customer-relevant documentation.

Before their DMS was introduced, each client required a great deal of paper documentation – 400 to 500 documents from ongoing trading quickly accumulated, including declarations of consent, signed forms and financial statements. Employees had to hunt down individual documents from their archive, again and again, or spend time storing new documents.

As a financial services provider, ADM Investor Services International is subject to rigorous regulation. By using cloud based digital document management, the company is able to comply with all regulations and foster long term customer relationships.

### Complex queries easily managed

Retrieving information has become much easier thanks to their DMS. Instead of searching for hours in the paper archive as in the past, Restore Digital has helped ADM retrieve documents on screen within seconds. In this way, inquiries from external institutions can be answered quickly – for example, when a customer's declaration of consent must be submitted to the tax authorities for verification. Thanks to extensive search features, employees can perform even complex document-based analysis and evaluations in a time-saving manner.

**"In the past, we sometimes had to spend several hours in our filing room searching – often without ever finding the documents we were looking for. Today, retrieving a document is a matter of a few seconds. With all this time saved, our team can now focus more intensively on customers. In the long term, this means higher revenues for our company as a result."**

**"Thanks to the system's simple and logical structure, we were able to customize and adapt many configurations to the system ourselves."**

**"Our print volume has been considerably reduced by using our DMS. We didn't do the exact math but have most certainly saved several hundred trees in this way."**

**Kunal Patel, Deputy Money Laundering Reporting Officer (DMLRO)**

# ESG Committee Report

**Lisa Fretwell | Chair of ESG Committee**

“Restore is fully committed to meeting the obligation to limit the impacts of climate change, to meet our duty to our local communities and to acting responsibly. During the year Restore has made progress against our “Restoring Our World” Strategy and our ambitious goal to become a Net Zero organisation by 2035”

I am pleased to report on Restore's ESG progress in 2022 and for the future.

In 2022 we achieved our 3rd year certification with Planet Mark and have been rated positively by ESG analysts including MSCI who rated Restore as AA in January 2023. We submitted our first CDP disclosure in July 2022 and annual disclosure forms part of Restores ESG strategy going forward. Progress has been driven by working teams within the business reporting up to the Executive Committee and updates to the Board have been led by the CEO.

Based on our learnings in 2022, and to further strengthen our governance, we established an additional Board level ESG Committee in January 2023 which is chaired by myself as an Independent Non Executive Director, and attended by other Non-Executive and Executive Directors. The new Terms of Reference are available on our website and the ESG Committee will formally review and challenge the strategy, hold management to account for delivery of committed execution plans and sign off all ESG disclosures and assurance.

Our ESG Strategy first published in 2021 “Restoring Our World” is shown below.

## 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

Deliver 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	

ESG continued

2022 was the first full year of executing against our ESG strategy and the following progress has been made.

## Our Planet

### Progress on Key Outcomes

**32%**

reduction in Scope 1&2 Carbon Footprint per £1 million turnover

**63%**

of company cars and 3% of fleet now hybrid/electric

**85%**

of procured energy REGO backed

**1 site**

now providing solar power

### Progress on Strategy Areas:

#### Climate Action:

- Executive team completed the PlanetMark Net Zero Masterclass
- Completed our inaugural submission to CDP and actively participated at CDP events to focus our short, medium and long term thinking; helping identify actions on areas of weakness
- Carried out a Fleet electrification and Property assessment to identify how to deliver on our 2035 commitment. The subsequent challenges identified are currently being worked on and options will be developed and tested in 2023
- Conversion of one site from brown to green gas, and maintained our REGO status for directly procured energy.

#### Resource Use:

- Developed Fleet migration plans with target to double EVs
- Continued our energy lighting reduction programme.

#### Biodiversity:

- Protected 4+ acres of natural woodland and meadow around Restore facilities
- Protected an additional 5 acres of rainforest as part of PlanetMark accreditation as an interim action as we progress to Net zero.

## Our People

### Progress on Key Outcomes

**9%**

improvement in employee engagement metric (70% engagement)

**33%**

women in mgt roles

**50%**

women on the Board

**34%**

women across the business

### Progress on Strategy Areas:

#### Safety and Well Being:

- Developed and launched "Safe Place to Work" improvement plan
- Achieved 97% completion of our safety and compliance assigned e Learning courses
- 40+ Mental Health First Aiders trained and operational across the business.

#### Culture:

- Launched Restores Purpose "Deliver a secure and sustainable future" across the business
- Developing Colleague Voice forums and advanced our employee listening capability with neuroscience approach to engagement measurement through a new thought leading provider.

#### Diversity and Inclusion:

- Launched a focused calendar of D&I events capturing and celebrating employee stories
- Started to capture self-identifying D&I data beyond gender to assess representation within the business and develop targets.

#### Community Impact:

- Supported St Joseph's Hospice and crisis for Christmas with money and furniture donations; and following on from 2021 opened and closed all crisis for Christmas centres in 2022
- Donated over 5,000 items of furniture from July 2022 - December 2022 including refurbishment of meeting rooms at the Soanes Centre in Tower Hamlets for local community use
- 36 Apprenticeship schemes developed and delivered at 10+ locations across the UK.

#### Enriching Careers and People's lives:

- Launched a personal and career development hub for all employees, including visibility of all vacancies across the business
- Launched our "Leading at Restore" programme with 192 managers trained so far, with a focus on coaching and development of their team.

## Our Business

### Progress on Key Outcomes

**100%**

Achieved PlanetMarks external accreditation for third year

Completed inaugural CDP submission in July 2022

Embedded customer carbon reduction plan in bid responses with DWP being our most significant to date

Our second year of disclosures aligned to Taskforce on Climate-related Financial Disclosures (TCFD).

### Progress on Strategy Areas:

#### Customer Engagement:

- Restore Dashred improved NPS to a record high of 76% (2021: 72%) and Restore Harrow Green has an overall score of 80%
- Achieved all major ISO 9001, 14001, 27001 compliance accreditations where directly relevant to the business unit.

#### Data Security:

- Achieved NCSC Cyber Security Essential Plus accreditations across all business units
- Reviewed Restore's Data protection risk and the associated gap analysis work. Executing a Data Protection improvement programme during 2022 / 23.

#### Innovation:

- Developed a carbon reduction plan option for customers (including UK Government Departments) with PlanetMark; developing into a customer offer in 2023.

#### Partnerships:

- Continued partnership with PlanetMark and CEN-ESG to assess and assure our ESG data, metrics and strategy
- Fleet partnering with Shell.

#### Transparency and Accountability:

- Completed sustainability energisers in three business units leading to the creation of local working teams to embed accountability and drive action plans
- Launched ESG data quality improvement initiatives across our functions, sites and suppliers to drive improved visibility and accuracy of metrics to support our ESG activities
- Continuation of SECR, developed our ICFD and added CDP disclosures with submission approaches and learnings built into our ESG strategy
- Enhanced ESG governance with formation of Board ESG Committee.

## Our ESG Priorities and Plans in 2023 are to:

### Our Planet (E)

- Assess Restore's Scope 3 emissions by developing a heat map of emissions up and down our value chain and investigate external solutions to ensure a robust and scalable approach
- Continue our Net zero action plan for scope 1 and 2 with the intent to finalise and publish our transition plan during 2023 and to continue to show good progress on Scope 1&2 carbon reduction
  - Prepare our ESOS phase 3 assessment to support our net zero plans and energy efficiencies activities for submission in December 2023
- Formalise our waste metric baselines, reduction targets and activities for reduction, reuse and recycling collation across the BUs at Group level
- Assess and develop greater understanding of our current biodiversity and nature status across our estate and develop plans to improve natural habitats. This will form the baseline and activity plan for The Taskforce on Nature-related Financial Disclosures (TNFD) submissions for 2025.

### Our People (S)

- Execute our Safe Place to Work strategy to improve our safety metrics to best in class
- Continue to develop and execute on our fair reward strategy
- Collating Equality, Diversity and Inclusion (ED&I) data for a wider range of characteristics to enable target setting for representation and develop approaches for under-represented groups.

### Our Business (G)

- Develop key industry partnerships and identify product innovations with both customers and suppliers in support of their transition plans to Net Zero
- Execute ESG data quality improvement initiatives across our functions, sites and suppliers to improve embedding ESG data into our business.

ESG continued

## Task Force on Climate-Related Financial Disclosures (TCFD)

In line with best practice and recommendations from the Task Force on Climate-Related Financial Disclosure we set out below our climate-related financial disclosures. These are consistent with all the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures", 2021, with use of additional guidance from "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", 2021.

This is our second year of reporting climate-related disclosure, in line with the TCFD recommendations and one year before we are required to as an AIM-listed company. Given the size and scale of this year's report, our report including all 11 disclosures can be found separately on our website. To aid readers we provide a summary of the key disclosures from the report below.

Recommendation	Response
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities	The Board has overall responsibility for climate-related risks and opportunities. The CEO oversees the operational delivery of climate-related activity in alignment with operational priorities.
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	The Board has identified environmental risk, which is underpinned by specific climate-related risks and opportunities outlined within the Group's climate risk assessment. Restore recognises the impact that climate change may have on its strategy, operations and financial planning and is taking action to address the implications of climate-related risks across our business. As a service business, albeit with assets, Restore's overall climate risk exposure is moderate and in isolation, the impact of most climate-related risks is limited and at the time of writing is expected not to require a fundamental change to the business strategy.
<b>Risk Management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks	Restore's overall risk management captures Group-wide risks, including climate change. As risks are captured, an assessment in terms of the impact on Restore's strategy is undertaken, in addition to a likelihood vs impact assessment, which determines the significance of all risks. Risk assessment, based on our agreed likelihood and impact criteria drives the prioritisation of mitigating action. Climate-related risks and opportunities are identified, assessed and managed on the existing Group risk management framework.
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	All metrics used to assess climate-related risks and opportunities are outlined in the published TCFD report. The Company reports Scope 1, 2 and some scope 3 greenhouse gas (GHG) emissions set out on the following page. The Group's primary target is to become a Net Zero organisation by 2035. Other targets relating to our strategy and reporting of progress is set out elsewhere within this report.

[Restoreplc.com/Sustainability/reporting/](https://Restoreplc.com/Sustainability/reporting/)

## Emissions

In line with best practice, we are pleased to set out our Global Green House Gas (GHG) emissions report below. The GHG data relates to emissions during the 12-month period from 1 January to 31 December 2022, and 100% of our emissions are UK based. Our carbon footprint is calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol with additional guidance notes included as required.

The five acquisitions in 2022, the full year effect of 2021 acquisitions, plus the business returning to normal for the majority of 2022 saw an increase in overall emissions. In addition, in our 2021 report we highlighted suppressed activity across electricity, gas consumption and fleet usage. 2022 is more in line with business as usual activity levels.

The total combined emissions increased by 3.5%, whilst revenue over the same period increased by 19.1%. Revenue based intensity metrics shows the business reduced its overall emissions by 12.5% to 50.9 tCO<sub>2</sub>e produced per £1m of revenue generated. As in previous reports, the majority of emissions are linked to our fleet usage, which accounts for the majority 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 85.3% of Restore's electricity is supplied through Renewable Energy Guarantees of Origin (REGO) backed suppliers and where Restore does not manage that supply directly, for example where a landlord manages power supply, the Group is actively negotiating for that energy supply to transition to a renewable alternative.

We have made similar reductions in respect of tCO<sub>2</sub>e per employee this year, with a 12.5% reduction compared to 2021.

## Streamlined Energy and Carbon Reporting ("SECR")

The Group has continued to make good progress in 2022 on improving our data collection, data coverage and data quality. We believe we have demonstrated that as we grow, acquire businesses and adapt them to our strategy that good progress continues on our carbon emission reduction as a company and within the industry and against our stated goal to become a Net Zero organisation by 2035.

### Energy Consumption (kWh)

The tables represent 100% of our business energy use, a breakdown of emissions by fuel type is provided below. Increases in Propane, LPG, Diesel (Building) and Grey Fleet are because of continued focus on data collection quality.

	2022	2021
<b>Gas Oil (kWh)</b>	290,951.3	261,478.6
<b>Natural Gas (kWh)</b>	2,259,222.0	2,728,074.5
<b>Propane (kWh)</b>	80,272.7	42,456.4
<b>LPG (kWh)</b>	8,269.8	1,378.3
<b>Diesel (Buildings) (kWh)</b>	76,509.5	-
<b>Burning Oil (kWh)</b>	126,909.2	234,725.3
<b>Fleet (kWh)</b>	32,312,398.7	31,654,732.0
<b>Grey Fleet (kWh)</b>	1,536,848.4	898,883.8
Electricity consumption from on-site renewables (kWh)	27,735.0	25,698.0
Electricity consumption from 100% renewable tariffs (kWh)	16,939,820.1	Not measured
Consumption of purchased/acquired electricity non-renewable (kWh)	2,926,748.7	Not measured
% renewable electricity from total electricity	85.3%	Not measured
% grid electricity from total electricity	99.9%	99.9%
<b>Total electricity consumption (kWh)</b>	<b>19,894,303.8</b>	<b>17,542,844.9</b>
<b>Total energy consumption (kWh)<sup>5</sup></b>	<b>56,585,685.4</b>	<b>53,364,573.8</b>

The year ending 2022 location-based footprint would have been 5.9tCO<sub>2</sub>e higher had the 27,735kWh generated from on-site renewables been imported from the grid. We continue to seek opportunities to deploy renewable energy systems across our estate.

### Carbon Report (GHG Emissions tCO<sub>2</sub>e)

This year we have included market based reporting as well as location based reporting to demonstrate how our procurement approach prioritises renewable energy sources when acquired business energy contracts expire.

	2022	2021 <sup>1</sup>
<b>Total Scope 1 (tCO<sub>2</sub>e)<sup>2</sup></b>	<b>8,847.0</b>	<b>8,656.0</b>
<b>Total Scope 2 location based (tCO<sub>2</sub>e)<sup>3</sup></b>	<b>3,841.8</b>	<b>3,719.4</b>
<b>Total Scope 2 market based (tCO<sub>2</sub>e)<sup>3</sup></b>	<b>1,154.3</b>	<b>Not measured</b>
Transmission and Distribution Losses	351.4	329.1
Business Travel	397.8	223.7
Waste	731.5	671.7
Water	13.4	12.6
Procurement	29.1	31.1
<b>Total scope 3 (tCO<sub>2</sub>e)<sup>4</sup></b>	<b>1,523.2</b>	<b>1,268.2</b>
<b>Total scope 1 &amp; 2 location based (tCO<sub>2</sub>e)</b>	<b>12,688.8</b>	<b>12,375.4</b>
<b>Total scope 1 &amp; 2 market based (tCO<sub>2</sub>e)</b>	<b>10,001.3</b>	<b>Not measured</b>
<b>Total scope 1, 2 &amp; 3 location based (tCO<sub>2</sub>e)</b>	<b>14,212.0</b>	<b>13,643.6</b>
<b>Total scope 1, 2 &amp; 3 market based (tCO<sub>2</sub>e)</b>	<b>11,524.5</b>	<b>Not measured</b>
Scope 1 & 2 location based emissions per £m revenue (tCO <sub>2</sub> e)	45.5 (-13.8%)	52.8

### Intensity measures

Due to the growth nature of the Group, management provides an intensity measure for carbon usage based on revenue and headcount. As demonstrated by the table below, both metrics have improved year on year.

	2022	2021 <sup>1</sup>
<b>Intensity measure (per £m revenue)</b>		
Group revenue (£m)	279.0	234.3
Scope 1, 2 & 3 Location based emissions per £m revenue (tCO <sub>2</sub> e)	<b>50.9 (-12.5%)</b>	58.2
Scope 1, 2 & 3 Market based emissions per £m revenue (tCO <sub>2</sub> e)	41.3	Not measured
<b>Intensity measure (per employee)</b>		
Average headcount (FTE)	2,892	2,450
Scope 1, 2 & 3 Location based emissions per employee (tCO <sub>2</sub> e)	<b>4.9 (-12.5%)</b>	<b>5.6</b>
Scope 1, 2 & 3 Market based emissions per employee (tCO <sub>2</sub> e)	4.0	Not measured

<sup>1</sup> 2021 restated as we expand our data collection, data coverage and data quality

<sup>2</sup> Scope 1 (Direct) - Measures which relate to emissions resulting from activities owned or controlled by Restore

<sup>3</sup> 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 does not own or control

<sup>4</sup> 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

<sup>5</sup> Energy consumption data is captured through utility billing meter reads or estimates

# Risk Committee Report

**Lisa Fretwell | Chair of the Risk Committee**

“Restore takes an enterprise-wide approach to manage risk to ensure appropriate identification, assessment and mitigation actions are taken across the Group”

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## Introduction

I am pleased to provide the Risk Committee's annual report for 2022.

Building on the momentum gathered in 2021, the Risk Committee has continued to mature its consideration of risk across Restore. The Committee's focus is to provide oversight, ensure accountability, and appropriately challenge Restore's identification, assessment, and control of principal and emerging risks. It does this by increasingly taking an enterprise-wide approach to the management of uncertainty and by active horizon-scanning for emerging risk.

I assumed Chair of the Committee from Sharon Baylay-Bell in April 2022 and in my role I am supported by the Executive Directors as full members, the Group Head of Risk as Secretary, and the Business Unit Managing Directors and Chief People Officer as standing attendees. Subject-matter experts are invited to attend Committee to provide deeper insight on key topics. I am satisfied that the Risk Committee has the appropriate level of skills and experience to discharge its duties and engages external advisors where appropriate.

During 2022, I have visited multiple Restore sites to understand the business risks and the effectiveness of mitigating actions. This has included reviews at the largest sites for each Business unit: Cardington (Technology), Rainham (Records Management), Optima Park (Datashred), Village Way (Digital), Silvertown (Harrow Green). In addition we visited our new Physical Security centre to assess progress.

In its programme of work the Committee reviewed risk through three complimentary perspectives:

- Risk within business-as-usual activity
- Risk as identified as barriers to strategic objectives
- Emerging risks identified through horizon-scanning and scenario analysis.

