This announcement contains inside information.

27 May 2021

ROBUST PERFORMANCE AND GOOD PROGRESS ON GROWTH INITIATIVES
IMPROVED OUTLOOK FOR FY22

Renewi plc (LSE: RWI), the leading international waste-to-product business, announces its results for the year ended 31 March 2021.

Financial Highlights

- Robust results reflect resilient business model, swift Covid-19 cost and cash action, and a significant improvement in the second half
- Revenue from ongoing businesses flat and revenue from continuing operations down 5% to €1,694m[1]
- Underlying EBIT from ongoing businesses 3% below prior year and above previous guidance at €73.0m[1]
- Statutory profit of €11.0m compared to a loss of €77.1m in the prior year
- Core net debt* reduced to €344m from €457m last year, representing net debt to EBITDA of 2.2x
- Material upgrade to our expectations for FY22

Strategic Highlights

- Good progress with innovation pipeline with projects commissioned and in construction, including ATM new products, BioLNG facility, and a further RetourMatras facility
- Renewi 2.0 programme on track and delivered benefits ahead of plan of €2.2m in FY21
- ATM results impacted by delays in approvals to ship TGG, however good progress made, capacity to make new construction materials commissioned, and three year recovery plan remains on track
- Proposed 1 for 10 share capital consolidation to be included at forthcoming Annual General Meeting

Sustainability

- Our business enables a circular economy: sustainability is our business strategy
- Ambitious “Mission75” launched to increase our recycling rate from 65.8% to an industry-leading 75% over five years, equivalent to an extra 1.3m tonnes per annum
- A leading ESG model; new ESG evaluation of 83 issued by S&P (up from 75 in 2020)

[1]The definition and rationale for the use of non-IFRS measures are included in note 17. Ongoing businesses as presented for the prior year exclude the financial results for the Canada Municipal business sold on 30 September 2019 and the Reym business sold on 31 October 2019.
** Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.*

Otto de Bont, Chief Executive Officer, said:

“Our performance improved as the year progressed, despite the pandemic, and I am pleased to report final results which are significantly better than we had anticipated in early 2020. This is due to the determined efforts of our people, as they delivered seamless service to our customers and communities in the most challenging environment. These results also reflect our swift actions on cost and cash, our resilient business model and the strengthening recyclate prices in the second half.

“We also made good progress on our key strategic initiatives to deliver sustained growth for Renewi.

“Looking ahead, the Board now expects the Group’s performance in FY22 to be materially ahead of its previous expectations given the Group’s strong results in FY21, particularly in the second half, and the prevailing high recyclate prices.

"The transition to a circular economy will increase demand for recycling and higher quality recyclates, which supports our business model. The sustainability agenda and the potential for a "green recovery" driven by the EU and national governments are expected to present more attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident our three strategic growth initiatives – recovery of earnings at ATM, the Renewi 2.0 programme and our innovation pipeline – will deliver significant additional earnings over the next three years and beyond."

Results

	FY21	FY20	% change
UNDERLYING NON STATUTORY			
Revenue[1] ongoing businesses	€1,693.6m	€1,697.0m	0%
Underlying EBITDA[1] ongoing businesses	€195.7m	€187.6m	4%
Underlying EBIT[1] ongoing businesses	€73.0m	€75.5m	-3%
Underlying profit before tax[1] ongoing businesses	€47.4m	€42.5m	+11%
Underlying EPS[1] ongoing businesses (cents per share)	4.5c	3.9c	+15%
Free cash flow[1]	€141.0m	€57.8m	+144%
Core net debt*	€344m	€457m	
Core net debt plus IFRS 16 lease liabilities	€580m	€669m	
STATUTORY			
Revenue from continuing operations	€1,693.6m	€1,775.4m	
Operating profit (loss) from continuing operations	€43.4m	€(28.1)m	
Profit (loss) before tax from continuing operations	€18.2m	€(59.4)m	
Loss from discontinued operations	-	€(16.6)m	
Profit (loss) for the year	€11.0m	€(77.1)m	
Basic EPS from continuing operations (cents)	1.4c	(7.7)c	
Cash flow from operating activities	€258.2m	€167.8m	

[1]The definition and rationale for the use of non-IFRS measures are included in note 17. Ongoing businesses as presented for the prior year exclude the financial results for the Canada Municipal business sold on 30 September 2019 and the Reym business sold on 31 October 2019. The Canada Municipal segment met the definition of a discontinued operation and is recorded as such.
** Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.*

The results for both this year and the prior year are reported applying IFRS 16. Where appropriate, we also disclose certain metrics on an IAS 17 basis as this is relevant particularly for the calculation of leverage for the Group's banking covenants.

