

1 February 2023

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

Trading Update

FY22 performance in line with expectations

Restore plc (AIM: RST), the UK's leading provider of digital and information management and secure lifecycle services, is pleased to provide a trading update for the year ended 31 December 2022 ("FY22"), ahead of the publication of the Group's full year results on 16 March 2023.

FULL YEAR TRADING UPDATE

The Board is pleased to report that Restore has performed in line with expectations for the year ended 31 December 2022, achieving strong revenue and profit growth, demonstrating the Group's underlying resilience during a challenging economic period.

- Records Management net box growth of c1.5% for the year (FY21: 1.3%) driven by higher general activity levels and service contract wins during the year.
- Records Management achieved strong sales during the year 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) leading to an increase in utilisation during the year from 92% to c.97% by the end of 2022.
- As a result of this growth, the property estate has been reconfigured to best utilise the space available, resulting in some non recurring property costs in H2 together with further property costs on acceleration of consolidation of the estate to more efficient premises.
- Restore Digital performed very strongly driven by new contracts wins and Datashred also delivered growth.
- Restore Technology customer demand and operational efficiency improved in Q4 as expected.
- Five acquisitions completed during 2022 across Restore Technology, Restore Records Management and Restore Harrow Green for c.£12.4m.
- Leverage at 31 December 2022 was 1.7x EBITDA, well within the Group's target range of 1.5- 2.0x EBITDA, and the Group retains substantial headroom across its borrowing facilities.

OUTLOOK

The Group enters 2023 with positive momentum and continues to see substantial growth potential across its organic and acquisition strategies, with opportunities to improve margins further through pricing and cost synergies.

Whilst the macro-economic conditions and inflationary environment continue to be uncertain, the Group has plans in place to meet the challenges:

- Pricing: Annual price rises for a significant proportion of the Group's revenues were introduced from 1 January 2023, with prices rising more than in previous years reflecting the higher input costs. Other contract price increases are planned to be implemented throughout the year according to renewal dates, typically based on CPI for the past 12 months.
- Cost: As previously announced, the Group is making good progress on cost reductions of at least £3 million for 2023 across cost of sales and operating overheads as well as supplier rationalisation with over £1m of these savings having already been actioned.
- Acquisitions: The Group will remain disciplined and focused on delivering strong returns from its acquisition programme. Whilst the acquisition pipeline for FY23 remains strong, the focus in H1 will be on executing price rises, cost management and organic contract wins. We expect pricing for assets will also moderate.
- Cash Generation and Balance Sheet: We expect the Group to remain strongly cash generative in FY23 and debt levels to reduce during the year, in the absence of acquisitions.
- Box Growth: Records Management anticipate that net boxes will continue to grow strongly and within the guided range of 1% to 2% for FY23 as a result of reported new wins and organic growth from existing customers.

CHARLES BLIGH, CEO, commented:

"Restore delivered another year of revenue and profit growth and I am pleased how the whole team navigated the uncertainties of 2022 to finish in a strong position with major contract wins and excellent operational execution for customers, together with a robust financial position.

Whilst the macro-economic outlook is uncertain, our markets remain attractive as our essential services are needed more than ever to help customers reduce their costs while delivering improvements in security and data management and we have plans in place across both pricing and the cost base to address these macro challenges. Accordingly, we are confident that FY23 will be another year of good progress."

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*Note: Analyst consensus forecast FY22 Adjusted PBT of £41.1m, with a range of £40.0m - £42.0m

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