## Activity

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

Risk	Comment
<b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>Reviewed the closure of all significant findings from the 2021 external safety audit</li> <li>Oversaw the development of a safety culture improvement plan for implementation from 2023.</li> </ul>
<b>Information Security / Cyber Security</b>	<ul style="list-style-type: none"> <li>Assessed Restore's cyber defence capabilities, including plans for penetration testing, and the implementation of two-factor authentication and Phishing simulation</li> <li>Noted the successful recertification of the UK Government backed Cyber Essentials Plus accreditation</li> <li>Approved the development of Group Cyber Security policy and noted the incident management plans.</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Reviewed Restore's launch and implementation of its ESG programme to deliver its Net Zero goal</li> <li>Noted Restore's inaugural disclosure to the Carbon Disclosure Project and its adoption of TCFD methodology</li> <li>Approved work to further improve climate-related data quality.</li> </ul>
<b>Fire Prevention</b>	<ul style="list-style-type: none"> <li>Reviewed and approved the development and publication of a Fire Prevention Plan supported by external expertise</li> <li>Considered the reduction in fire risk from the integration of thermal imaging systems into a managed Physical Security Operations Centre.</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>Noted that the Group continues to maintain its accreditation to the main international management standards</li> <li>Recognised and welcomed our continuing development in customer due diligence responses.</li> </ul>
<b>Occupational Road Risk</b>	<ul style="list-style-type: none"> <li>Reviewed the business wide occupational road risk assessment and noted the development of a risk reduction plan to be delivered in 2023</li> <li>Noted the significant improvement in driver performance and incident investigation from in-cab surveillance technologies, which are installed in 90% of Restore vehicles.</li> </ul>
<b>Physical Security</b>	<ul style="list-style-type: none"> <li>Reviewed the Physical Security Improvement Programme objectives and Restore's implementation of an integrated 24/7 Security Operating Centre</li> <li>Noted that Phase 1 is almost complete with 91 sites live at the end of 2022.</li> </ul>
<b>Data Protection</b>	<ul style="list-style-type: none"> <li>Noted the investment in specialist resources</li> <li>Reviewed Restore's Data protection risk and the associated gap analysis work</li> <li>Approved a Data Protection risk reduction programme being executed over 2022 / 23.</li> </ul>



## Risk Committee Report continued

## Key Risk Assessment

Based on our strategy of organic growth, strategic acquisition and margin expansion through scale and efficiency and day to day business execution, Restore is faced with the following key risks which are regularly reviewed and mitigated through targeted investment, proactive actions and continuous improvement. All of the risks set out below are aligned to our strategy.

The trend indicator depicts the trend of our residual risk rating during the course of 2022, and whilst subjective, we believe assists readers of the accounts with a more dynamic assessment of risk across the Group.

Our Risk	Potential Impact	Risk Mitigations & Investments
<b>High inflation driving increases in underlying costs.</b>	Material and unpredictable changes in underlying costs including employee cost, property, energy, fleet, and interest costs diluting profitability.	<ul style="list-style-type: none"> <li>• Management prioritisation of cost actions including in advanced analytics, and KPI dashboards</li> <li>• Pricing review on an annual and ad hoc basis to pass on increases</li> <li>• Development of synergies across Group processes including HR, Fleet, Property and Energy</li> <li>• Recruitment of appropriate pricing expertise within Business Units.</li> </ul>
<b>Systems, Technology, Data &amp; Cyber defence failure</b>	Loss of systems, operational technology, or data results in interruption to services for customers and impacts revenues and business reputation.	<ul style="list-style-type: none"> <li>• Group IT strategy with investment plans to mitigate operational and cyber risk</li> <li>• Maintenance of advisory and support service network with relevant expertise</li> <li>• Continued investment in network resilience providing improved security</li> <li>• Ongoing assessment and management of cyber threats through implementation of industry standard methodologies with external support</li> <li>• IT strategy in line with NCSC Cyber Security Guidelines. Cyber Essential Plus accreditations achieved across all business units.</li> </ul>
<b>Staff recruitment and retention resulting in insufficient resources to meet objectives</b>	Potential difficulties in expansion of resources or loss of operational staff or management making it harder to deliver an effective and efficient business and maintain customer service expectations.	<ul style="list-style-type: none"> <li>• Single agency supporting planning and recruitment processes</li> <li>• Advanced our employee listening capability by partnering with a leading provider in neuroscience analysis to improve the focus and impact of our employee engagement and satisfaction actions</li> <li>• Continue to develop our employer brand and value proposition to meet changing employee needs and expectations</li> <li>• Launched a senior People Leadership program which continues to augment our leadership talent, improve integration across the Group and support succession planning.</li> </ul>
<b>Serious injury or death through work-related accidents</b>	The Group's activities involve physical labour, use of machinery, and transport. Any serious incident may result in significant injury or death. Incidents will affect colleague morale and productivity, and may result in criminal proceedings, insurance claims and reputational damage.	<ul style="list-style-type: none"> <li>• Effective Health &amp; Safety strategy, organisation, processes and reporting at all levels of the business and Board</li> <li>• Dedicated H&amp;S leaders from each business unit have created a group wide continual improvement H&amp;S program 'A Safe Place To Work', governed by Group Safety and Wellbeing Committee</li> <li>• Refreshed focus on a strong safety culture and the reporting of occupational risk as part of management regimes, including enhanced employee communication / engagement plans</li> <li>• Significant investment in vehicle and driver monitoring, including vehicle cameras, telemetry / telematics, geolocation capabilities</li> <li>• Developing audit plans to ensure compliance with our new Fire Safety standards and assure fire risk reduction.</li> </ul>
<b>Extent and complexity of property portfolio, unplanned dilapidation and material increases in UK business property costs</b>	Property is Restore's second largest cost and the property network is a key enabler of business efficiency. Damage to property or lack of use impacts customer service, whilst headwinds of unforeseen dilapidation, rents and rates increase costs.	<ul style="list-style-type: none"> <li>• Cross-business property committee oversees property strategy and reports to the Board. Includes site consolidation, upgrades, capacity utilisation and contract management to proactively optimise the portfolio and control cost</li> <li>• Property led by dedicated Group Property Director and Group Facilities Director.</li> </ul>

Our Risk	Potential Impact	Risk Mitigations & Investments
<b>Political, Environmental and Social disruption and volatility, globally and UK</b>	As in the global pandemic, the disruption by extreme events can potentially impact Restore's markets and end to end value chains. This can impact our ability to deliver for customers and product pricing.	<ul style="list-style-type: none"> <li>• Ongoing assessment and monitoring of potential market and value chain trends, together with horizon scanning</li> <li>• Monitoring and mitigation planning for specific risks including health crises, fuel / energy shortages, paper recycling prices, UK document storage volumes and technology recycling value chains</li> <li>• Promotion of healthy working practices</li> <li>• Improved business resilience from agile and flexible ways of working honed during Covid</li> <li>• Business Continuity plans in place.</li> </ul>
<b>Under-delivery of acquisition returns on investment through failure to delivery synergy or integration plans</b>	Higher than anticipated costs or lower returns leading to Group margin dilution with increased time required from management to address issues.	<ul style="list-style-type: none"> <li>• Dedicated acquisition and integration teams in place</li> <li>• External due diligence advisory engaged where appropriate</li> <li>• Executed proven acquisition value / synergy assessment models with threshold returns targets</li> <li>• Challenge to acquisition business cases and risks at Board level.</li> </ul>
<b>Financing risk</b>	Increase in costs due to rising interest rates, or lack of liquidity in the event of failure to reach financial targets.	<ul style="list-style-type: none"> <li>• The Group's credit facility is provided by a broad and supportive banking syndicate with a credit facility of up to £200 million in place and extended until April 2026. Restore operates well within borrowing covenants</li> <li>• Regular review of the Group's cashflow forecasts and forecast covenant compliance</li> <li>• During the year, the Group developed relationships with financing providers to introduce a variety of fixed interest rate instruments to create greater certainty over the cost of debt. This includes the potential for hedging mechanisms and access to the fixed rate loan markets.</li> </ul>

Note: Environmental risks and mitigations are included within our TCFD report.

## For 2023

The Risk Committee's role continues to evolve and it has set a challenging agenda for 2023. Areas to be covered include:

- Further development of the enterprise risk approach to include comprehensive risk appetites and updated key risk indicators to support the updated enterprise risk categorisation
- To improve the timeliness of the connection between Group and Business Unit risk registers
- Continued oversight of progress in risk reduction for all key risk areas and ensuring targeted, impactful investment
- Deep dives into the Enterprise wide Risks including IT, People, Property, Change Management, Market dynamics and Compliance
- Taking a wider political, social, economic, and technology lens to risk horizon scanning to identify emerging threats and opportunities.

## Section 172 Statement

### Our business

Governance at Restore relates to how we run our business and our commitment to transparency, fairness, sustainability and equality. The Group recognises who our key stakeholders are, and values building strong relationships with them in order to gain a better understanding of what is important to them and how our decisions impact them.

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 our website, [www.restoreplc.com](http://www.restoreplc.com). In addition to the main Board, the Group operates Audit, Remuneration, Nomination, Risk and ESG Committees each of which is led by a one of our highly qualified Non-Executive Directors. 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 strong governance structure extends into the day to day running of the business through the highly competent Executive Committee comprising the CEO and CFO, the Group Company Secretary, our Chief People Officer, each of the business unit Managing Directors, and the Director of Corporate Development.

The legal structure is maintained to a good standard with high quality professional support including KPMG, Field Fisher, Investec and Canaccord. Investec act as the Groups nominated advisor (Nomad) and guide management in ensuring adherence to current and preparing for future market requirements and best practice. Reporting assurance is provided by PwC who act as the Group's auditors with rotation as required in accordance with good practice.

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.

The Executive Directors engage directly with shareholders and employees and this helps our decision-making as well as delivering our strategy. 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 stakeholders.

Read more:

**Our business model and strategy – Pages 4 to 5**

**Principal risks and uncertainties – Pages 40 to 41**

### 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 and summarised as follows:

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

### The likely consequences of any decision in the long term:

The Directors recognise the need to take a long-term view in every decision that they take. During the year, the Company launched its purpose across the business. To deliver a secure and sustainable future; further underpins our strategy as well as the long-term creation of value for stakeholders.

### The interests of the Company's employees:

Our people are at the heart of how we engage with each other, our clients, and the services that we provide. Our Executive Directors also provide updates on people matters at each Board meeting.

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. Restore is committed to being a responsible business. People are at the heart of our services. For our business to succeed we need to manage our people's performance and development and bring through talent while ensuring we operate as efficiently as possible.

Our People strategy, focuses on five key themes:

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

Read more:

**Our people – Pages 34 to 35**

### **The need to foster the Company's business relationships with suppliers, customers and others:**

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.

Read more:

**Customers and suppliers – Page 35**

### **The impact of the Company's operations on the community and the 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 leverage our expertise and enable colleagues to support the communities around us.

Read more:

**Communities and the environment – Page 34**

### **The desirability of the Company maintaining a reputation for high standards of business conduct:**

The Board are aware of the responsibility of setting the tone from the top. This ensures that we maintain our reputation for providing the highest quality of service for our customers whilst operating at the highest level of integrity. Our governance framework enables effective decision-making and clear accountabilities, supported by day-to-day policies and procedures.

Read more:

**Governance Statement – Pages 49 to 51**

**Risk Committee Report – Pages 38 to 41**

**ESG Committee Report – Pages 33 to 37**

**Audit Committee Report – Pages 52 to 54**

### **The need to act fairly between the members of the Company:**

The Board is conscious of the need to balance the broad range of interests and perspectives of our shareholders and 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 are explained clearly, feedback heard and any issues or questions raised properly considered.

Read more:

**Shareholders – Pages 60 to 62**

The Strategic Report on page 13 to 43 was approved by the Board of Directors on 15 March and signed on their behalf by



**Charles Bligh**  
Chief Executive Officer

15 March 2023



**Neil Ritchie**  
Chief Financial Officer

15 March 2023

# Case Study



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## Lancashire Teaching Hospitals NHS Foundation Trust improves service in the move to Restore Datashred

The Trust has three equally critical strategic aims – to provide outstanding healthcare to their local communities, offer high-quality, specialised services to patients in Lancashire and South Cumbria, and drive innovation through world class education, training, and research. The Trust constantly strives to improve and become an outstanding, high-performing organisation, with values that define who they are and how they behave.

### About/Service

Lancashire Teaching Hospitals NHS Foundation Trust has been a Restore Datashred customer for over six years. Restore Datashred delivers a secure destruction service to four locations, including Royal Preston Hospital and Chorley and District General Hospital. The service across the Trust has been tailored to meet the varying requirements of the individual locations. Most sites are on a scheduled service and Restore Datashred continues to work with the Trust to monitor service efficiency to ensure that the collection schedule works from both a cost and operational perspective.

Restore Datashred manages and collects from a range of secure containers and has over 150 secure lockable bins across the Trust, with over 100 collection points. The breadth of the service to the Trust has not been limited to protectively marked material but has also worked to securely destroy and recycle other confidential material such as media, IT equipment and textiles.

Many hospitals were faced with extraordinary challenges during the COVID-19 pandemic. Restore Datashred worked closely with the Trust, adapting during this challenging period to ensure minimal disruption to service.

Restore Datashred ensures that 100% of the recovered and destroyed paper is recycled into paper-based products, with the environmental savings reported to the Trust every month.

### Sian Fisher – Waste Minimisation Officer, said:

“Our previous contractor was not very responsive or easy to communicate with, nor was their reporting all that consistent or detailed. Once we moved to Restore Datashred, we noticed the difference straight away. Friendly, professional staff who genuinely care about doing a good job – both account manager and depot staff respond quickly and efficiently to any queries. The drivers go out of their way to assist me, and feedback operational issues caused by Trust staff so that I can investigate and resolve them. Overall, pricing is consistent and represents value for money and I note that the company is keen to help us save money by adjusting collection schedules as needed.”

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## Aberdeenshire Council uses Restore Datashred to protect their data

Aberdeenshire Council is one of the largest councils in Scotland, serving a population of over 250,000 people, and including the historic counties of Aberdeenshire and Kincardineshire, as well as part of Banffshire.

The council has used confidential destruction services throughout their premises since 2009, including in their corporate and social work offices, Early Learning Centres, and primary and secondary schools. Following a full tender in 2021, Restore Datashred was awarded the contract for an initial two years to provide off-site shredding services to 170 council sites, which use a combination of secure cabinets and paper shredding sacks for both regular and ad-hoc visits. Since November 2021, Datashred has shredded and recycled over 150 tonnes of paper, saving the equivalent of over 2,600 trees, as well as energy, water, and CO2 emissions. As this activity significantly increased the level of service provided by the Scotland depot in the Northeast of Scotland, the decision was made to place an on-site shredding vehicle full-time in Aberdeen and use a local operative, which has subsequently increased Datashred's presence and market share in the area.

Aberdeenshire Council was allocated a dedicated Account Manager, to set the services up and managed the contract. The council also receives continued support from the Scotland depot and Sales Support team, who liaise with them on a frequent basis to ensure that the service provided meets the SLAs and expectations of the council.

## 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

Chair  
Age 54

**Appointed Chair 1 October 2021 having joined the Board as a Non-Executive Director in September 2014, Sharon also held the role of Senior independent Director ahead of being appointed Chair.**

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

### Charles Bligh

Chief Executive Officer  
Age 55

**Appointed 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

Chief Financial Officer, FCA  
Age 51

**Appointed 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 54

**Appointed 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 Chairman of LNT Care Developments.

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 Group's Remuneration Committee and a member of the Audit, Nomination and ESG Committees.

**Susan Davy**  
Non-Executive Director  
Age 53

**Appointed January 2020**

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 of the Group's Audit Committee and a member of the Nomination, Remuneration and ESG Committees.

**Lisa Fretwell**  
Non-Executive Director  
Age 52

**Appointed April 2022**

Lisa was most recently Managing Director for Experian's UK Data Business, prior to which she held senior executive roles in business management, transformation and consulting for Cisco and Cap Gemini. She was awarded Business Leader of the Year by Women in Credit in 2020.

Lisa is also a Non-Executive Director of Santander UK, a member of Council at the University of Birmingham, and a board advisor to a range of technology and data businesses.

Lisa is Chair of the Group's Risk and ESG Committees and a member of the Audit, Remuneration and Nomination Committees.

# Case Study

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## The transition of 15,000 document boxes within a short timescale

A high-profile Energy Company had 15,000 boxes of business documents stored within their own premises that needed to be moved to a secure off-site facility to meet the compliance requirements of the regulator as well as their customers.

It was imperative for them to have a full audit trail of items being transferred across from their on-site facility into secure off-site storage.

The full transition of the document boxes had to be completed within 4 months and after in-depth discussions with key stakeholders, a bespoke solution giving them cost efficiencies and long-term benefits was agreed.

The Restore solution alleviated the time-consuming data capture process the customer had previously and provided them with a real-time audit of the unbarcoded records held within their facilities.

We worked with them to create unique barcodes for their data that was extracted from their own management system. This meant Restore could barcode each box and capture the data in one activity.

Once barcoded the boxes were then validated and booking in receipts issued to the customer for them to upload to their own Records Management System. The boxes were then transferred across to Restore's secure off-site facility nearest to the customers premises using GPS-tracked vans. The transfer of the 15,000 boxes were spaced out over 3 months to ensure the full audit trail of each box moving into Restore's care.

The internal auditors at the Energy Company have benefitted by being able to clearly see the audit trail being generated and the validation of the data against the box and security seals was being completed. The in-depth audit carried out during the project allowed for the identification and location of several mid-archived assets that they were not aware of previously.

The project to audit and transfer the 15,000 boxes was completed on-time and to the agreed budget.

Restore will continue to manage and store the Energy Companies historic and live archive of records.

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## West Hertfordshire Teaching Hospitals NHS Trust (WHHT)

The Trust's three main hospitals shared two libraries, between them holding approximately 350,000 medical records and 28,000 boxes. Facing acute and immediate pressures, WHHT urgently needed additional clinical space. Their current operation also made it difficult to locate records quickly and easily, and that there were high volumes of unstructured data.

A detailed project plan was put together working with the Trust to successfully move the records over 12-weeks. We achieved this through a dedicated logistics and inbound team to ensure all records being transferred were processed and available within 24 hours.

Following the successful transfer, approved members of WHHT's staff could make an order up to 5pm to be delivered by 7am the following day. This process worked well, and monthly retrieval and collection requests quickly increased to over 22,700, across the Trust's three hospital sites. To meet this level of demand we introduced a dedicated transport solutions for the trust.