For further information:

FTI Consulting	**Renewi plc**
+44 20 3727 1545	**+44 7976 321 540**
Susanne Yule	Adam Richford, Head of IR
+44 20 3727 1340	**+44 7773 813 180**
Richard Mountain	Michelle James, Communications

Notes:

1. Renewi will hold an online analyst presentation at 10.30 a.m. BST today. Webcast: https://channel.royalcast.com/landingpage/renewi/20210527_1/
2. A copy of this announcement is available on the Company's website, (www.renewiplc.com). The presentation made to analysts today will also be available on the website.

FORWARD-LOOKING STATEMENTS

Certain statements in this announcement constitute "forward-looking statements". Forward-looking statements may sometimes, but not always, be identified by words such as "will", "may", "should", "continue", "believes", "expects", "intends" or similar expressions. These forward-looking statements are subject to risks, uncertainties and other factors which, as a result, could cause Renewi plc's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this announcement and, except to the extent legally required, Renewi plc undertakes no obligation to revise or update such forward-looking statements.

Chief Executive Officer's Statement

Overview

The financial performance in the year ended 31 March 2021 was significantly better than we had originally expected at the start of the Covid-19 pandemic. This was driven by our swift actions on cost and cash, our resilient business model and by stronger recyclate prices in the second half. As a result, underlying EBIT from ongoing businesses fell by only 3% to €73.0m. With a significant reduction in exceptional items, statutory profit increased to €11.0m (FY20: loss of €77.1m). Core net debt reduced by €113m to €344m and our leverage ratio reduced to 2.2x (FY20: 3.0x).

Sustainability is at the heart of our business model. Our purpose of giving new life to used materials enables the circular economy, which is essential if society is to meet its carbon reduction goals. We have therefore maintained our focus on the longer-term strategic drivers for Renewi: increasing our recycling rate; increasing the quantity and quality of the secondary materials we supply; expanding our market share and improving both efficiency and customer service through our Renewi 2.0 programme. Good progress has been made with the strategy and we remain well positioned to benefit from the continuing drive towards circularity of the European economies.

Group financial performance

Renewi made two strategic disposals in the prior year, generating €107m gross cash proceeds. The table below includes the results from Reym in the last year prior to its disposal. The Canada Municipal segment is not included as it was reported as a discontinued operation. Renewi subsequently changed the divisional and reporting structure from 1 April 2020 and the prior year comparatives for the ongoing businesses have been restated. Excluding businesses sold in the prior year provides a more representative view of performance in the year. These results therefore focus on ongoing businesses as we believe that this gives a clearer comparator.

Group Summary	**Revenue**			**Underlying EBIT**		
	FY21 €m	**FY20 €m**	**Variance %**	**FY21 €m**	**FY20 €m**	**Variance %**
Commercial Waste	1,240.6	1,250.2	-1%	76.8	78.6	-2%
Mineralz & Water	182.8	151.6	21%	0.3	5.6	-95%
Specialities	300.8	323.2	-7%	2.4	(1.3)	N/A
Group central services	-	-		(6.5)	(7.4)	12%
Inter-segment revenue	(30.6)	(28.0)		-	-	
Ongoing Businesses	**1,693.6**	**1,697.0**	**0%**	**73.0**	**75.5**	**-3%**
Reym	-	78.4		-	12.1	
Continuing Operations	**1,693.6**	**1,775.4**	**-5%**	**73.0**	**87.6**	**-17%**

The underlying figures above are reconciled to statutory measures in note 3 in the consolidated financial statements. Ongoing businesses as presented for the prior year exclude the financial results for the Canada Municipal business which was sold on 30 September 2019 and the Reym business which was sold on 31 October 2019.