We also worked with the Trust to automate the records ordering process. This helped to prioritise records for delivery by appointment order rather than by request order. This ensures that records are delivered on time for all patient appointments, even if scheduled for the following day. It also saved a huge amount of time and cost. manual ordering 23,000 files per month equates to 4-5 FTE staff.

We also agreed with the Trust, a proactive process to identify, retrieve, and confidentially destroy records that had reached the end of their retention period, thereby reducing their long-term storage costs.

**"The team at Restore are what made this project a huge success for West Herts; the positive yet driven approach of individuals with the swift availability for a phone call or meeting, resulted in the best partnership I have experienced with any provider to date."**

**Jo Wilder, Health Record Programme Manager**



# Governance Statement

Sharon Baylay-Bell | Chair

## Introduction

**On behalf of the Board of Restore plc, I am pleased to set out our 2022 Governance Statement.**

### The role of the Board

The Board ensures that the Group is managed for the long-term benefit of all shareholders with corporate governance being an essential element of this. The Group 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 four 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.

### Matters reserved for the Board

- any changes to the range of services offered by the Group
- significant acquisitions or entry into major supply or customer contracts
- 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 significant press announcements
- the issue of equity
- 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
- Director's 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

- approval of major new contracts
- approval of the 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; and
- 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 independent and 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 2022 there were fourteen Board meetings, 11 meetings in the ordinary course of business and 3 to assess significant decisions.

As the Group continues to develop, the composition of the Board is regularly considered in order to ensure that it remains appropriate. All Directors retire annually and are required to be reappointed by the shareholders at the Annual General Meeting.

The Board takes decisions regarding the appointment of new Directors, and this is done following the appointment of an external independent, recruiters, as well as a thorough assessment of potential candidates' skills and suitability for the role.

During 2022, a new Non-Executive Director, Lisa Fretwell, was appointed to the Board following an independent external search process, as the Chair of the Risk Committee.

The Board considers and reviews the requirement for continued professional development of the Directors 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.

Our Nomad Investec, 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 46 to 47.

In September 2022, the Board appointed Fidelio, an independent Board effectiveness consultancy to carry out an evaluation of the Board of Restore plc. Fidelio undertook the following:

- interviewed the Board Members and selected advisors
- carried out a quantitative survey in which Directors provided feedback on the performance of the Board
- observed the September 2022 Board and Risk Committee meetings
- analysed and reviewed Board and Committee papers for the meetings observed, governance documents, and other relevant material; and
- reviewed the Board portal available to Board members.

The key findings from the evaluation highlighted that the Board is committed and engaged and focused on ensuring that Restore can

Governance Statement continued

**2022 Board and Committee meetings and attendance**

	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of ESG committee meetings	Number of Nomination Committee meetings
	Total 14	Total 3	Total 6	Total 1	Total 1
<b>Executive Directors</b>					
Charles Bligh	14	3	6	1	1
Neil Ritchie	14	3	6	1	1
<b>Non-Executive Directors</b>					
Sharon Baylay-Bell	14	3	6	1	1
Jamie Hopkins	14	3	6	1	1
Susan Davy	14	3	6	1	1
Lisa Fretwell <sup>a</sup>	11	1	1	1	1

<sup>a</sup> Appointed 19 April 2022

continue to scale on a pathway of sustainable growth. The report also explored how to increase Board effectiveness and provided practical recommendations for the Board to consider which will be followed up during 2023.

The Directors are responsible for preparing the financial statements as set out in the Statement of Directors' Responsibilities on page 63. Information on the remuneration arrangements for the Directors and senior management is set out in the Directors' Remuneration Report on pages 55 and 59.

The responsibilities of the auditors are described in the independent auditors' report.

**Board Committees**

The Company has an established Risk Committee, chaired by Lisa Fretwell, comprising the Chair and Non-Executive Directors and its report is set out on pages 38 to 41.

The Company has an established Audit Committee, chaired by Susan Davy, comprising the Chair and Non-Executive Directors who are responsible for monitoring the integrity of the financial statements of the Company. The Audit Committee advises on appropriate accounting policies and reviewing management judgements, reviewing effectiveness of internal controls and approves the external audit plan as well as reviews the effectiveness of the external auditors, PricewaterhouseCoopers LLP. The Audit Committee report is set out on page 52.

The Company has an established Remuneration Committee, chaired by Jamie Hopkins, comprising the Chair and Non-Executive Directors and its report is set out on pages 55 to 59.

During the final quarter of 2022, the Company established a new Board sub-committee to oversee the Group's previously reported Environmental, Social and Governance ("ESG") strategy, 'Restoring our World'. The ESG Committee is chaired by Lisa Fretwell and will report to the Board on progress in Restore's mission to become a Net Zero organisation by 2035 and on other activity towards on the Group's ESG objectives.

The Nomination Committee comprises all of the Non-Executive Directors. The Committee is 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 also meets 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 professional development and succession plans are in place. The Board aim to maximise development of internal talent and where appropriate involve external advisers.

During the year the Nomination Committee met to read the process for a new Non Executive Director and Chair of the Risk Committee appointment as well as to start the Board evaluation process.

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

**Future matters**

Over the next twelve months further review of the Boards competency and functionality will be undertaken and all of the recommendations from the Board evaluation will be implemented.

**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 frequent investor roadshows in the UK and holds corporate strategy days. At the Annual General Meeting, investors are given the opportunity to question the entire Board.

## Case Study



### Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control.

Whilst 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. As noted in the Audit Committee Report, the Committee reviews and discusses the control risks across the business including review of documentation, engagement of external audit and compliance assurance and process improvement plans as required.

The Board and Audit Committee continue to assess the effectiveness of the governance and internal controls environment through regular discussion with management and the external auditors. During the year this included consideration of the evolution of the Group's financial systems strategy.

No significant control deficiencies have been identified 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, given 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 2023.

**Sharon Baylay-Bell | Chair**  
15 March 2023

### Hogan Lovells large relocation with Restore Harrow Green

Hogan Lovells is an American-British law firm co-headquartered in London and Washington, DC. The firm was formed in 2010 by the merger of the American law firm Hogan & Hartson and the British law firm Lovells. As of 2022, the firm employed about 2,500 lawyers, making it the sixth largest firm in the world.

The Harrow Green team were appointed to clear their offices in Holborn Viaduct, move everything to storage for eight weeks and then move everything into their new building in Fleet Place, London.

The move was across seven floors and also included a residential area on the 8th floor.

To manage this complex move of more than 600 people and equipment we supplied a move manager to plan the project and work with the Hogan Lovells teams to ensure a smooth move and excellent communication throughout.

We also supplied, all packing materials including reusable crates, a team of relocation experts and vehicles including where possible our electric fleet.

The move included:

- Breaking down of 600 desks and labelling all parts for their return to the new premises,
- Clearance of all other furniture to store or resale/recycling plus labelling to enable correct furniture to go to the correct floors,
- Packing of all libraries in sequential order and unpacking in order at new site,
- Decommissioning and recommissioning of all IT equipment and cable management,
- Crate management,
- Full photo inventory of every item when going into store.

Minimal downtime for the Hogan Lovells teams was paramount in the move and our teams reinstalled all furniture, IT and equipment over weekends to ensure teams were able to start work at 8am each Monday.

# Audit Committee Report

Susan Davy FCA | NED and Chair of the Audit Committee

## **"I am pleased to provide the Audit Committee's annual report for 2022 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
- Consideration of both near term and strategic financial risk and in particular, the sufficiency of the Group's financial capacity to meet its ambitious growth plans.

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.

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 included consideration of the evolution of the Group's financial systems strategy.

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 Non-Executive Directors and by invitation, the Chief Executive Officer, Chief Financial Officer, Company Secretary and the Group's auditors, PricewaterhouseCoopers LLP (PwC).

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 2022 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 three times to consider these ordinary business matters with several additional ad hoc meetings held to discuss general corporate matters including refinancing arrangements with management.

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

## Ordinary matters considered by the Audit Committee since my last report include

<b>Audit and external assurance</b>	<ul style="list-style-type: none"> <li>Assessment of the independence and effectiveness of PwC in performing of their role</li> <li>Recommendation to the Board on reappointment of PwC as external auditors at the Group's Annual General Meeting in May 2022 and agreement of their fees</li> <li>Approval of the PwC audit plan for the year to 31 December 2022 including discussion on evolution of scope to reflect the growing size and changing shape of the Group</li> <li>Consideration of the auditors' report for the year to 31 December 2022</li> <li>Approval of the continued engagement of KPMG as Group tax advisor</li> <li>Review of KPMG's annual tax report and management's Senior Accounting Officer report and assurance on Group and entity tax compliance</li> </ul>
<b>Financial Reporting</b>	<ul style="list-style-type: none"> <li>Review of the 2022 Annual Report and recommendation to the Board for its publication</li> <li>Review of the Group's results announcements and financial statements for the half year to 30 June 2022 and full year to 31 December 2022 and subsequent recommendation to the Board for their publication</li> <li>Approval of management's adoption of going concern as a basis of preparation for the Group's financial reports,</li> <li>Review of management's application of relevant reporting standards</li> <li>Review of areas of management judgement contained in the financial statements, in particular impairment assessment.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Review and discussion on progress in developing Group and subsidiary financial policy frameworks</li> <li>Review of the financial statements of the Restore plc Employee Benefit Trust for the year ending 31 December 2021 and consideration of shares held by the trust for satisfaction of share incentive schemes</li> <li>Post acquisition review of 2021 acquisitions and discussion on delivery of the various business cases and learnings for future acquisitions</li> </ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>Assessment of requirement for an internal audit function and performance of external assurance provider</li> <li>Consideration of the Group's financial systems strategy to meet the substantial growth of Restore Digital and Restore Technology following a period of substantial acquisition</li> <li>Review of whistleblowing report for 2022</li> </ul>
<b>Accounting policies</b>	<ul style="list-style-type: none"> <li>Review of evolution of accounting policies adopted by the Group</li> <li>Consideration of Alternative Performance Measures</li> <li>Consideration of the appropriateness of business segments for reporting purposes</li> </ul>
<b>Financing risk</b>	<ul style="list-style-type: none"> <li>Review of the refinancing of the Group's revolving credit facility in January 2022 and subsequent proposal to extend term to April 2026</li> <li>Review of alternative of sources of finance with specific review of management's proposal to secure borrowing from the U.S. Private Placement market (USPP) in order to fix a proportion of interest rate exposure and broaden sources of finance available to the Group</li> <li>Detailed review of cashflows for the purposes of going concern, including tests for the potential impacts economic downturn</li> </ul>

### External auditors

As noted above, the Audit Committee oversees the relationship with the external auditors and reviews their performance and ongoing independence. The Audit Committee has reviewed the independence of PricewaterhouseCoopers LLP and the conduct of the audit for the financial year ended 31 December 2022.

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 policies and the follow up actions taken to address any issues identified.

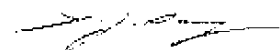
In addition, a confidential whistleblowing process is available to colleagues and stakeholders to facilitate reporting of any malpractice, illegal acts or omissions. All reported incidents are followed up and the actions taken reviewed by the Restore plc Board. A review of the 2022 whistleblowing matters 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 continues to make substantial progress through the continued achievement of external 'Planet Mark' accreditation and the Group's adoption of the principles of TCFD.

The continued application of TCFD in this year's Annual Report indicates the strong commitment of the Board in ESG matters and the formation of a separate Board sub-committee responsible for ESG will lead this area going forward with the Audit Committee retaining responsibility for ensuring financial reporting compliance in this area as best practice evolves.



**Susan Davy | Audit Committee Chair**

15 March 2023

### Sustainability first approach to IT relocations for Skanska

Skanska, one of the UK's leading contractors, is an inclusive and responsible business that is helping to build for a better society.

With a commitment to building for a better society, Skanska was looking for a partner to support them with an environmentally safe approach to IT in a project to re-locate their 500-employee head office. Dealing with the disposition of their redundant IT equipment needed a partner who could offer them a solution to minimise e-waste whilst keeping a focus on cost efficiencies.

A project of this size needed a structured approach to ensure the removal of IT assets integrated with the overall office move. Restore Technology created a plan focused on removing the redundant assets in stages so that this was fully aligned with the overall re-location initiative, including the final stage of decommissioning the on-site data centre.

As each section came into scope, Restore Technology decommissioned each workstation and managed the secure collection of assets from site to deliver to one of our nationwide processing centres.

Each asset collected was asset tagged, securely wiped to remove any data, and assessed for the opportunity to re-market. This enabled us to re-purpose around 80% of the redundant assets from the project and deliver a rebate back to Skanska to optimise costs for the overall project. The remaining 20% of assets were sent to our specialist recycling centre in Bristol where they were broken down to their lowest component parts and sent on for re-purpose elsewhere.

By working with Restore Technology, Skanska were able to support their drive for sustainability in working practices whilst experiencing a cost effective and efficient service for the disposition of their redundant IT assets.

# Directors' Remuneration Report

Jamie Hopkins | SID and Chair of the Remuneration Committee

**"On behalf of the Remuneration Committee, I am pleased to present our 2022 Remuneration Report. This report explains the role of the Committee, the policies it has implemented, and its activities during the year. As a Committee we strive to foster a strong performance culture through a well balanced and aligned remuneration policy."**

The Committee is responsible for determining the remuneration policy for the Executive Directors and senior management, as well as its implementation and development over time to ensure that it supports the delivery of the Group's strategy. The Committee has agreed Terms of Reference which are available on our website [www.restoreplc.com](http://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 three times a year and at other times as appropriate and has retained Ellason LLP as primary remuneration consultants with other advisory bodies engaged from time to time as required.

The Committee is committed to adhering to good practice for Executive pay and benchmarks reward to market practice. The fixed salary and fees for Executive and Non-Executive Directors are set out within this report as are the structures that govern variable or performance-based reward.

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 will engage external advisors to support the work of the Committee.

## 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

## Significant matters considered by the Committee

In 2022 the Committee met six times. Its main activities during the year were to:

- review the approach to senior executive remuneration to ensure it remains fit-for-purpose and appropriately incentivises delivery of the Group's strategy
- review and agree the structure of this Directors' Remuneration Report
- agree and appoint the external Remuneration adviser for 2022
- review the performance of the inflight 2019, 2020 and 2021 Long-Term Incentive Plans (LTIP)
- review and agree the definition of EPS in respect of the 2021 LTIP scheme
- review the number of shares issued under its equity-based incentive plans over the previous 10 years
- review, agree and adopt 2022 LTIP scheme rules
- review and agree parameters for the 2021 and 2022 Annual Bonus Schemes
- review and agree the outcome and performance achievement and payment of the 2021 bonuses
- review and agree the performance achievement of the 2019 LTIP scheme that vested during 2022
- externally benchmark the remuneration for the Chair, Non-Executive and Executive Directors as well as other senior roles within the Group
- agree the Executive Directors' personal and financial objectives for the 2022 performance bonus
- approve the total remuneration packages for the Executive Directors and Non-Executive Directors for 2022
- review and approve the 2022 SAYE scheme for all employees
- review and approve the vesting of 2019 SAYE scheme
- approve share scheme satisfaction strategy including funding of the Restore employee benefit trust in order that may purchase Company shares in the market to satisfy share-based awards.

## Directors' Remuneration Report continued

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
Lisa Fretwell	19 April 2022	3 months

## Annual Report on Remuneration

## Directors' Emoluments

The aggregate emoluments of the Directors of the Company during 2022 and 2021 were.

£'000	Salary & Fees	Bonus	Benefits	Pension Costs	Total 2022
<b>Executive Directors</b>					
Charles Bligh	451	198	18	45	712
Neil Ritchie	311	109	14	16	450
<b>Non-Executive Directors</b>					
Sharon Baylay-Bell	113	-	-	-	113
Jamie Hopkins	63	-	-	-	63
Susan Davy	56	-	-	-	56
Lisa Fretwell <sup>a</sup>	40	-	-	-	40
	1,034	307	32	61	1,434

<sup>a</sup> appointed 19 April 2022

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

<sup>a, \*</sup> retired 31 October 2021



## Long Term Incentive plan (LTIP)

Awards have been made 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 as shown in the table below.

Award Date	Number of options awarded	Percentage of salary awarded	Date from which exercisable	Expiry date
<b>Charles Bligh</b>				
27 May 2022	178,174	175%	1 April 2025	31 March 2032
9 June 2021	216,616	175%	20 March 2024	20 March 2031
3 June 2020	145,917	125%	2 June 2023	2 June 2030
21 March 2019	253,840	175%	20 March 2022	20 March 2029
<b>Neil Ritchie</b>				
27 May 2022	105,324	150%	1 April 2025	31 March 2032
9 June 2021	128,049	150%	20 March 2024	20 March 2031
3 June 2020	80,000	100%	2 June 2023	2 June 2030
1 October 2019	110,295	150%	30 September 2022	30 September 2029

The awards shown in the table above in relation to the 2019 scheme vested during the year at 85%. Charles Bligh and Neil Ritchie will be entitled to 215,764 and 93,751 ordinary shares respectively when these awards are exercised.

Charles Bligh and Neil Ritchie participate in the Company's 2020 all-employee share plan (Sharesave scheme). The option price of £3.09 was calculated using a 20% discount to the average middle market during the valuation period. The scheme will vest on 30 June 2023 and if the saving contract is completed both Directors will be able to exercise options over 5,825 ordinary shares.

The closing price for Restore plc shares at 31 December 2022 was 330.0p. During the year, the market price of the Company's ordinary shares ranged between 506.9p and 315.0p.

## Directors' Interests in Shares

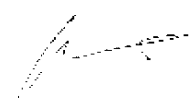
The beneficial interests of the Directors who were in office at 31 December 2022 in the shares of the Company (including family interests) were as follows:

	Number of ordinary shares of 5p each 2022	Number of ordinary shares of 5p each 2021
Charles Bligh	33,410	31,379
Neil Ritchie	18,465	18,465
Sharon Baylay-Bell	15,448	15,448
Jamie Hopkins	7,406	7,406
Susan Davy	4,000	4,000
Lisa Fretwell	–	–

As at 13 March 2023 there has been no change in any of the above holdings.

## Future matters

The Remuneration Committee will continue to focus on its core areas of responsibility in determining and implementing the remuneration policy for the Executive Directors and senior management ensuring that these remain appropriate and reflect changes that may be needed to ensure best practice.