Revenue from continuing operations was down 5% to €1,694m and underlying EBIT was down 17% to €73.0m. Excluding businesses sold in the prior year revenue was flat and underlying EBIT decreased by just 3%. Underlying profit before tax from ongoing businesses increased by 11% to €47.4m, reflecting primarily lower borrowing costs as a result of reduced debt and leverage ratios. Underlying earnings per share from ongoing businesses increased by 15% to 4.5c (FY20: 3.9c).

The Commercial Division saw revenues fall by 1% and underlying EBIT by 2%. This was a highly resilient performance, particularly in the Netherlands and in the second half, with volumes recovering well from the first lockdown and certain recyclate prices increasing sharply back to levels last seen in 2017.

The Mineralz & Water Division made underlying progress and saw revenues increase by 21%, due to the transfer in of a facility from Specialities. Underlying earnings fell to €0.3m with additional offsite soil storage costs of €4.1m, as previously announced, now included in ordinary trading, having previously been accounted for as exceptional. We also made a further accrual of €5m to allow ATM to ship legacy inventories of TGG and related materials at worse prices. Other activities in the division were slightly ahead of expectations.

The Specialities Division generated an underlying EBIT of €2.4m compared to a loss of €1.3m in the prior year. Coolrec recovered particularly well after a difficult first quarter, and Maltha and the UK Municipal contracts performed in line with expectations despite significant ongoing challenges arising from Covid.

The business delivered a positive operational cash performance of €117.5m in the year (193% free cash flow conversion), including a €54m impact in the year from tax deferrals in the Netherlands as a result of Covid-19. This strong performance also reflected a determined focus on working capital, reduction of cash outflows in Municipal, reduced exceptional cash outflows and a 14% reduction in replacement capital expenditure. Our core net debt at 31 March 2021 was €344m, a 25% reduction on the previous year and a 38% reduction from the peak two years ago. Leverage fell to 2.2x (FY20: 3.0x), well within our covenant. Liquidity headroom including cash and undrawn facilities was also strong at €364m (FY20: €252m).

The Board has decided not to pay a dividend this year while the full impacts of Covid-19 and the shape of the recovery remain uncertain. The Board will keep the future resumption of dividends under review during FY22.

Managing the impact of Covid-19

The last year has demonstrated the resilience of the Renewi business model. As market leader, our scale means that we serve most segments of the Dutch and Belgian economies. Therefore, as some segments contracted, such as hospitality, others increased, such as bulky waste. In addition, our dynamic pricing model protects us when recyclate prices fall, as they did in the first half before recovering strongly in the second half.

Our virus response team coordinated a decisive action plan from the outset to prepare for and then to manage Covid-19. We are an essential service and we were able to maintain all services to our customers throughout the year. Rapid changes were made to some collection processes, such as digitising collection notes, and to our operating facilities in order to protect our people. Total confirmed infections over the year were relatively low at 443 given that our drivers travel extensively within communities every day. We are deeply appreciative of the commitment and flexibility of all our colleagues who enabled this seamless maintenance of an essential service to the community. We recognised the exceptional effort of over 6,000 essential frontline and operational support team members with a one-off ex gratia cash bonus of €200 each.

We took prompt action to reduce costs and preserve cash and were able to exceed both targets. We reduced operational costs (beyond the variable costs) by €19m and secured cash savings of €77m against targets of €15m and €60m respectively. We deployed €3m of these savings to reward our frontline and operational support teams. We have additionally taken steps to rationalise our footprint in certain locations and activities, recognising that the economic impact of the pandemic will be longer lasting. Our Covid-19 cost action plan has resulted in the closure or planned closure of six processing lines or sites with a cash cost of €3m and an annual benefit of circa €2m from next year.

Well positioned in a market focused on increasing circularity

The Covid-19 pandemic has strengthened the resolve of Western European leaders to “build back better” and to focus on a “green recovery”. This recognises the urgent need for action to address global warming and resource depletion, including water.