**Jamie Hopkins | Chair of the Remuneration Committee**

15 March 2023

Directors' Remuneration Report continued

## Appendix: 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 from time to time to ensure that it:

- reinforces the achievement of Restores' long-term goals and supports 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
<b>Base salary</b>	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 set in line with, the increases awarded to the wider workforce.
<b>Benefits</b>	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 and a car allowance.	Set at a level which the Committee deems appropriate.
<b>Pension</b>	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
<b>Annual bonus</b>	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, weighting and targets are set annually by the Committee. The bonus opportunity will be linked to the achievement of challenging financial and, when appropriate, non-financial performance targets. The measures and weightings in 2022 and 2021 were Profit 60%, Cash 20% and Strategic objectives 20%.

Incentive plan	Objective	Operation	Opportunity	Performance linkage
<b>LTIP</b>	To drive and reward the achievement of longer-term objectives, support retention and promote share ownership by Executive Directors.	<p>Awards of nil-cost share options may be made annually. Vesting will be subject to the achievement of specified performance conditions over a period of three years. To the extent that an award vests, it may be subject to a further holding period of up to two years.</p> <p>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.</p> <p>Dividend equivalents may also accrue over the vesting period and be paid on any awards that vest.</p>	<p>The normal maximum LTIP opportunity is 175 per cent of salary in respect of a financial year.</p> <p>Under the LTIP rules, an award of up to 200 per cent of salary may be granted in respect of a financial year in exceptional circumstances.</p>	<p>The vesting of LTIP awards will be subject to the achievement of defined performance targets.</p> <p>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.</p> <p>The vesting of 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.</p> <p>The vesting of the 2021 and 2022 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.</p>

### 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 Chair 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 Chair 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' Report

Sarah Waudby | Company Secretary

## Directors' report

The Directors present their report together with the consolidated financial statements for the year ended 31 December 2022.


	Detail	Section	Location
<b>Information as permitted by the Companies Act 2006, the disclosures to the right, which are included in the Strategic Report, are incorporated into the Directors' Report by reference:</b>	An indication of the activities of the Company and its subsidiary undertakings.	Strategic Report	Pages 14 to 43
	An indication of likely future developments in the business of the Company and its subsidiary undertakings.	Strategic Report	Pages 14 to 43
	Engagement with suppliers, customers and others.	ESG Committee Report	Pages 33 to 35
	Employee engagement.	ESG Committee Report	Page 34
<b>Directors</b>	The biographical details of the Directors are given on pages 46 and 47. The Directors of the Company who were in office during the year and up to the date of signing the financial statements are given on pages 46 and 47.	Governance	Pages 46 to 47
	Directors' remuneration, long-term executive plans, pension contributions, benefits and interests.	Directors' Remuneration Report	Pages 55 to 59
<b>Appointment and retirement of Directors</b>	The Company's Articles of Association, the Companies Act 2006 and related legislation govern the appointment and retirement of Directors.		
	In accordance with the Company's Articles of Association, all Directors are subject to election by shareholders at the first AGM following their appointment, and subject to annual re-election thereafter.		
<b>Directors' insurance</b>	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.		
<b>Directors' interests</b>	The interests of the Directors and their connected persons in the Company's shares are set out in the Directors' Remuneration Report.	Directors' Remuneration Report	Page 57
<b>Related party transactions</b>	Any related party transactions required to be disclosed under the AIM rules are disclosed in note 34 to the financial statements.		
<b>Corporate Governance Statement</b>	The Corporate Governance Report is incorporated by reference into this Directors' Report and includes details of our compliance with the QCA Code and how the Company has applied the main principles.	Governance Statement	Pages 49 to 51
<b>Internal control</b>	A description of the main features of the Group's internal control and risk management systems in relation to the financial reporting process can be found in the Governance Statement.	Governance Statement	Page 51
<b>Emissions reporting</b>	Our disclosures in respect of emissions and energy consumption are set out on pages 36 to 37.	Strategic Report	Pages 36 to 37
<b>Share capital</b>	At 31 December 2022, the Company's issued share capital consisted of 136,924,067 ordinary shares of 5p each. Further details on the issued share capital, including any changes during the year, can be found in note 24 to the financial statements.		

	Detail	Section	Location																				
<b>Substantial shareholders</b>	<p>At 13 March 2023, 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:</p> <table><tr><th>Significant Shareholder</th><th>Percentage of issues share capital</th></tr><tr><td>Octopus Investments (London)</td><td>12.3%</td></tr><tr><td>invesco limited</td><td>8.0%</td></tr><tr><td>Canaccord Genuity Wealth Mgt (London)</td><td>6.8%</td></tr><tr><td>Blackrock</td><td>4.9%</td></tr><tr><td>Slater Investments</td><td>4.8%</td></tr><tr><td>Charles Stanley</td><td>4.0%</td></tr><tr><td>investec Wealth &amp; Investment (London)</td><td>3.9%</td></tr><tr><td>Royce &amp; Associates</td><td>3.7%</td></tr><tr><td>Janus Henderson Group</td><td>3.0%</td></tr></table>	Significant Shareholder	Percentage of issues share capital	Octopus Investments (London)	12.3%	invesco limited	8.0%	Canaccord Genuity Wealth Mgt (London)	6.8%	Blackrock	4.9%	Slater Investments	4.8%	Charles Stanley	4.0%	investec Wealth & Investment (London)	3.9%	Royce & Associates	3.7%	Janus Henderson Group	3.0%		
Significant Shareholder	Percentage of issues share capital																						
Octopus Investments (London)	12.3%																						
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Slater Investments	4.8%																						
Charles Stanley	4.0%																						
investec Wealth & Investment (London)	3.9%																						
Royce & Associates	3.7%																						
Janus Henderson Group	3.0%																						
<b>Authority to allot shares</b>	<p>The Company requests authority from shareholders for the Directors to allot shares on an annual basis, and a similar resolution will be proposed at the 2023 AGM. At the 2022 AGM, the Directors were authorised to allot shares up to an aggregate nominal amount of £2,277,901.10, representing approximately one third of the Company's then issued share capital.</p>																						
<b>Purchase of own shares</b>	<p>At the 2022 AGM, the Company obtained shareholder approval to purchase up to 13,667,406 of its own ordinary shares of £0.05 each (representing 10% of its issued share capital). No shares were purchased under this authority during the year. At the 2023 AGM, the Directors will again seek authority to purchase the Company's own shares.</p>																						
<b>Articles of association</b>	<p>The Company's Articles of Association were adopted at the 2019 AGM. Any amendments to the Articles of Association can only be made by a special resolution at a general meeting of shareholders.</p>																						
<b>Annual General Meeting</b>	<p>The notice of the Annual General Meeting to be held on 16 May 2023 is set out on pages 124 to 128.</p>																						
<b>Dividends</b>	<p>Details of the dividends are shown in the note 11 to the financial statements.</p>																						
<b>Employee Involvement process</b>	<p>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.</p>	ESG Report	Page 34																				
<b>Equal Opportunities</b>	<p>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.</p> <p>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.</p>																						
<b>Employee Benefit Trust</b>	<p>The Company has established an Employee Benefit Trust ('EBT') for the purpose of facilitating the operation of the Company's share schemes. The EBT waives any voting rights and dividends that may be declared in respect of such shares which have not been allocated for the settlement of awards made under the Company's share plans.</p>																						
<b>Donations</b>	<p>Donations of £12,800 were made by the Group for charitable purposes during the year (2021: £4,800). The Group does not make political donations.</p>																						

Directors' Report continued

	Detail	Section	Location
<b>Property Values</b>	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 2022, for the Group's freehold properties, some of which have a market value in excess of the book value recorded.		
<b>Financial instruments</b>	Our risk management objectives and policies in relation to the use of financial instruments can be found in note 21 to the financial statements.		
<b>Going concern</b>	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 74.		
<b>Events since the balance sheet date</b>	Since 31 December 2022, details of post balance sheet events are given in note 35 to the financial statements.		
<b>Disclosure of information to the auditor</b>	The Directors in office at the date of these financial statements 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.		
<b>Statutory details for Restore plc</b>	<p>The Company is a public company limited by shares, incorporated in the United Kingdom and registered in England and Wales with registered number 05169780.</p> <p>Its registered office is The Databank, Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey, RH1 5DY.</p> <p>The Company's shares are listed on the AIM market under the ticker RST.</p>		

This Directors' report was approved and signed on behalf of the Board on 15 March 2023.



**Sarah Waudby** | Company Secretary

## 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.

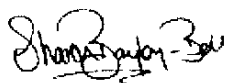
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required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



**Sharon Baylay-Bell | Chair**  
15 March 2023

# 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 2022 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 as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company statements of financial position as at 31 December 2022; the consolidated statement of comprehensive income, the consolidated and the 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 other listed entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- We performed full scope audits at the parent company (comprising Restore Records Management and head office), and Restore Harrow Green.
- We performed an audit of one or more account balances or classes of transactions for Restore Technology, Restore Digital and Restore Datashred.
- Our audit procedures account for 84% of group revenue and 70% of adjusted profit before tax, post amortisation of intangibles on absolute basis.

#### Key audit matters

- Impairment of intangible assets and goodwill (group and parent)

#### Materiality

- Overall group materiality: £1,440,000 based on 5% of adjusted profit before tax, post amortisation of intangibles.
- Overall company materiality: £970,000 based on 5% of adjusted profit before tax, post amortisation of intangibles.
- Performance materiality: £1,080,000 (group) and £727,000 (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 Group Limited ("EDM"), which was a key audit matter last year, is no longer included because of the reduced level of assessed audit risk associated with acquisition accounting as the acquisitions made during the year were less material than EDM in the previous year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of intangible assets and goodwill (group and parent)</b> <p>As at 31 December 2022, the net book value of intangible assets and goodwill held by both the Group and Parent company is significant, £331.9m and £185.4m respectively. Goodwill is subject to an annual impairment test and impairment tests for intangible assets are also required if there are any indications of an impairment trigger. Management prepared a discounted cash flow model at a cash generating unit ('CGU') level in order to support the carrying value of intangibles and goodwill. The impairment reviews performed by management contain a number of key assumptions including revenue growth rate, EBITDA ('Earnings before interest, taxation, depreciation, amortisation'), discount rate and long term growth rate and downside scenarios 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 13 and Note 36 of the financial statements ('Intangible assets').</p>	<p>We obtained management's value-in-use impairment models and we tested the mathematical integrity. The Datashred CGU within the group financial statements required greater focus given the relatively lower level of headroom in the impairment assessment and the impairment booked in 2020. In evaluating management's annual impairment assessment for goodwill, we performed the following procedures: – We assessed the allocation of goodwill and acquired intangibles to CGUs; – We evaluated the allocation of assets to the CGUs and assessed whether this was a reasonable basis for allocation; – We obtained the Board-approved 2023 budget and 2024-2026 Strategy 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 relevant, 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. Based on our work, we have concluded that management's assessment is supportable and related disclosures are appropriately included in accordance with IAS 36 'Impairment of assets'.</p>

Independent auditors' report continued

### How we tailored the audit scope

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

The group operates in the United Kingdom through two divisions which comprise five business units: Restore Records Management 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 two financially significant operating units which required a full scope audit being the parent company (comprising Restore Records Management and head office), and Restore Harrow Green. We performed an audit of one or more account balances or classes of transactions for Restore Technology, Restore Digital and Restore Datashred. We also performed procedures on adjusting items.

The parent company comprises Restore Records Management and head office, both of which were subject to full scope audit.

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

	Financial statements – group	Financial statements – company
<b>Overall materiality</b>	£1,440,000	£970,000
<b>How we determined it</b>	5% of adjusted profit before tax, post amortisation of intangibles	5% of adjusted profit before tax, post amortisation of intangibles
<b>Rationale for benchmark applied</b>	Based on the benchmarks used in the annual report, adjusted profit before tax, post amortisation of intangibles is the primary measure used by the shareholders in assessing the performance of the Group. In the prior year, profit before tax and exceptional items was used, resulting in overall materiality of £1,300,000. Adjusting items were audited separately.	Based on the benchmarks used in the annual report, adjusted profit before tax, post amortisation of intangibles is the primary measure used by the shareholders in assessing the performance of the Group. In the prior year, profit before tax and exceptional items was used, resulting in overall materiality of £970,000. Adjusting 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 £332,000 to £1,000,000. 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

### The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the Group's progress on their ESG Strategy "Restoring Our World", and the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

### 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.

materiality, amounting to £1,080,000 for the group financial statements and £727,000 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 £72,000 (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 tested the mathematical accuracy for the forecast models;
- We have agreed the underlying cash flow projections to management forecasts;
- 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 FY23 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 2022 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 in respect of the financial statements, 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.

## Independent auditors' report continued

**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, 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);
- 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

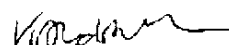
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other 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 2023

# Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
<b>Revenue – continuing operations</b>	5	279.0	234.3
Cost of sales		(155.4)	(127.1)
Gross profit		123.6	107.2
Administrative expenses		(89.2)	(76.2)
Movement in trade receivables loss allowance	17	(0.2)	0.1
<b>Operating profit</b>	7	34.2	31.1
Finance costs	8	(10.9)	(8.1)
<b>Profit before tax</b>		23.3	23.0
Taxation	9	(6.5)	(11.5)
<b>Profit after tax</b>		16.8	11.5
Other comprehensive income		–	–
<b>Total comprehensive income for the year from continuing operations and profit attributable to owners of the parent</b>		16.8	11.5
<b>Earnings per share attributable to owners of the parent (pence)</b>	10		
<b>Total – basic</b>		12.3p	8.7p
<b>Total – diluted</b>		12.2p	8.4p

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

	Note	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
<b>Operating profit</b>		34.2	31.1
Adjusting items – administrative expenses	6	5.6	4.4
Adjusting items – amortisation of intangible assets	6	12.1	10.7
<b>Adjusted operating profit</b>		51.9	46.2
Depreciation of property, plant and equipment and right of use assets	7	29.6	28.0
<b>Earnings before interest, taxation, depreciation, amortisation and adjusting items (adjusted EBITDA)</b>		81.5	74.2
<b>Adjusted operating profit</b>		51.9	46.2
Tax at 19.0%		(9.9)	(8.8)
<b>NOPAT ('Net adjusted operating profit after tax')</b>		42.0	37.4
<b>Profit before tax</b>		23.3	23.0
Adjusting items – administrative expenses	6	5.6	4.4
Adjusting items – amortisation of intangible assets	6	12.1	10.7
<b>Adjusted profit before tax</b>		41.0	38.1

Prior year amounts have been re-presented in a format consistent with current year adjusting items.

# Consolidated statement of financial position

At 31 December 2022

Company registered no. 05169780

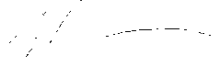
	Note	31 December 2022 £'m	31 December 2021 £'m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13	331.9	327.2
Property, plant and equipment	14	79.7	78.8
Right of use assets	15	101.4	102.5
Deferred tax asset	22	-	5.9
		513.0	514.4
<b>Current assets</b>			
Inventories	16	2.0	1.4
Trade and other receivables	17	70.0	56.9
Cash and cash equivalents	19	30.2	32.9
		102.2	91.2
<b>Total assets</b>		<b>615.2</b>	<b>605.6</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(49.2)	(45.5)
Financial liabilities – lease liabilities	20	(19.2)	(18.2)
Current tax liabilities		(1.6)	(1.5)
Provisions	23	(1.7)	(0.9)
		(71.7)	(66.1)
<b>Non-current liabilities</b>			
Financial liabilities – borrowings	19	(133.7)	(133.7)
Financial liabilities – lease liabilities	20	(90.3)	(98.8)
Deferred tax liability	22	(30.9)	(33.9)
Provisions	23	(15.4)	(7.9)
		(270.3)	(274.3)
<b>Total liabilities</b>		<b>(342.0)</b>	<b>(340.4)</b>
<b>Net assets</b>		<b>273.2</b>	<b>265.2</b>
<b>EQUITY</b>			
Share capital	24	6.8	6.8
Share premium account	25	187.9	187.9
Other reserves	26	6.9	7.0
Retained earnings	27	71.6	63.5
<b>Total equity</b>		<b>273.2</b>	<b>265.2</b>

These financial statements on pages 70 to 104 were approved by the Board of Directors and authorised for issue on 15 March 2023 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 2022

	Attributable to owners of the parent				Total equity £'m
	Share capital £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	
Balance at 1 January 2021	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)
Share-based payments charge	-	-	2.2	-	2.2
Current tax on share-based payments	-	-	0.2	-	0.2
Deferred tax on share-based payments	-	-	0.6	-	0.6
Transfer <sup>a</sup>	-	-	(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
Balance at 1 January 2022	6.8	187.9	7.0	63.5	265.2
Profit for the year	-	-	-	16.8	16.8
Total comprehensive income for the year	-	-	-	16.8	16.8
Transactions with owners					
Dividends	-	-	-	(9.9)	(9.9)
Share-based payments charge	-	-	1.7	-	1.7
Deferred tax on share-based payments	-	-	(0.7)	-	(0.7)
Transfer <sup>a</sup>	-	-	(2.1)	2.1	-
Purchase of treasury shares	-	-	(1.1)	-	(1.1)
Disposal of treasury shares	-	-	2.1	(0.9)	1.2
<b>Balance at 31 December 2022</b>	<b>6.8</b>	<b>187.9</b>	<b>6.9</b>	<b>71.6</b>	<b>273.2</b>

<sup>a</sup> In 2022 a net amount of £2.1 million (2021: £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 2022

	Note	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
<b>Cash generated from operating activities</b>	28	65.2	59.9
Net finance costs		(11.4)	(7.0)
Income taxes paid		(6.0)	(5.2)
<b>Net cash generated from operating activities</b>		47.8	47.7
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and applications software	13, 14	(11.0)	(8.8)
Purchase of subsidiary undertakings, net of cash acquired	12	(10.8)	(85.8)
Purchase of trade and assets	12	(0.7)	(0.9)
<b>Cash flows used in investing activities</b>		(22.5)	(95.5)
<b>Cash flows from financing activities</b>			
Net proceeds from share issue		–	38.1
Dividends paid		(9.9)	(3.4)
Purchase of treasury shares		(1.1)	(2.6)
Proceeds from disposal of treasury shares		1.2	–
Repayment of revolving credit facility		(145.8)	(65.0)
Drawdown of revolving credit facility		146.8	106.0
Lease principal repayments		(19.2)	(18.8)
<b>Net cash (used in)/generated from financing activities</b>		(28.0)	54.3
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2.7)	6.5
<b>Cash and cash equivalents at start of year</b>		32.9	26.4
<b>Cash and cash equivalents at end of year</b>	21	30.2	32.9

A reconciliation between the statutory results above and the measure is shown below:

	Note	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
<b>Cash generated from operating activities</b>		65.2	59.9
Income taxes paid		(6.0)	(5.2)
Purchase of property, plant and equipment and applications software	13, 14	(11.0)	(8.8)
Lease principal repayments		(19.2)	(18.8)
Add back: Adjusting items – administrative expenses	6	5.6	4.4
<b>Free cashflow</b>		34.6	31.5



# Notes to the Group financial statements

For the year ended 31 December 2022

## 1. General Information

Restore plc and its subsidiary undertakings 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 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 15 March 2023.