Our purpose is to protect our planet by giving new life to used materials, and our vision is to be the leading waste-to-product company in the world’s most advanced circular economies. This differentiates Renewi

as a company that focuses on reuse: supplying high-quality secondary materials, which we believe is the best way to extract value from waste. We are a key player in the rapidly emerging circular economy and a pioneer among companies that collect our society's waste to find new uses for it.

Regulatory changes within the last year include the passing into law of Vlarema 8 in Flanders that effectively bans the incineration of any recyclable waste. This will require a further step change in source segregation by waste producers by 2023 and a significant investment by the recycling industry to offer a capability to sort waste streams that cannot be segregated at source. The Netherlands is pressing ahead with a progressive carbon tax that will ramp up over the next decade, while the UK Government has promised a significant strategy for waste in 2023. We believe that Renewi is well placed to meet the needs of these regulatory developments.

Looking forward, legislators are considering further action, including further carbon taxes, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will help to accelerate the transition to increased recycling rates and, critically, increased demand for secondary materials. While progress is being made, we believe that it will have to accelerate significantly if governments wish to meet their own recycling and circularity targets.

Last year we launched Renewi's upgraded sustainability strategy and our new sustainable development objectives for the next three and five years. Starting from the UN Sustainable Development Goals, we focus on three key themes: Enable the circular economy; Reduce carbon emissions and waste; and Care for people. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. By delivering on one, we deliver on the other.

During the last year we have made good progress with our strategy, including the following highlights:

- Increased recycling rate from 64.7% to 65.8% (+1.1% points), mainly driven by a decrease in volumes to incineration in Commercial Belgium, and an improved recycling performance in Mineralz & Water
- 3.1m tonnes of carbon avoidance, up 1.5% year on year per tonne of waste processed
- Additional 7 solar roofs installed, and permit for the largest Belgium on-land wind turbine in Ghent obtained
- Employee NPS (net promoter score) improved by 50%, as a result of active management follow-up on employee feedback

Progress against each of our specific targets is detailed in full in both our forthcoming Annual Report and our Sustainability Review.

Our strategy for long-term profitable growth

To expand our position as a secondary raw material producer, our strategy is based on three pillars:

1. **Leader in recycling: increase our recycling rate.** We will invest to start or expand production of secondary raw materials out of waste streams currently going to incineration or landfill. Our ambitious goal, launched as "Mission75", is to increase our recycling rate within five years to 75% from the current 65.8%, which we believe is already the highest in the industry.
2. **Leader in secondary material production: Enhance value of the products we produce**. To build a circular economy, the usage of secondary raw materials must increase. For production companies currently using primary raw materials, the easiest way to convert is by using high quality secondary raw materials that they can "drop-in". We aim to significantly increase the value of our products by investing in advanced processing of our materials.
3. **Selectively gain market share.** Our primary focus in the Benelux is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, there are consolidation opportunities in our sector, and we intend to participate both in smaller acquisitions in our core markets and potentially to enter into new geographies with strong growth potential for our waste-to-product model.

This strategy is further underpinned by our modernisation of Renewi in the Renewi 2.0 programme.

Good progress with our innovation portfolio

Innovation is one of our core priorities and we are working on a growing number of initiatives to deliver the first two pillars of our growth strategy with a view to delivering an additional EBIT of €20m by FY26. Given that a number of these initiatives relate to new products or technologies, we do not expect them all to proceed to commercialisation.

Project	Partner	Opportunity	Status
ATM Gravel sand & filler	Stand-alone	€€€€€	Filler capacity installed and product certifications progressing well
Organics: bio-gas production	Stand-alone	€	Construction underway for commissioning in late 2021
Organics: bio-gas to bio-LNG	Shell & Nordsol	€€	Construction underway for commissioning in late 2021
Mattress recycling	IKEA group	€€€	New facilities: third complete, fourth to open in summer 2021 and fifth in planning. New investment to chemically recycle polyurethane
NEW: Expansion plastic recycling	Stand-alone	€€	New sorting lines in Ghent, Acht and Waalwijk to convert up to 100kt of hard plastic to high quality plastic recyclates
Feedstock for chemical recycling of plastics	SABIC	€ - €€€	Discussions ongoing concerning feedstock specification and sourcing
Polyurethane recycling	Chemical recycler	€ - €€€	Technical feasibility studies underway
Wood flake for low-carbon steel	Arcelor-Mittal	€€ - €€€€	Commercial discussions ongoing
NEW: Advanced residual waste sorting	Stand-alone	€€€€€	To meet the stringent requirements of Vlarema 8 legislation in Belgium per 2023