## 2. Significant Accounting Policies

### Basis of Preparation

The consolidated financial statements of Restore Plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are held at fair value. The accounting policies have been consistently applied, other than where new policies have been adopted. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed later in this note.

The consolidated financial statements are presented in pounds sterling and, unless stated otherwise, shown in pounds million to one decimal place.

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

### 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 43.

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 19 of the financial statements.

The Group's budget for 2023 and forecasts for 2024, 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 significant but plausible 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 as 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 settled 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

In the opinion of the Directors there are two operating segments, Digital & Information Management and Secure Lifecycle Solutions. 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.

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.

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.

### Dividend income

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

### Goodwill

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 amortised 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.

Notes to the Group financial statements continued

### 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 land and buildings	2-5% per annum
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 accounted for in accordance with IFRS16, with a right-of-use asset and a corresponding lease liability recognised 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 statement of comprehensive income 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.

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.

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.

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).

### Cloud based arrangements

Most cloud-based arrangements are accounted for as service contracts with the cost recognised over the service period, and with the associated implementation costs generally expensed as incurred.

In some circumstances, cloud-based arrangements can be accounted for as intangible assets under IAS 38 or as a lease under IFRS 16, with the full cost recognised as an asset and subsequently amortised or depreciated over the contract period. In such cases the directly attributable implementation costs would be initially recognised and subsequently charged to the income statement. Given however that in these arrangements customers do not typically take possession of software or obtain a software licence, but rather just receive access to the supplier's application software via an internet connection, this does not provide the customer with an asset, and the relevant recognition criteria are not met.

### 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 average 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.

### 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.

### 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.

The Group is required to restore its leased premises to their original condition at the end of the respective lease term. A dilapidation provision has been recognised for the present value of the estimated expenditure required to remove any lease hold improvements. These costs have been capitalised as part of the leased asset and amortised over the useful life.

### 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

## Notes to the Group financial statements continued

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. 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.

### 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: 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. These new standards and amendments to standards did not have a material effect on the financial statements.

### New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

## 3. 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.

### Adjusting items

Restore's strategy is to grow through organic expansion, strategic acquisitions and margin enhancement through efficiency and scale. To assess progress in delivery of this strategy, management believe it is useful to provide readers of the accounts 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, 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 amortisation, expenses associated with acquisitions and subsequent integration costs, costs associated with major restructuring programmes, and other significant costs that are considered to be distorting due to their nature when assessing the performance of the business.

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. Refer to Note 6 for further details.

During the year, the Group moved away from exceptional item accounting, which appears to be more common practice across our market sector, and places more responsibility on management judgement, subject to guidance parameters, to determine adjusting items used to derive the Group's alternative performance measures. Prior year amounts have been re-presented in a format consistent with current year adjusting items.

### 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 five 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 £9.1 million (2021: £40.7 million). Sensitivity details are included 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. Sensitivity details are included in note 13.

#### **Dilapidations provision**

The Group are required to recognise a provision in respect of the reinstatement and dilapidation costs from exiting a property. The dilapidation cost per square foot of property can vary significantly based on the location of the property, the condition of the property, the nature of the landlord in question, as well as a number of other property specific factors. The Group have calculated the provision by reference to estimated dilapidation costs per square foot across the portfolio, having considered properties by reference to the likelihood of exit, the level of repair required and most recently the effect of inflation on costs. Sensitivity details are included in note 23.

### **4. 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.

Notes to the Group financial statements continued

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 and retained earnings 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.

	2022 £'m	2021 £'m
<b>Debt to Capital Ratio</b>		
Total debt	133.7	133.7
Less: cash and cash equivalents (note 19)	(30.2)	(32.9)
Net debt	103.5	100.8
Total equity	273.2	265.2
Debt to capital ratio	0.4	0.4

The gearing has stayed consistent during 2022 compared to that in 2021. The Group does not have any externally imposed capital requirements.

#### Fair value estimation

External borrowings fair values are not materially different from their carrying amounts, since the interest payable is either close to market rates or the borrowings are of a short term nature.

## 5. Segmental Analysis

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

#### Revenue

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

	2022 £'m	2021 £'m
<b>Revenue – Continuing operations</b>		
Restore Records Management	113.7	101.4
Restore Digital	54.5	36.9
Digital & information Management	168.2	138.3
Restore Technology	35.8	28.1
Restore Datashred	37.4	30.2
Restore Harrow Green	37.6	37.7
Secure Lifecycle Solutions	110.8	96.0
Total Revenue	279.0	234.3

For the year ended 31 December 2022 no customers individually accounted for more than 3% (2021: 3%) of the Group's total revenue.

**Segmental information:**

	2022 £'m	2021 £'m
<b>Profit before tax</b>		
Digital & Information Management	44.8	41.9
Secure Lifecycle Solutions	11.0	9.5
Central	(7.6)	(6.8)
Adjusting items – amortisation of intangible assets (note 6)	(12.1)	(10.7)
Share-based payments charge (including related NI)	(1.9)	(2.8)
Operating profit	34.2	31.1
Finance costs	(10.9)	(8.1)
Profit before tax	23.3	23.0

<b>Digital &amp; Information Management</b>	2022 £'m	2021 £'m
Operating profit	44.8	41.9
Adjusting items	2.6	0.6
Adjusted operating profit	47.4	42.5

<b>Secure Lifecycle Solutions</b>	2022 £'m	2021 £'m
Operating profit	11.0	9.5
Adjusting items	0.8	2.2
Adjusted operating profit	11.8	11.7

Prior year amounts have been re-presented in a format consistent with current year adjusting items

	Digital & Information Management £'m	Secure Lifecycle Services £'m	Central £'m	31 December 2022 Total £'m
Segment assets	446.3	158.3	10.6	615.2
Segment liabilities	115.4	63.7	162.9	342.0
Capital expenditure	8.4	2.2	0.4	11.0
Depreciation and amortisation	29.2	11.9	0.6	41.7

	Digital & Information Management £'m	Secure Lifecycle Services £'m	Central £'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



Notes to the Group financial statements continued

## 6. Adjusting Items/Alternative Performance Measures

Restore's strategy is to grow through organic expansion, strategic acquisitions and margin enhancement through efficiency and scale. To assess progress in delivery of this strategy, management believe it is useful to provide readers of the accounts 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, 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 amortisation, expenses associated with acquisitions and subsequent integration costs, costs associated with major restructuring programmes, and other significant costs 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:

	2022 £'m	2021 £'m
Amortisation	12.1	10.7
Acquisition related transaction/advisory costs*	1.4	1.2
Restructuring and redundancy*	2.6	2.4
Property related costs	0.9	–
Strategic IT reorganisation	0.7	–
Other adjusting items*	–	0.8
Total adjusting items	17.7	15.1

\* Total adjusting items include £5.6 million of "adjusting items – administrative expenses" (2021: £4.4 million), and £12.1 million of "adjusting items amortisation of intangible assets" (2021: £10.7 million).

\* Previously disclosed as exceptional items in previous years

### Amortisation

The amortisation charge is primarily in relation to acquired intangible assets resulting from fair value adjustments under IFRS3. 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 profits generated from its business combinations in its alternative profit measures.

### Acquisition related transaction/advisory costs

Acquisition related transaction adjustments primarily relate to legal, due diligence, financing and advisory costs incurred in association with business acquisition activity.

Acquisition related transaction/advisory adjusting costs were £1.4 million in 2022 compared to £1.2 million in 2021. The Group regularly reviews acquisition opportunities to deliver on its strategy, and in doing so incur costs for transactions that may or may not complete. For transparency, we note that the Group does not similarly adjust for the related revenue and profits generated from its acquisitions in its alternative profit measures.

### Restructuring and redundancy

Restructuring and redundancy adjustments relate to costs to integrate acquisitions and other large internal reorganisation events, primarily relating to people.

For 2022, £2.6 million of restructuring and redundancy costs were classified as adjusting and principally arise from acquisition related restructuring and integration activity (£2.1 million), with the remaining cost of £0.5 million in connection with other Group-wide restructuring programmes. £2.4 million of restructuring and redundancy costs in 2021 were entirely in connection with acquisition related restructuring activity.

### Property related costs

Property related adjustments relate to unusual and significant income or costs that can distort understanding of the ordinary performance of business.

During 2022, property related adjustments were £0.9 million relating to a significant property dilapidation settlement on one site which crystallised during the year in excess of amounts provided for within the financial statements. The dilapidation provision is a critical accounting estimate, and any individual small under or over provision of a property dilapidation is not separately identified within alternative performance measures, however given the quantum of the incremental costs incurred across this site, the resultant additional charge is considered to distort the results of the Group.

### Strategic IT reorganisation

The Group is undertaking a 3-year programme to deliver cloud-based strategic IT programmes. The implementation costs associated with these systems transformations are to be expensed to the income statement as incurred.

Investment of c.£4 million is planned across Finance, HR and other systems over a 3 year period, with the in-year cost of these programmes £0.7 million for 2022. Future cost savings are expected from these systems implementations, however, for transparency we note that these cost savings will not be adjusted for in deriving the Group's alternative performance measures.

### Other adjusting items

Other adjusting items in 2021 included defence costs in respect of a takeover proposal of the Group (£0.5 million), and the final adjustment to the legal liability from 2018 (£0.3 million), for which the total fine was £0.6 million, but for which the first part of the liability was recognised as an adjusting item during 2020.

The Group's APMs are summarised below:

APMs	Description
Adjusted operating profit (for Group and the Group's segments)	Calculated as statutory adjusted operating profit before adjusting items.
Net adjusted 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 earnings before interest, taxation, depreciation, amortisation and adjusting items.
Pre-IFRS16 Adjusted EBITDA	Calculated as Adjusted 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 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.
Return on invested capital ('ROIC')	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.
Net debt	Calculated as external borrowings less cash, excluding the effects of lease obligations under IFRS16.
Leverage	Calculated as pre-IFRS16 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 lease payments, but before adjusting items (excluding amortisation).
Cash conversion	Calculated as free cashflow divided by net operating profit. Note for 2020 and 2021, free cashflows have been normalised for the impact of VAT deferrals (£7.3m).

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. Prior year amounts have been re-presented in a format consistent with current year adjusting item.

Notes to the Group financial statements continued

**7. Operating Profit**

	2022 £'m	2021 £'m
The following items have been included in arriving at operating profit:		
Amortisation of intangible assets (note 13)	12.1	10.7
Depreciation of property, plant and equipment and right-of-use assets (notes 14 and 15)	29.6	28.0
Share-based payments charge (including related NI) (note 31)	1.9	2.8
Fees payable to the company's auditors:		
– Audit of the parent company and consolidated financial statements	0.4	0.3
– Audit of the company's subsidiaries pursuant to legislation	0.1	0.1
Expenses by function:		
Staff costs (note 31)	107.3	87.6
Depreciation of property, plant and equipment and right-of-use assets (notes 14 and 15)	29.6	28.0
Property related costs (excluding rent)	22.4	17.1
Materials costs	15.2	10.8
Subcontractor costs	19.9	15.5
Selling and distribution expenses	7.5	6.8
Transport costs	11.1	10.5
IT and related costs	8.5	5.8
Audit and tax costs	0.6	0.5
Legal and professional costs	4.7	5.3
Telecommunication and network costs	0.9	0.8
Other expenses	5.0	3.8
Total cost of sales and administrative expenses*	232.7	192.5
Amortisation of intangible assets (note 13)	12.1	10.7
Total operating costs	244.8	203.2

\*Prior year amounts have been re-presented in a format consistent with current year adjusting item

**8. Finance Costs**

	2022 £'m	2021 £'m
Interest on bank loans and overdrafts	5.0	2.6
Interest on finance lease liabilities	5.0	5.2
Amortisation of deferred finance costs	0.9	0.3
Total Finance costs	10.9	8.1

## 9. Taxation

	2022 £'m	2021 £'m
Current tax		
UK corporation tax on profit for the year	6.0	6.8
Adjustment in respect of previous periods	0.1	-
Total current tax	6.1	6.8
Deferred tax: (note 22)		
Current year	0.3	4.7
Adjustment in respect of previous periods	0.1	-
Total deferred tax	0.4	4.7
Total tax charge	6.5	11.5

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

	2022 £'m	2021 £'m
Profit before tax	23.3	23.0
Profit before tax multiplied by the rate of corporation tax of 19.0% (2021: 19.0%)	4.4	4.4
Effects of:		
Expenses not deductible	1.3	0.9
Adjustment in respect of corporation tax for previous periods	0.1	-
Adjustment in respect of deferred tax for previous periods	0.1	-
Share-based payments	0.3	-
Effect of change in rate used for deferred tax	0.3	6.2
Tax charge	6.5	11.5

The tax charge for the year is higher than the profit before tax multiplied by the rate of corporation tax (2021: higher).

## 10. Earnings per share attributable to owners of the parent

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.

	2022	2021
Weighted average number of shares in issue	136,761,738	132,932,784
Total profit for the year	£16.8m	£11.5m
Total basic earnings per ordinary share	12.3p	8.7p
Weighted average number of shares in issue	136,761,738	132,932,784
Dilutive Options (number)	1,264,065	4,736,714
Weighted average fully diluted number of shares in issue	138,025,803	137,669,498
Total fully diluted earnings per share	12.2p	8.4p

Notes to the Group financial statements continued

### Adjusted earnings per share

The Directors believe that the adjusted earnings per share provide a comparable view of earnings derived from the Group's alternative performance measures. The adjusting items are shown in the table below:

	2022 £'m	2021 £'m
Profit before tax	23.3	23.0
Adjusting items – administrative expenses	5.6	4.4
Adjusting items – amortisation of intangible assets	12.1	10.7
Adjusted profit before tax	41.0	38.1

The adjusted earnings per share and adjusted fully diluted earnings per share, based on the weighted average number of shares in issue during the year of 136.8 million (2021: 132.9 million) and weighted average fully diluted number of shares in issue during the year of 138.0 million (2021: 137.7 million) respectively, are calculated below using a standard tax charge:

	2022	2021
Adjusted profit before tax (£'m)	41.0	38.1
Tax at 19.0% (£'m)	(7.8)	(7.2)
Adjusted profit after tax (£'m)	33.2	30.9
Adjusted basic earnings per share	24.3p	23.2p
Adjusted fully diluted earnings per share	24.1p	22.4p

### 11. Dividends

The directors recommend a final dividend of 4.8p per share for the year ended 31 December 2022 (2021: 4.7p per share) to give a full year dividend of 7.4p per share (2021: 7.2p). An interim dividend of 2.6p was paid during the year (2021: 2.5p).

### 12. 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 five acquisitions during the year.

On 3 May 2022, the Group acquired 100% of the share capital of Ultratec (Holdings) Limited, together with its subsidiaries ("Ultratec"). Ultratec is a Technology business that provides secure data erasure and physical data destruction services, bespoke technology recycling solutions, hard drive parts supply and data centre focussed hardware maintenance services.

On 31 October 2022, the Group acquired 100% of the share capital of CAMA Group Limited, together with its subsidiaries ("CAMA"). CAMA is a commercial relocation and storage business which also provides an asset management portal. The portal provides on-line tracking and retrieval for all assets held on behalf of customers.

On 4 May 2022, 20 May 2022 and 31 October 2022, the Company acquired the trade and assets of Secure Records & Data Management Limited ("SRDM"), UK Archive Limited and Millbank Document Storage Limited ("Millbank") respectively, which are all Records Management businesses.

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.

	Ultratec £'m	CAMA £'m	SRDM £'m	UK Archive £'m	Millbank £'m	Total £'m
Intangibles – customer relationships	6.7	1.7	0.5	0.1	0.1	9.1
Intangibles – software	0.2	–	–	–	–	0.2
Property, plant and equipment	0.4	–	–	–	–	0.4
Right-of-use assets	0.9	–	–	–	–	0.9
Inventories	0.3	–	–	–	–	0.3
Trade and other receivables	0.8	0.4	–	–	–	1.2
Cash and cash equivalents	2.3	0.1	–	–	–	2.4
Trade and other payables	(1.0)	(0.3)	–	–	–	(1.3)
Financial liabilities – lease liabilities	(0.9)	–	–	–	–	(0.9)
Provisions	(0.2)	–	–	–	–	(0.2)
Deferred taxation	(1.7)	(0.4)	(0.2)	–	–	(2.3)
Net assets acquired	7.8	1.5	0.3	0.1	0.1	9.8
Goodwill	3.5	1.2	0.2	–	–	4.9
Consideration	11.3	2.7	0.5	0.1	0.1	14.7
Satisfied by:						
Cash to Vendors	11.2	1.5	0.5	0.1	0.1	13.4
Deferred / contingent consideration	0.1	1.2	–	–	–	1.3
Total consideration	11.3	2.7	0.5	0.1	0.1	14.7

The fair value of acquired receivables is £1.2 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.

Acquired intangibles are valued based on future cash flows equivalent to the expected useful life of the asset. The present value is most sensitive to the expected useful life. A halving of expected useful life decreases the value of customer relationships acquired by £2.7 million.

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.

A significant portion of contingent consideration is payable based on revenue milestones. The potential amount payable is between £0 and £1.0 million. The fair value of the contingent consideration of £1.0 million recognised was based on the maximum expected future cash flow payable. The amount is undiscounted and payable with 6 months of completion. The remaining deferred consideration is payable based on completion dates.

During the year, deferred consideration of £0.5 million was paid, in relation to prior year acquisitions of Euro-Recycling Limited and The Document Warehouse Limited (2021: £1.3 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.

	2022 £'m	2021 £'m
Revenue	5.5	30.0
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	0.5	6.3

If the acquisitions had been completed on the first day of the financial year, Group revenue would have been £283.3 million and Group continuing profit before tax would have been £23.9 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, Technology and Harrow Green businesses.

Notes to the Group financial statements continued

**13. Intangible Assets**

	Goodwill £'m	Customer relationships £'m	Trade names £'m	Applications software £'m	Total £'m
Cost					
1 January 2021	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
Arising on acquisition of subsidiaries	4.7	8.4	-	0.2	13.3
Arising on acquisition of trade and assets	0.2	0.7	-	-	0.9
Fair Value Adjustment	1.7	-	-	-	1.7
Additions – external	-	-	-	0.9	0.9
Disposals	-	-	-	(0.7)	(0.7)
<b>31 December 2022</b>	<b>219.1</b>	<b>177.9</b>	<b>4.3</b>	<b>10.7</b>	<b>412.0</b>
Accumulation amortisation and impairment					
1 January 2021	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
Charge for the year	-	10.4	0.2	1.5	12.1
Disposals	-	-	-	(0.7)	(0.7)
<b>31 December 2022</b>	<b>17.6</b>	<b>53.0</b>	<b>3.0</b>	<b>6.5</b>	<b>80.1</b>
Carrying amount					
<b>31 December 2022</b>	<b>201.5</b>	<b>124.9</b>	<b>1.3</b>	<b>4.2</b>	<b>331.9</b>
31 December 2021	194.9	126.2	1.5	4.6	327.2

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

Of the £1.7 million fair value adjustment, £1.3 million relates to provisions and £0.4 million relates to accruals.

The changes to goodwill during the year were as follows:

	£'m
Cost	
1 January 2021	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
Acquired – Ultratec	3.5
Acquired – CAMA	1.2
Acquired – SRDM	0.2
Fair value adjustment – The Document Warehouse	0.1
Fair value adjustment – EDM	0.9
Fair value adjustment – Capture All	0.3
Fair value adjustment – CDL	0.2
Fair value adjustment – PRM Green	0.2
<b>31 December 2022</b>	<b>219.1</b>
Accumulated impairment	
1 January 2021	17.6
Impairment charge	-
31 December 2021	17.6
Impairment charge	-
<b>31 December 2022</b>	<b>17.6</b>
Carrying amount	
<b>31 December 2022</b>	<b>201.5</b>
31 December 2021	194.9

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

	2022 £'m	2021 £'m
Digital & Information Management	143.0	141.8
Secure Lifecycle Solutions	58.5	53.1
	<b>201.5</b>	<b>194.9</b>

### 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 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.



## Notes to the Group financial statements continued

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 2023 and the Group's Strategy Plan for 2024, 2025 and 2026. Over the 4 year forecast, the CGUs have compound average growth rates for revenue ranging from 2%-5%, with pre IFRS16 EBITDA average margin varying between 11%-40%. 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 9.5% (2021: 8.9%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Group.

**Sensitivity**

For the Datashred CGU, an increase in the discount rate or the business not achieving the growth in profitability forecast for FY26, could result in an impairment. Across all other CGUs, the Group have not identified any reasonably possible changes that would result in an impairment.

*An increase in the discount rate to 12.6% for the Datashred CGU using management's base case would remove all headroom from the impairment assessment performed. A further increase of 0.1% to this discount rate would result in an impairment of £0.6m.*

In addition, the Datashred CGU is sensitive to the terminal year cash flow. Using the Group discount rate of 9.5%, a 20% reduction on TV EBITDA would not result in an impairment. A further 20% decrease in TV would result in an impairment of £5.5m.

We have also modelled what % reduction to EBITDA would result in all headroom being removed from the impairment assessment using a discount rate of 10.5% and 11.5%, with a 17.1% and 8.8% reduction required respectively. These scenarios are before taking any mitigating actions such as capex reductions, which would increase the headroom in the model.

**14. Property, Plant and Equipment**

	Land & freehold buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2021	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
Additions	0.9	1.9	3.6	3.5	0.2	10.1
Acquisitions	-	-	0.4	-	-	0.4
Disposals	-	(0.5)	(0.4)	(2.0)	(0.1)	(3.0)
<b>31 December 2022</b>	<b>36.6</b>	<b>27.8</b>	<b>48.5</b>	<b>12.3</b>	<b>2.3</b>	<b>127.5</b>
Accumulated depreciation						
1 January 2021	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
Charge for the year	0.8	2.6	3.9	2.1	0.2	9.6
Disposals	-	(0.5)	(0.4)	(2.0)	(0.1)	(3.0)
<b>31 December 2022</b>	<b>4.2</b>	<b>10.9</b>	<b>26.1</b>	<b>5.3</b>	<b>1.3</b>	<b>47.8</b>
Net book value						
<b>31 December 2022</b>	<b>32.4</b>	<b>16.9</b>	<b>22.4</b>	<b>7.0</b>	<b>1.0</b>	<b>79.7</b>
31 December 2021	32.3	17.6	22.3	5.6	1.0	78.8

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.

Notes to the Group financial statements continued

**15. Right of use assets**

	Leasehold Property £'m	Office equipment, fixtures and fittings £'m	Motor Vehicles £'m	Total £'m
Cost				
1 January 2021	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
Additions	16.5	–	1.6	18.1
Acquired	0.9	–	–	0.9
Disposals	(1.9)	(0.1)	(3.7)	(5.7)
<b>31 December 2022</b>	<b>143.5</b>	<b>–</b>	<b>15.1</b>	<b>158.6</b>
Accumulated depreciation				
1 January 2021	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
Charge for the year	16.5	–	3.5	20.0
Disposals	(1.9)	–	(3.7)	(5.6)
<b>31 December 2022</b>	<b>48.4</b>	<b>–</b>	<b>8.8</b>	<b>57.2</b>
Net book value				
<b>31 December 2022</b>	<b>95.1</b>	<b>–</b>	<b>6.3</b>	<b>101.4</b>
31 December 2021	94.2	0.1	8.2	102.5

**16. Inventories**

	2022 £'m	2021 £'m
Finished goods and goods for resale	2.0	1.4

£4.2 million (2021: £6.6 million) of inventories were recognised as an expense in cost of sales in the year.

**17. Trade and Other Receivables**

	2022 £'m	2021 £'m
Trade receivables	41.9	34.7
Less: Loss allowance	(0.4)	(0.2)
Trade receivables – net	41.5	34.5
Other receivables	1.6	0.4
Prepayments and accrued income	26.9	22.0
	70.0	56.9

The average credit period is 52 days (2021: 49 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 on the outstanding balance.

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

<b>Movement in loss allowance</b>	2022 £'m	2021 £'m
1 January	0.2	0.3
Additional provision	0.2	0.1
Released	–	(0.2)
31 December	0.4	0.2

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.

<b>Customer incentives are included within prepayments as follows:</b>	2022 £'m	2021 £'m
Incentives outstanding – 31 December	6.8	3.8
Incentives recognised during the year	4.7	1.3

<b>Contract assets are included within accrued income as follows:</b>	2022 £'m	2021 £'m
Contract assets	9.7	8.6

**18. Trade and Other Payables**

	2022 £'m	2021 £'m
Trade payables	18.6	15.0
Other taxation and social security	8.5	9.1
Other payables*	0.8	0.7
Accruals and deferred income	21.3	20.7
	49.2	45.5

\*Other payables includes £0.5 million relating to share based payments

<b>Contract liabilities are included within accruals and deferred income as follows:</b>	2022 £'m	2021 £'m
Contract liabilities	4.7	3.2

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 44 days (2021: 43 days).

Notes to the Group financial statements continued

## 19. Financial Liabilities – Borrowings

	2022 £'m	2021 £'m
Non-current		
Bank loans – secured	135.0	134.0
Deferred financing costs	(1.3)	(0.3)
	133.7	133.7

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.

At 31 December 2022, the bank debt was due to Barclays Bank plc, National Westminster Bank plc, Clydesdale Bank plc, The Governor and Company of the Bank of Ireland, Bank of China Limited and Citibank. 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. All covenant tests were met during the year.

Analysis of net debt	2022 £'m	2021 £'m
Cash at bank and in hand	30.2	32.9
Bank loans due within one year	-	-
Bank loans due after one year	(133.7)	(133.7)
Net debt	(103.5)	(100.8)

## 20. Financial Liabilities – lease liabilities

	2022 £'m	2021 £'m
Obligations under leases – present value of lease liabilities	109.5	117.0
Repayable by instalments:		
In less than one year	19.2	18.2
In two to five years	55.5	55.1
More than five years	34.8	43.7
	109.5	117.0

## 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.

	2022 £'m	2021 £'m
Cash at bank	30.2	32.9
Bank overdraft	-	-
Cash and cash equivalents	30.2	32.9

An expected credit loss ('ECL') model in accordance with IFRS 9 has been applied to the Group's trade receivables. The Group have utilised a simplified approach which is permitted by the standard, which applies a credit risk percentage based upon historical risk of default against receivables that are grouped into age brackets. The group's trade receivables share similar risk characteristics and therefore we have chosen to apply the same default percentage of 1.0% on all outstanding receivables. The Group has a low credit risk on its trade receivables and historic defaults.

We review 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 2022, trade receivables of £1.3 million (2021: £1.2 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:

	2022 £'m	2021 £'m
60–90 days	0.1	0.3
Greater than 90 days	1.2	0.9

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

Carrying value of financial assets and liabilities excluding cash and borrowings	2022 £'m	2021 £'m
Receivables	41.9	34.9
Financial liabilities measured at amortised cost	(145.5)	(153.4)

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 %
<b>Sterling at 31 December 2022</b>	133.7	133.7	3.1
Sterling at 31 December 2021	133.7	133.7	1.9

#### Interest rate sensitivity

At 31 December 2022, 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 £0.7 million (2021: £0.6 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) was as follows:

	Bank debt £'m	Other financial liabilities* £'m	2022 Total £'m
Within one year, or on demand	–	55.4	55.4
Between two and five years	133.7	55.2	188.9
More than five years	–	34.9	34.9
	133.7	145.5	279.2

Notes to the Group financial statements continued

	Bank debt £'m	Other financial liabilities <sup>h</sup> £'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

<sup>h</sup> 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. This facility consisted of a single £160 million Revolving Credit Facility ("RCF").

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million, multicurrency RCF on enhanced terms, which is partly reduced by an on demand net overdraft facility of £1.5 million. The new RCF, which substantially increased the Group's funding capacity for investment activity, was 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. On 27 January 2023, the Group extended the RCF through to 30 April 2026.

The RCF is provided by a syndicate of six lenders being, Barclays Bank plc, National Westminster Bank plc, Clydesdale Bank plc, The Governor and Company of the Bank of Ireland, Bank of China Limited and Citibank.

The RCF includes an additional £50 million uncommitted accordion and an overdraft of £1.5 million. £1.5 million of the overdraft facility was unutilised at 31 December 2022 (2021: £1.5 million). Committed but undrawn borrowing facilities at 31 December 2022 amounted to £63.5 million (2021: £24.5 million).

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, excluding borrowing. For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market value or the borrowings are of a short-term nature.

### 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

	2022 £'m	2021 £'m
Deferred tax liabilities	(35.7)	(33.9)
Deferred tax asset	4.8	5.9
Net position at 31 December	(30.9)	(28.0)

The Government has confirmed that the increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) and substantively enacted on 24 May 2021 will come into force as planned. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2022 has been calculated at 25%.

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

	2022 £'m	2021 £'m
1 January	(28.0)	(16.4)
Charge to consolidated statement of comprehensive income for the year	(0.4)	(4.7)
Tax (charged)/credited directly to equity	(0.7)	0.6
Acquisitions	(1.8)	(7.5)
31 December	(30.9)	(28.0)

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 2021	(0.8)	(18.0)	(1.0)	(19.8)
Charge to income for the year	(0.1)	(5.4)	(0.6)	(6.1)
Acquisition	-	(8.0)	-	(8.0)
31 December 2021	(0.9)	(31.4)	(1.6)	(33.9)
Charge to income for the year	(2.3)	2.6	0.2	0.5
Acquisitions	-	(2.3)	-	(2.3)
<b>31 December 2022</b>	<b>(3.2)</b>	<b>(31.1)</b>	<b>(1.4)</b>	<b>(35.7)</b>

Deferred tax liabilities are analysed as follows:

	2022 £'m	2021 £'m
Current	(5.2)	(6.1)
Non-current	(30.5)	(27.8)
<b>Total</b>	<b>(35.7)</b>	<b>(33.9)</b>

#### Deferred tax assets

	Share-based payments £'m	Provisions £'m	Leases £'m	Pensions £'m	Other £'m	Total £'m
1 January 2021	0.8	-	2.6	-	-	3.4
Credit to income for the year	0.7	0.1	0.5	0.1	-	1.4
Charge 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
Credit to income for the year	(0.3)	(0.4)	(0.2)	(0.1)	0.1	(0.9)
Credit directly to equity	(0.7)	-	-	-	-	(0.7)
Acquisitions	-	0.5	-	-	-	0.5
<b>31 December 2022</b>	<b>1.1</b>	<b>0.7</b>	<b>2.9</b>	<b>-</b>	<b>0.1</b>	<b>4.8</b>



Notes to the Group financial statements continued

Deferred tax assets are analysed as follows

	2022 £'m	2021 £'m
Current	0.8	0.7
Non-current	4.0	5.2
<b>Total</b>	<b>4.8</b>	<b>5.9</b>

Restore plc and its wholly owned UK subsidiaries have applied tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities have been offset in the consolidated financial statements.

**23. Provisions**

	2022 £'m	2021 £'m
1 January	8.8	6.9
Additional provision	8.6	0.3
Acquired provision	0.2	1.6
Utilised	(0.3)	-
Released	(0.2)	-
<b>31 December</b>	<b>17.1</b>	<b>8.8</b>

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. Estimates are stated at nominal value and therefore the impact of discounting is not material. An increase in costs of 1% per square foot across the portfolio would result in an increase in the provision of £0.2 million.

Provisions are analysed as follows:

	2022 £'m	2021 £'m
Current	1.7	0.9
Non-current	15.4	7.9
<b>Total</b>	<b>17.1</b>	<b>8.8</b>

The provision for estate dilapidations was reviewed at 31 December 2022 and the provision increased by £8.6 million to reflect inflation in construction costs and reassessment of potential liability on sites where a lease exit is considered likely. The total provision following this reassessment is £17.1 million and is depreciated over the remaining term of the lease in accordance with the application of IFRS16.

**24. Called Up Share Capital**

	2022 £'m	2021 £'m
Authorised:		
199,000,000 (2021: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
136,924,067 (2021: 136,674,067) ordinary shares of 5p each	6.8	6.8

Date	Number of ordinary shares	Issue price
1 January 2021	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	
26 August 2022 – equity issued to Employee Benefit Trust	250,000	5.0p
31 December 2022	136,924,067	

250,000 ordinary shares were issued during 2022 to fund the Group's Employee Benefit Trust in order to settle some of the Group's share options which were exercised during the year. In 2021 61,138 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

	2022 £'m	2021 £'m
1 January	187.9	150.3
Premium on shares issued during the year	–	39.5
Share issue costs	–	(1.9)
31 December	187.9	187.9

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 2021	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
Deferred tax on share-based payments charge	(0.7)	–	(0.7)
Share-based payments charge	1.7	–	1.7
Transfer*	(2.1)	–	(2.1)
Purchase of treasury shares	–	(1.1)	(1.1)
Disposal of treasury shares	–	2.1	2.1
<b>31 December 2022</b>	<b>8.5</b>	<b>(1.6)</b>	<b>6.9</b>

\* In 2022 a net amount of £2.1 million (2021: £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 maintains an Employee Benefit Trust ('EBT'). 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.

Notes to the Group financial statements continued

**27. Retained Earnings**

	2022 £'m	2021 £'m
1 January	63.5	56.0
Profit for the year	16.8	11.5
Issue of shares	-	-
Dividends	(9.9)	(3.4)
Transfers <sup>†</sup>	2.1	0.2
Disposal of treasury shares	(0.9)	(0.8)
31 December	71.6	63.5

<sup>†</sup> In 2022 a net amount of £2.1 million (2021: £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**

	2022 £'m	2021 £'m
<b>Continuing operations</b>		
Profit before tax	23.3	23.0
Depreciation of property, plant and equipment and right-of-use assets	29.6	28.0
Amortisation of intangible assets	12.1	10.7
Net finance costs	10.9	8.1
Share-based payments charge	1.9	2.2
Increase in inventories	(0.3)	(0.3)
Increase in trade and other receivables	(11.9)	(7.8)
Decrease in trade and other payables	(0.4)	(4.0)
Cash generated from operating activities	65.2	59.9

**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 £2.3 million (2021: £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 employed at 1 April 2022 for this years grant. This is an approved HMRC scheme and was established in 2018.

Under the 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, 613,126 new awards were granted (2021: 847,015).

A reconciliation of Sharesave share option movements is below:

	2022 Number	2022 Weighted average exercise price	2021 Number	2021 Weighted average exercise price
Outstanding at 1 January	1,351,078	303.4p	677,535	302.7p
Issued	613,126	353.0p	847,015	309.0p
Lapsed	(113,833)	391.8p	(5,852)	364.7p
Forfeited	-	-	(9,577)	284.2p
Cancelled	(248,276)	324.5p	(133,446)	317.0p
Exercised	(432,437)	274.7p	(24,597)	397.2p
Outstanding at 31 December	1,169,658	326.9p	1,351,078	303.4p
Exercisable at 31 December	46,198	274.0p	79,950	432.0p

The weighted average remaining vesting period of the options outstanding at 31 December 2022 was 1.9 years (2021: 2.0 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:

	2022	2021
Share price at grant date	£4.40	£4.13
Exercise price	£3.53	£3.09
Share options	613,126	847,015
Expected volatility	29.89%	39.21%
Risk free rate	1.50%	0.15%
Expected dividend yield	1.82%	1.67%
Expected life of options (years)	3	3
Fair value per option	£1.26	£1.45
Model used	Binomial	Binomial

The total fair value of Sharesave options issued in 2022 was £0.8 million (2021: £1.2 million).