Cellulose recovery and bottom ash treatments have been returned to earlier stage-gates in the innovation pipeline following detailed evaluations.

Renewi 2.0 programme

We announced last year our Renewi 2.0 programme: a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, orientated around two key themes:

- **Digitisation of the business**. We are developing a new front-end interface for customers that will allow them to place and amend orders, have full visibility on our services and related cost as well as on the circular benefits their waste is creating. This digitisation will deliver a better 24/7 customer experience, while reducing our cost to serve.
- **Simplification and harmonisation of processes**. Our core processes can be simplified and standardised across our divisions to reduce cost, reduce errors, and improve customer, supplier and employee experiences. We are implementing global process owners for our core processes and centres of excellence to simplify our product offering, improve our core data and eliminate wasted activity.

As previously indicated, the programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three year programme to 2023 for a total cash cost of €40m, which will be split into an exceptional cost of €33m and capital investment of €7m. €2.2m of net benefit was reported in FY21 against a target of €1.0m. We remain confident that we will achieve the targeted savings in the coming years.

Key progress during FY21 included the initial go-live of MyRenewi, our customer portal. Around 15,000 customers now have access to MyRenewi and feedback is positive. Further modules are in development and we will progressively transition more of our customers onto MyRenewi during FY22. We also went

live with the invoice-to-pay module of Coupa, our source-to-pay system. The procure-to-pay modules will be introduced, by division, starting from the summer of 2021. The restructuring of four divisions into three delivered the expected €2m benefit. We have also invested in new "centres of excellence" for global process management, product and service pricing, record to report and data management that are expected to drive significant benefits going forward.

ATM profit recovery

ATM is our major site that cleans contaminated soil, water and chemical waste, providing a unique range of services in the Netherlands. The market for the thermal treatment of contaminated soil and its reuse as thermally treated soil ("TGG") was disrupted from mid-2018 due to environmental concerns, reducing earnings by around €20m. ATM's TGG was cleared by IL&T, the national regulator, for use in appropriate locations from late 2019.

Good underlying progress was made in FY21, with growth in the inbound soil pipeline, installation of capacity to separate and store the new filler product, and increasing quality certification of the new building products; sand, gravel and filler. However, it has taken longer than expected to secure local permits for outlets for accumulated TGG, which slowed the operational ramp up of manufacture of new products in FY21. Recently new contracts have been signed to ship over 0.5MT of TGG. This will in turn allow us to increase the production of the new building materials as space becomes available. We remain confident that our three-year recovery will be delivered as expected.

Divisional and Group Outlook

The Commercial Division has started the year strongly, supported by positive volumes and ongoing strong recyclate prices. We expect several sectors within Commercial to recover to pre-Covid-19 volumes in the coming months, particularly in hospitality and retail. At the same time, we remain alert to a potential weakening of the construction sector in the Netherlands, a softening of recyclate prices and the risk of increased insolvencies and credit issues as government support is withdrawn.

We expect to see the Mineralz & Water Division's results improve through the year as TGG is cleared from the ATM site and certification of the new secondary materials can complete. Selective investment, both in the more efficient production of the secondary construction materials and in improved capacity on the waterside, will support the return towards the €20m EBIT target by the end of FY23.

In the Specialities Division, we expect a recovery in Maltha and ongoing progress in Coolrec during FY22. UK Municipal is expected to perform as previously forecast, with the cash losses from contracts reducing further to around €10m in FY22 (FY21: €15m).

Looking ahead, the Board now expects the Group's performance in FY22 to be materially ahead of its previous expectations, given the Group's strong results in FY21, particularly in the second half, and the prevailing high recyclate prices.