### Long Term Incentive Plan (LTIP)

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

Performance is measured at the end of the three year performance period. If the required performance conditions have been met, the awards vest and may be subject to a further holding period of up to two years. These awards have no associated exercise price.

A reconciliation of LTIP share option movements is below:

	2022 Number	2021 Number
Outstanding at 1 January	1,982,570	1,221,415
Issued	653,159	761,155
Lapsed	(46,031)	-
Forfeited	(106,252)	-
Exercised	(68,174)	-
Outstanding at 31 December	2,415,272	1,982,570
Exercisable at 31 December	446,806	-

The weighted average remaining vesting period of the LTIP awards is 1.3 years (2021: 1.4 years).

Notes to the Group financial statements continued

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:

	2022 LTIP subject to fully diluted EPS	2022 LTIP subject to TSR	2021 LTIP subject fully diluted EPS	2021 LTIP subject to TSR
Weighted average share price at grant date	£4.60	£4.60	£4.04	£4.04
Exercise price	£nil	£nil	£nil	£nil
Share options	489,869	163,290	570,866	190,289
Expected volatility	n/a	36.36%	n/a	39.43%
Risk Free rate of return	n/a	1.43%	n/a	0.13%
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	£4.60	£2.33	£4.04	£2.54
Model used	Binomial	Monte-Carlo	Binomial	Monte-Carlo

The total fair value of LTIP options issued in 2022 was £2.6 million (2021: £2.8 million).

#### Executive committee bonus surrender for shares award:

During the prior year, because of the COVID-19 pandemic, instead of awarding a cash bonus in 2020 to the executive committee, a deferred discretionary bonus was awarded in the form of a share award, conditional only upon individuals remaining in employment for a further two years. These awards have no associated exercise price.

A reconciliation of the share option movements is below:

	2022 Number	2021 Number
Outstanding at 1 January	153,066	-
Granted	-	153,066
Exercised	(135,193)	-
Outstanding at 31 December	17,873	153,066
Exercisable at 31 December	17,873	-

The weighted average remaining vesting period of the award is 0.5 years (2021: 0.6).

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:

	2022
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:

	2022 Number	2022 Weighted Average Exercise price	2021 Number	2021 Weighted Average Exercise price
Outstanding at 1 January	1,250,000	371.1p	1,645,000	312.1p
Exercised	(225,000)	351.3p	(395,000)	125.4p
Lapsed	(200,000)	441.4p	–	–
Outstanding at 31 December	825,000	359.5p	1,250,000	371.1p
Exercisable at 31 December	825,000	359.5p	1,250,000	371.1p

The weighted average contractual life of the remaining awards is 6.6 years (2021: 8.0 years).

The exercisable options outstanding at 31 December 2022 had an exercisable price of between 149.5p and 501.0p.

### 31. Directors and Employees

Staff costs during the year	2022 £'m	2021 £'m
Wages and salaries	94.2	76.2
Social security costs	8.9	6.8
Post employment benefits	2.3	1.8
Share-based payments charge (including related NI)	1.9	2.8
	107.3	87.6

Average monthly number of employees during the year	2022 Number	2021 Number
Directors <sup>*</sup>	2	2
Management	178	158
Administration	501	409
Operatives	2,189	1,877
	2,870	2,446

<sup>\*</sup> There were also 4 Non Executive Directors during the year (2021: 4).

Total amounts for Directors' remuneration and other benefits	2022 £'m	2021 £'m
Emoluments for Directors' services	1.4	1.9
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Aggregate emoluments	0.7	1.0

Notes to the Group financial statements continued

	2022 £'m	2021 £'m
<b>Key management compensation</b>		
Short-term employment benefits	7.2	7.6
Social security costs	1.1	1.2
Post-employment benefits	0.4	0.4
Other benefits	0.2	0.1
Share-based payments charge	1.9	2.2
	10.8	11.5

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

### 32. Capital Commitments

	2022 £'m	2021 £'m
<b>Capital expenditure</b>		
Contracted for but not provided in the financial statements	4.7	1.3

The capital commitments consist of £0.5 million (2021: £1.3 million) in respect of general plant and equipment and £4.2 million (2021: £nil) 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 £103.5 million at 31 December 2022 (2021: £100.8 million).

### 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 £2,512, £1,348, £1,055, £541 and £292 were paid to Charles Bligh, Neil Ritchie, Sharon Baylay-Bell, Jamie Hopkins and Susan Davy respectively (2021: £784, £462, £386, £185 and £100 respectively).

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

### 35. Post Balance Sheet Events

On 27 January 2023, the Group extended its £200 million revolving credit facility from the previous termination date of 30 April 2025 to 30 April 2026.

# Parent Company statement of financial position

At 31 December 2022

Company registered number: 05169780

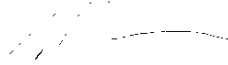
		31 December 2022	31 December 2021
Continuing operations	Note	£'m	£'m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	36	185.4	170.8
Property, plant and equipment	37	54.8	52.9
Right of use assets	38	72.0	73.3
Investment	39	95.2	96.1
Deferred tax asset	46	–	4.2
		407.4	397.3
<b>Current assets</b>			
Inventories	40	0.8	0.5
Trade and other receivables	41	146.6	123.0
Cash and cash equivalents	43	13.7	16.0
		161.1	139.5
<b>Total assets</b>		568.5	536.8
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	42	(30.4)	(19.2)
Corporation tax payable		(5.2)	(1.5)
Financial liabilities – leases liabilities	44	(13.1)	(12.3)
Provisions	47	(0.9)	(0.7)
		(49.6)	(33.7)
<b>Non-current liabilities</b>			
Financial liabilities – borrowings	43	(133.7)	(133.7)
Financial liabilities – lease liabilities	44	(65.1)	(73.5)
Other long term liabilities	44	(33.9)	(18.0)
Deferred tax liability	46	(19.0)	(19.7)
Provisions	47	(10.7)	(5.3)
		(262.4)	(250.2)
<b>Total liabilities</b>		(312.0)	(283.9)
<b>Net assets</b>		256.5	252.9
<b>EQUITY</b>			
Share capital	48	6.8	6.8
Share premium account		187.9	187.9
Other reserves		6.2	6.1
Retained earnings		55.6	52.1
<b>Equity attributable to the owners of the parent</b>		256.5	252.9

The Company's profit for the financial year was £12.2 million (2021: £9.6 million).

These financial statements on pages 105 to 123 were approved by the Board of Directors and authorised for issue on 15 March 2023 and were signed on its behalf by:



**Charles Bligh**  
Chief Executive Officer



**Neil Ritchie**  
Chief Financial Officer



## Parent Company statement of changes in equity

For the year ended 31 December 2022

	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 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)
Share-based payments charge	-	-	2.2	-	2.2
Current tax on share-based payments	-	-	0.2	-	0.2
Deferred tax on share-based payments	-	-	0.3	-	0.3
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
Balance at 1 January 2022	6.8	187.9	6.1	52.1	252.9
Profit for the year	-	-	-	12.2	12.2
Total comprehensive income for the year	-	-	-	12.2	12.2
Transactions with owners					
Dividends	-	-	-	(9.9)	(9.9)
Share-based payment charge	-	-	1.7	-	1.7
Deferred tax on share-based payment	-	-	(0.5)	-	(0.5)
Transfers*	-	-	(2.1)	2.1	-
Purchase of treasury shares	-	-	(1.1)	-	(1.1)
Disposal of treasury shares	-	-	2.1	(0.9)	1.2
<b>Balance at 31 December 2022</b>	<b>6.8</b>	<b>187.9</b>	<b>6.2</b>	<b>55.6</b>	<b>256.5</b>

\* In 2022 a net amount of £2.1 million (2021 £0.2 million) was reclassified from share-based payments reserve to retained earnings in respect of lapsed and exercised options

# Parent Company statement of cash flows

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
<b>Cash generated from operating activities</b>	49	44.4	39.3
Net finance costs		(10.3)	(5.8)
Income taxes paid		(3.6)	(4.0)
<b>Net cash generated from operating activities</b>		30.5	29.5
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and applications software	36, 37	(6.7)	(4.5)
Purchase of subsidiary undertakings, net of cash acquired	39	(0.3)	(8.5)
Purchase of trade and assets	36	(0.7)	–
Net payment of intercompany loan	41, 42, 44	(3.4)	(78.9)
<b>Cash flows used in investing activities</b>		(11.1)	(91.9)
<b>Cash flows from financing activities</b>			
Net proceeds from share issue		–	38.1
Dividends paid		(9.9)	(3.4)
Purchase of treasury shares		(1.1)	(2.6)
Proceeds from disposal of treasury shares		1.2	–
Repayment of revolving credit facility		(145.8)	(65.0)
Drawdown of revolving credit facility		146.8	106.0
Lease principal repayments		(12.9)	(11.7)
<b>Net cash (used in)/generated from financing activities</b>		(21.7)	61.4
<b>Net decrease in cash and cash equivalents</b>		(2.3)	(1.0)
<b>Cash and cash equivalents at start of year</b>		16.0	17.0
<b>Cash and cash equivalents at end of year</b>	43	13.7	16.0

# Parent Company accounting policies

For the year ended 31 December 2022

## General Information

Restore plc focus is providing storage services to offices and workplaces in the public and private sectors. The Company primarily operates in the UK. The Company is a public company limited by shares incorporated and domiciled in England, the United Kingdom.

## Basis of Preparation

The company financial statements of Restore plc have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

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 74 to 79 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 74 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 70 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: 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. 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 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022: IFRS 17 Insurance Contracts; 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; Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

# Notes to the Parent Company financial statements

For the year ended 31 December 2022

## 36. Intangible Assets

	Goodwill £'m	Customer relationships £'m	Applications software £'m	Total £'m
Cost				
1 January 2021	102.1	91.3	4.1	197.5
Additions – external	–	–	1.1	1.1
Addition arising on hive-up	0.9	1.1	–	2.0
31 December 2021	103.0	92.4	5.2	200.6
Additions – external	–	–	0.5	0.5
Addition arising on hive-up	–	1.7	–	1.7
Arising on acquisition of trade and assets	–	0.7	–	0.7
Fair value adjustment on prior year hive-up	(0.2)	–	–	(0.2)
Disposal	–	–	(0.2)	(0.2)
Arising on transfer from subsidiary	9.3	8.7	–	18.0
<b>31 December 2022</b>	<b>112.1</b>	<b>103.5</b>	<b>5.5</b>	<b>221.1</b>
Accumulated amortisation				
1 January 2021	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
Charge for the year	–	5.3	0.6	5.9
<b>31 December 2022</b>	<b>3.8</b>	<b>27.8</b>	<b>4.1</b>	<b>35.7</b>
Carrying amount				
<b>31 December 2022</b>	<b>108.3</b>	<b>75.7</b>	<b>1.4</b>	<b>185.4</b>
31 December 2021	99.2	69.9	1.7	170.8

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

On 1 November 2022 the trade and assets of the Records Management division of the EDM businesses were transferred to Restore plc.

The changes to goodwill during the year were as follows.

	£'m
Cost	
1 January 2021	102.1
Acquired – 1BDM	0.9
31 December 2021	103.0
Fair value adjustment on 2021 hive-up	(0.2)
31 December 2022	102.8
Accumulated impairment	
1 January 2021 and 31 December 2021	3.8
<b>1 January 2022 and 31 December 2022</b>	<b>3.8</b>
Carrying amount	
<b>31 December 2022</b>	<b>99.0</b>
31 December 2021	99.2

Notes to the Parent Company financial statements continued

### 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 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 including downside scenario modelling, which indicated that no impairment was required. The year-end model utilises forecasts based upon the Company's budget for 2023 and the Company's Strategy Plan for 2024, 2025 and 2026. Over the 4 year forecast, the Company's have compound average growth rates for revenue range from 4%-4.8%, with pre IFRS16 EBITDA average margin varying between 39.6%-40.7%. Terminal cash flows are based on the Company'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 9.5% (2021: 8.9%). This discount rate was calculated using a pre-tax rate based on the weighted average cost of capital for the Company.

### Sensitivity

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

### 37. Property, Plant and Equipment

	Land & freehold buildings £'m	Leasehold improvements £'m	Racking plant & machinery £'m	Office equipment fixtures & fittings £'m	Motor vehicles £'m	Total £'m
Cost						
1 January 2021	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
Additions	1.4	1.6	2.2	1.0	-	6.2
Transfer from subsidiary	-	0.3	-	0.5	-	0.8
<b>31 December 2022</b>	<b>26.0</b>	<b>20.5</b>	<b>32.8</b>	<b>5.0</b>	<b>0.1</b>	<b>84.4</b>
Accumulated depreciation						
1 January 2021	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
Charge for the year	0.6	1.8	2.0	0.7	-	5.1
<b>31 December 2022</b>	<b>3.3</b>	<b>8.2</b>	<b>15.2</b>	<b>2.8</b>	<b>0.1</b>	<b>29.6</b>
Net book value						
<b>31 December 2022</b>	<b>22.7</b>	<b>12.3</b>	<b>17.6</b>	<b>2.2</b>	<b>-</b>	<b>54.8</b>
31 December 2021	21.9	12.2	17.4	1.4	-	52.9

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 2021	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
Additions	13.2	-	13.2
Disposals	(1.1)	(0.5)	(1.6)
<b>31 December 2022</b>	<b>110.7</b>	<b>2.0</b>	<b>112.7</b>
Accumulated depreciation			
1 January 2021	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
Charge for the year	12.5	0.6	13.1
Disposals	(0.1)	(0.1)	(0.2)
<b>31 December 2022</b>	<b>38.7</b>	<b>2.0</b>	<b>40.7</b>
Net book value			
<b>31 December 2022</b>	<b>72.0</b>	<b>-</b>	<b>72.0</b>
31 December 2021	72.3	1.0	73.3

Notes to the Parent Company financial statements continued

**39. Investments**

Shares in subsidiary undertakings

	£'m
<b>Cost</b>	
1 January 2021	130.1
Acquired – 1BDM	2.0
Acquired – TDW	6.5
Capital contribution – subsidiary share-based payment	0.6
Transferred to intangible assets (less deferred tax)	(2.0)
31 December 2021	137.2
Capital contribution – subsidiary share-based payment	0.8
Transferred to intangible assets	(1.7)
<b>31 December 2022</b>	136.3
<b>Accumulated impairment</b>	
1 January 2021 and 31 December 2021	41.1
<b>1 January 2022 and 31 December 2022</b>	41.1
<b>Net book value</b>	
<b>31 December 2022</b>	95.2
31 December 2021	96.1

During the year, deferred consideration of £0.3 million was paid in relation to the acquisition of The Document Warehouse Limited.

All fully owned trading companies and holding companies, excluding Harrow Green, have taken the exemption from audit under section 479A of the Companies Act 2006.

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

At 31 December 2022 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
<b>Holding Company</b>				
This company is registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
Restore Group Holdings Ltd <sup>6</sup>	Ordinary	100%	England and Wales	Holding
<b>Records Management</b>				
All UK companies within this business unit are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
1 Big Data Management Limited <sup>6</sup>	Ordinary	100%	England and Wales	Records Management
The Document Warehouse (UK) Limited <sup>6</sup>	Ordinary	100%	England and Wales	Records Management
Wansdyke Security Limited <sup>6</sup>	Ordinary	100%	England and Wales	Dormant
<b>Digital</b>				
All UK companies within this business unit are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY unless otherwise stated.				
Capture All Limited <sup>1</sup>	Ordinary	100%	Scotland	Digital Services
Didata Limited	Ordinary	100%	England and Wales	Digital Services
EDM Business Services Holding Limited	Ordinary	100%	England and Wales	Holding
EDM Group Limited	Ordinary	100%	England and Wales	Records Management/ Digital Services
EDM Group (Holdings) Limited	Ordinary	100%	England and Wales	Digital Services
EDM Insurance Services Limited	Ordinary	100%	England and Wales	Digital Services
EDM Records Management Limited	Ordinary	100%	England and Wales	Digital Services
Filing Plus Limited	Ordinary	100%	England and Wales	Digital Services
Filing Plus Group Limited	Ordinary	100%	England and Wales	Digital Services
Rainbow BidCo Limited	Ordinary	100%	England and Wales	Holding
Rainbow HoldCo Limited	Ordinary	100%	England and Wales	Holding
Restore Digital Limited <sup>2</sup>	Ordinary	100%	England and Wales	Digital Services
Scan Image Solutions UK Limited	Ordinary	100%	England and Wales	Digital Services
Sala Imaging Limited	Ordinary	100%	England and Wales	Digital Services
Sala Integrated Information Management Limited	Ordinary	100%	England and Wales	Holding



Notes to the Parent Company financial statements continued

Company	Class of holding	% held	Country of incorporation	Nature of business
<b>Technology</b>				
All UK companies within this business unit are registered at Cardington Point, Telford Way, Bedford, MK42 0PQ				
€ Recycling Limited	Ordinary	100%	England and Wales	Dormant
Computer Disposals Limited	Ordinary	100%	England and Wales	Dormant
Euro-Recycling Limited	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	Dormant
Relocom Limited <sup>2</sup>	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	Dormant
Ultraerase Limited <sup>4,6</sup>	Ordinary	100%	England and Wales	Dormant
Ultratec Limited	Ordinary	100%	England and Wales	Technology
Ultratec (Holdings) Limited	Ordinary	100%	England and Wales	Technology
Ultratest Solutions Limited	Ordinary	100%	England and Wales	Technology
Ultrarecycle Limited	Ordinary	100%	England and Wales	Technology

Company	Class of holding	% held	Country of incorporation	Nature of business
<b>Datashred</b>				
All UK companies within this business unit are registered at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY unless otherwise stated.				
Data Shred Limited <sup>6</sup>	Ordinary	100%	England and Wales	Dormant
ID Secured Limited <sup>6</sup>	Ordinary	100%	England and Wales	Dormant
Restore Datashred Limited <sup>2</sup>	Ordinary	100%	England and Wales	Shredding Services
Restore Shred Limited <sup>6</sup>	Ordinary	100%	England and Wales	Dormant
Safe-Shred UK Limited <sup>5</sup>	Ordinary	100%	England and Wales	Dormant
<b>Harrow Green</b>				
All UK companies within this business unit are registered at 2 Oriental Road, Silvertown, London, E16 2BZ.				
Harrow Green Limited	Ordinary	100%	England and Wales	Relocation
CAMA Workspace Limited	Ordinary	100%	England and Wales	Relocation
<b>Other investments</b>				
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.				
Ink and Toner Recycling Limited <sup>6</sup>	Ordinary	40%	England and Wales	Printer Cartridge Recycling
International Technology Products (UK) Limited <sup>7</sup>	Ordinary	40%	England and Wales	Printer Cartridge Recycling
International Technology Products GmbH <sup>8</sup>	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
Peabody QED Thurrock Management Limited <sup>6</sup>	Ordinary	33%	England and Wales	Management of Real Estate
Takeback Limited	Ordinary	40%	England and Wales	Printer Cartridge Recycling
<sup>1</sup> The registered address of Unit 2 Forbes Court, Middlefield Industrial Estate, Falkirk, FK2 9HQ.				
<sup>2</sup> The registered address of LDM House, Village Way, Bilston, Wolverhampton, England WV14 0UJ.				
<sup>3</sup> The registered address is 2 Oriental Road, London, E16 2BZ.				
<sup>4</sup> The registered address is The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY.				
<sup>5</sup> The registered address is Unit Q1, Queen Elizabeth Distribution Centre, Purfleet, Essex, RM19 1NA.				
<sup>6</sup> Held directly.				
<sup>7</sup> The registered address is 52 Burness Lane, Kiln Farm, Milton Keynes, England, MK11 3HD.				
<sup>8</sup> The registered address is 2nd Floor Butterhouse, 177-178 Tottenham Court Road, London, England W14 7AF.				

**40. Inventories**

	2022 £'m	2021 £'m
Finished goods and goods for resale	0.8	0.5

£3.1 million (2021: £2.8 million) of inventories were recognised as an expense in cost of sales in the year.

Notes to the Parent Company financial statements continued

**41. Trade and Other Receivables**

	2022 £'m	2021 £'m
Due in less than one year		
Trade receivables	15.6	14.3
Less: Loss allowance	-	-
Trade receivables - net	15.6	14.3
Amounts due from group undertakings	13.5	8.2
Other receivables	0.1	0.2
Prepayments and accrued income	16.7	12.5
	45.9	35.2
Due after more than one year		
Amounts due from group undertakings	100.7	87.8
	146.6	123.0

The average credit period is 42 days (2021: 44 days).

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.

<b>Movement in the allowance for impairment</b>	2022 £'m	2021 £'m
1 January	-	0.1
Utilised in year	-	(0.1)
31 December	-	-

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**

	2022 £'m	2021 £'m
Trade payables	7.8	5.7
Amount due to group undertakings	9.6	0.7
Other taxation and social security	4.1	4.0
Other payables	0.2	0.3
Accruals and deferred income	8.7	8.5
	30.4	19.2

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 57 days (2021: 52 days).

**43. Financial Liabilities – Borrowings**

	2022 £'m	2021 £'m
Non-current		
Bank loans – secured	135.0	134.0
Deferred financing costs	(1.3)	(0.3)
	133.7	133.7

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.

At 31 December 2022, the bank debt was due to Barclays Bank plc, National Westminster Bank plc, Clydesdale Bank plc, The Governor and Company of the Bank of Ireland, Bank of China Limited and Citibank. 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. All covenant tests were met during the year.

#### Analysis of net debt

	2022 £'m	2021 £'m
Cash at bank and in hand	13.7	16.0
Bank overdrafts	-	-
Bank loans due after one year	(133.7)	(133.7)
	(120.0)	(117.7)

#### 44. Other Financial Liabilities

	2022 £'m	2021 £'m
Financial liabilities – present value of lease liabilities	78.2	85.8
Repayable by instalments:		
In less than one year	13.1	12.3
In two to five years	41.2	40.1
More than five years	23.9	33.4
	78.2	85.8
	2022 £'m	2021 £'m
Amount due to group undertakings	33.9	18.0

#### 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.

	2022 £'m	2021 £'m
Cash at bank	13.7	16.0
Bank overdraft	-	-
Cash and cash equivalents	13.7	16.0

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 2022 trade receivables of £0.9 million (2021: £1.0 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:

	2022 £'m	2021 £'m
60–90 days	0.3	0.3
Greater than 90 days	0.6	0.7

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

Notes to the Parent Company financial statements continued

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

	2022 £'m	2021 £'m
Loans and receivables	128.7	109.5
Financial liabilities measured at amortised cost	129.5	119.0

#### Currency and interest rate risk profile of financial liabilities

All bank borrowings were subject to floating interest rates, at SONIA plus Credit Adjusted Spread plus a margin of 1.80%, 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 %
<b>Sterling at 31 December 2022</b>	133.7	133.7	3.1
Sterling at 31 December 2021	133.7	133.7	1.9

#### Interest rate sensitivity

At 31 December 2022, 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 £0.7 million lower (2021: £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):

	Bank debt £'m	Other financial liabilities* £'m	2022 Total £'m
Within one year, or on demand	–	30.5	30.5
Between two and five years	133.7	75.1	208.8
Five years or more	–	23.9	23.9
	133.7	129.5	263.2

	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

\* Other financial liabilities include trade payables, accruals, amounts owing under leases 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. This facility consisted of a single £160 million Revolving Credit Facility ("RCF").

On 18 January 2022, the Group extinguished its financing arrangement in place at 31 December 2021, and replaced it with a new £200 million, multicurrency RCF on enhanced terms, which is partly reduce by an on demand net overdraft facility of £1.5 million. The new RCF, which substantially increased the Group's funding capacity for investment activity, was 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. On 27 January 2023, the Group extended the RCF through to 30 April 2026.

The RCF is provided by a syndicate of six lenders being, Barclays Bank plc, National Westminster Bank plc, Clydesdale Bank plc, The Governor and Company of the Bank of Ireland, Bank of China Limited and Citibank.

The RCF includes an additional £50 million uncommitted accordion and an overdraft of £1.5 million. £1.5 million of the overdraft facility was unutilised at 31 December 2022 (2021: £1.5 million). Committed but undrawn borrowing facilities at 31 December 2022 amounted to £63.5 million (2021: £24.5 million).

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, excluding borrowing. For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market value or the borrowings are of a short-term nature.

**Interest rate management** (see page 96)

Notes to the Parent Company financial statements continued

**46. Deferred Tax**

Summary of balances	2022 £'m	2021 £'m
Deferred tax liabilities	(22.1)	(19.7)
Deferred tax asset	3.1	4.2
Net position at 31 December	(19.0)	(15.5)

The Government has confirmed that the increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) and substantively enacted on 24 May 2021 will come into force as planned. This will increase the company's future current tax charge accordingly. The deferred tax liability at 31 December 2022 has been calculated at 25%.

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

	2022 £'m	2021 £'m
1 January	(15.5)	(12.2)
Charge to profit or loss for the year	(0.7)	(3.6)
Tax (charge)/credit directly to equity	(0.5)	0.3
Acquisitions	(2.3)	-
31 December	(19.0)	(15.5)

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 2021	(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)
Credit to income for the year	(1.0)	0.9	(0.1)
Acquisitions	-	(2.3)	(2.3)
<b>31 December 2022</b>	<b>(3.6)</b>	<b>(18.5)</b>	<b>(22.1)</b>

Deferred tax liabilities are analysed as follows:

	2022 £'m	2021 £'m
Current	(1.9)	(4.4)
Non-current	(20.2)	(15.3)
<b>Total</b>	<b>(22.1)</b>	<b>(19.7)</b>

Deferred tax assets are analysed as follows:	Share-based payments £'m	Leases £'m	Total £'m
1 January 2021	0.9	2.2	3.1
Credit to income for the year	0.4	0.4	0.8
Credit directly to equity	0.3	-	0.3
31 December 2021	1.6	2.6	4.2
Charge to income for the year	(0.2)	(0.4)	(0.6)
Charge directly to equity	(0.5)	-	(0.5)
<b>31 December 2022</b>	<b>0.9</b>	<b>2.2</b>	<b>3.1</b>

Deferred tax assets are analysed as follows:

	2022 £'m	2021 £'m
Current	0.5	0.4
Non-current	2.6	3.8
<b>Total</b>	<b>3.1</b>	<b>4.2</b>

#### 47. Provisions

	2022 £'m	2021 £'m
1 January	6.0	5.8
Released	(0.1)	-
Additional Provision	5.7	-
Charge for the year	-	0.2
<b>31 December</b>	<b>11.6</b>	<b>6.0</b>

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. Estimates are stated at nominal value and therefore the impact of discounting is not material. An increase in costs of 1% per square foot across the portfolio would result in an increase in the provision of £0.1 million.

Provisions are analysed as follows:

	2022 £'m	2021 £'m
Current	0.9	0.7
Non-current	10.7	5.3
<b>Total</b>	<b>11.6</b>	<b>6.0</b>

#### 48. Share Capital

	2022 £'m	2021 £'m
Authorised:		
199,000,000 (2021: 199,000,000) ordinary shares of 5p each	10.0	10.0
Allotted, issued and fully paid:		
136,924,067 (2021: 136,674,067) ordinary shares of 5p each	6.8	6.8

The issued ordinary share capital is as follows:

Date	Number of ordinary shares	Issue price
1 January 2021	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	
26 August 2022 - exercise share options	250,000	5.0p
<b>31 December 2022</b>	<b>136,924,067</b>	

250,000 ordinary shares were issued during 2022 to fund the Group's Employee Benefit Trust in order to settle some of the Group's share options which were exercised during the year. In 2021 61,138 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.



Notes to the Parent Company financial statements continued

**49. Cash generated from Operating activities**

	2022 £'m	2021 £'m
Profit before tax	15.5	14.0
Depreciation of property, plant and equipment and right-of-use assets	18.2	16.6
Amortisation of intangible assets	5.9	5.2
Net finance costs	6.7	5.6
Share-based payments charge	1.5	1.7
Impairment of investment	-	-
Increase in inventories	(0.3)	(0.1)
Increase in trade and other receivables	(5.4)	(4.9)
Increase in trade and other payables	2.3	1.2
Cash generated from operating activities	44.4	39.3

**50. Share-Based Payments**

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

**51. Dividends**

Details of dividends are given in note 11.

**52. Directors and Employees**

Staff costs during the year	2022 £'m	2021 £'m
Wages and salaries	28.2	24.4
Social security costs	3.2	2.8
Other pension costs	1.0	0.8
Share-based payments charge	1.5	1.7
	33.9	29.7

Average monthly number of employees during the year	2022 Number	2021 Number
Directors <sup>2</sup>	2	2
Management	25	45
Administration	131	111
Operatives	820	670
	978	828

<sup>2</sup> There were also 4 Non-Executive Directors during the year (2021: 4)

Total amounts for Directors' remuneration and other benefits	2022 £'m	2021 £'m
Emoluments for Directors' services	1.4	1.9
Directors' remuneration shown above included the following amounts in respect of the highest paid Director:		
Salary and benefits	0.7	1.0

	2022 £'m	2021 £'m
<b>Key management compensation</b>		
Short-term employment benefits	4.2	3.9
Social security costs	0.7	0.9
Post employment benefits	0.2	0.2
Other benefits	0.1	0.1
Share-based payments charge	1.5	1.1
	6.7	6.2

The key management of the company are management attending board meetings.

### 53. Capital Commitments

	2022 £'m	2021 £'m
<b>Capital expenditure</b>		
Contracted for but not provided in the financial statements	4.7	0.9

### 54. Contingent Liabilities

The Company has entered into a bank cross guarantee. The guarantee amounts to £103.5 million at 31 December 2022 (2021: £100.0 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

#### Transactions with related parties

The following transactions occurred with related parties:

	2022 £'m	2021 £'m
<b>Dividend Revenue</b>		
Dividends received from subsidiary undertakings	3.6	2.8
<b>Sales and purchases of services</b>		
Provision of management services and sales to subsidiary undertakings	6.9	3.6
Purchases from subsidiary undertakings	(1.3)	(2.2)
<b>Interest charges and payments</b>		
Net interest charges to subsidiary undertakings	2.7	1.0

Management services provided by the company and services received from the subsidiary undertakings were made on a normal commercial term and condition and at market rates. Loans with subsidiaries accrue interest at SONIA plus a margin of 1.80% (2021: LIBOR plus a margin of 1.85%).

Further details of related party transactions can be found in note 34.

### 56. Post Balance Sheet Event

Details of post balance sheet events are given in note 35.

# Notice of Annual General Meeting

## Restore plc

Notice is hereby given that the Annual General Meeting of Restore plc ("the Company") will be held at the offices of Buchanan Communications Ltd, 107 Cheapside, London, EC2V 6DN on 16 May 2023 at 1.00pm for the following purposes:

### Ordinary Business

1. To receive the Company's annual accounts for the financial year ended 31 December 2022, 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 James Hopkins, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
9. To re-appoint Lisa Fretwell, who retires by rotation pursuant to the Company's articles of association, as a director of the Company.
10. To declare a final dividend of 4.8 pence per ordinary share in respect of the year ended 31 December 2022. This dividend will be paid on 7 July 2023 to the holders of ordinary shares at 6pm on 9 June 2023 (the ex-dividend date being 8 June 2023).

### Special Business

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

11. 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 £2,282,067.75 (being 45,641,355 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 or agreements as if the authority conferred by this resolution had not expired.

12. That, subject to the passing of resolution number 11 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 11 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 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;
  - 12.2 the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph 12.1 above) up to an aggregate nominal amount of £684,620.30; and
  - 12.3 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 12.1 or paragraph 12.2 above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 12.2 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of 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 11 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, subject to the passing of resolution number 11 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 11 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:

13.1 the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £684,620.30, such authority to be used only 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

13.2 the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 13.1 above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph 13.1 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of 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 11 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.

14. 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:

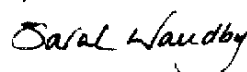
14.1 the maximum number of Ordinary Shares authorised to be purchased is 13,692,406;

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

14.3 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  
15 March 2023

**Registered Office**

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

**PLEASE NOTE:**

You will not receive a form of proxy for the Annual General Meeting in the post. Instructions on how to vote electronically and how to register are detailed in the Notes. You will still be able to vote in person at the Annual General Meeting, and may request a hard copy proxy form directly from the registrars, **Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL at [shareholderenquiries@linkgroup.co.uk](mailto: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.

## Notice of Annual General Meeting continued

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

1. Only those members entered on the register of members of the Company at close of business on 12 May 2023 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 12 May 2023 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](http://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;
  - if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform.

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 PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 1.00 p.m. on 12 May 2023.

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 1.00 p.m. on 16 May 2023 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 & International 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 & International 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. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 1.00 p.m. on 12 May 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
12. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion or withhold from voting.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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](http://www.restoreplc.com).

## EXPLANATION OF RESOLUTIONS

### Resolution 11 – authority to allot shares

At the last annual general meeting of the Company held on 20 May 2022, the directors were given authority 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 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 £2,282,067.75 representing approximately one third of the Company's issued ordinary share capital as at 13 March 2023 (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 12 – disapplication of statutory pre-emption rights

Resolution 12 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;
- otherwise, up to a maximum nominal value of £684,620.30, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 13 March 2023 (the latest practicable date before publication of this document); and
- otherwise, up to a nominal amount equal to one fifth of any allotment pursuant to the bullet point above, to be used only for the purposes of a follow-on offer.

### Resolution 13 – disapplication of statutory pre-emption rights to finance an acquisition or other capital investment

In addition to the powers granted by Resolution 12, Resolution 13 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 £684,620.30, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 13 March 2023 (the latest practicable date before publication of this document), such authority to be 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; and
- otherwise, up to a nominal amount equal to one fifth of any allotment pursuant to the bullet point above, to be used only for the purposes of a follow-on offer.

The rights of pre-emption disapplication sought pursuant to Resolutions 12 and 13 represent, in aggregate, approximately 20% of the issued ordinary share capital of the Company as at 13 March 2023.

Notice of Annual General Meeting continued

**Resolution 14 – authority to make market purchases of own shares**

Resolution 14 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 13,692,406 (representing approximately 10 per cent of the Company's issued ordinary share capital as at 13 March 2023 (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.

## Officers and advisers

### Company Secretary

Sarah Waudby

### Registered Number and Office

05169780  
The Databank  
Unit 5 Redhill Distribution Centre  
Salbrook Road  
Redhill  
Surrey, RH1 5DY

### Nominated Adviser & Broker

#### Investec

30 Gresham Street  
London, EC2V 7QP

### Joint Corporate Brokers

#### Canaccord Genuity

88 Wood Street  
London, EC2V 7QR

#### Citi

33 Canada Square  
London, E14 5LB

### Public Relations

#### Buchanan Communications Limited

107 Cheapside  
London, EC2V 6DN

### Independent Auditor

#### PricewaterhouseCoopers LLP

1 Embankment Place  
London, WC2N 6RH

### Financial and Tax Advisers

#### KPMG

15 Canada Square  
Canary Wharf  
London, E14 5GL

### Solicitors

#### Fieldfisher LLP

17th Floor  
No.1 Spinningfields  
Hardman Square  
M3 3EB

### Bankers

#### Barclays Bank PLC

1 Churchill Place  
London, E14 5HP

#### National Westminster Bank plc

Floor 9  
280 Bishopsgate  
London, EC2M 4RB

#### Bank of Ireland

Bow Bells House  
1 Bread Street  
London, EC4M 9BE

#### Citibank

33 Canada Square  
London, E14 5LB

#### Bank of China

1 Lothbury  
London, EC2R 7DB

#### Clydesdale Bank plc

40 St Vincent Place  
Glasgow, G1 2HL

### Registrars

#### Link Asset Services

Unit 10 Central Square  
29 Wellington Street  
Leeds, LS1 4DL

### Trading record

Year ended 31 December	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018** £'m
Revenue	279.0	234.3	182.7	215.6	195.5
Adjusted profit before taxation*	41.0	38.1	23.2	35.6	37.5
Adjusted earnings per share*	24.3p	23.2p	15.0p	23.2p	25.2p
Net debt	103.5	100.8	66.1	88.5	111.3
Net assets	273.2	265.2	218.6	218.5	216.0

\* Adjusted profit before taxation is stated before amortisation, impairment of intangible assets and investments, and adjusting items.

\*\* Excludes the impact of IFRS 16 and adjusted for share based payments

### Financial calendar

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



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