The transition to a circular economy will increase demand for recycling and higher quality recyclates, which supports our business model. The sustainability agenda and the potential for a "green recovery" driven by the EU and national governments are expected to present more attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident our three strategic growth initiatives – recovery of earnings at ATM, the Renewi 2.0 programme and our innovation pipeline – will deliver significant additional earnings over the next three years and beyond.

Operating Review for the year ended 31 March 2021

Commercial Waste

Financial performance

The Commercial Division performed strongly in FY21 despite the loss of volumes due to Covid-19. A strong second half performance completely offset weakness in the first half which was impacted by the first lockdown and the Netherlands exceeded its FY20 performance. Revenues fell by just 1% to €1,240.6m, while underlying EBIT fell by 2% to €76.8m. EBIT margins reduced by 10bps to 6.2% and the return on operating assets increased by 170bps to 17.6%. The Division delivered €15m of Covid-19 cost savings during the year, with 56% in the second half, amidst second lock downs and despite recovering volumes.

Commercial Waste	**Revenue**		**Underlying EBITDA**		**Underlying EBIT**	
	FY21	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
Netherlands Commercial	828.4	812.6	113.9	104.4	53.7	49.4
Belgium Commercial	412.9	439.1	52.5	56.1	23.1	29.2
Intra-segment revenue	(0.7)	(1.5)	-	-	-	-
Total (€m)	1,240.6	1,250.2	166.4	160.5	76.8	78.6
Year on year variance %						
Netherlands Commercial	*2%*		*9%*		*9%*	
Belgium Commercial	*-6%*		*-6%*		*-21%*	
Total	*-1%*		*4%*		*-2%*	
	Return on operating assets		**Underlying EBITDA margin**		**Underlying EBIT margin**	
	FY21	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
Netherlands Commercial	15.7%	13.1%	13.7%	12.8%	6.5%	6.1%
Belgium Commercial	24.2%	25.4%	12.7%	12.8%	5.6%	6.6%
Total	17.6%	15.9%	13.4%	12.8%	6.2%	6.3%

Following the change in the composition of the reporting segments from 1 April 2020, Netherlands Commercial now includes Orgaworld, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets for Belgium excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

Revenues in the Netherlands grew by 2% to €828.4m and underlying EBIT increased by 9% to €53.7m. Underlying EBIT margins increased by 40bps to 6.5% and return on operating assets increased by 260bps to 15.7%. The performance was driven by improved inbound prices, cost actions and higher recyclate prices.

Volumes in the Netherlands were less impacted by Covid-19 than in Belgium and the UK, with fewer segments badly affected, combined with some market share gain. Volumes were 94% of the prior year in the first quarter, strengthening to 97% and 98% in the second and third quarters before slipping back to 95% with the fourth quarter lockdown. Core volumes were down by 1.4% on the prior year: Commercial waste volumes, which include hospitality, were 11% lower than the prior year, but this was significantly offset by a 4% growth in construction & demolition volumes, and an 18% increase in bulky waste volumes. Recyclate volumes reduced by 2.5%, with 5% falls in paper and plastics offset by a 7% increase in wood. Food waste volumes fell by 21%, reflecting the near closure of the hospitality sector. Inbound pricing has remained relatively unaffected to date, with a small net margin increase driven by the price increases introduced before Covid-19 in January 2020.

Recyclate prices increased in the fourth quarter, most notably for paper and ferrous metal. This represented an expected recovery from the very low prices seen in 2018-19 supported by specific near-

term supply/demand changes caused by Covid-19. For example, European demand for cardboard has been strong, reflecting increased online deliveries following lockdown restrictions. At the same time generation of wastepaper in offices contracted due to remote working. The full year impact of recyclate volumes and prices was €3m versus prior year.

Belgium experienced a significantly greater impact from Covid-19 than the Netherlands. Revenues fell by 6% to €412.9m and EBIT by 21% to €23.1m. Underlying EBIT margins contracted by 100bps to 5.6% and return on operating assets by 120bps to 24.2%.

Belgian volumes in the first quarter reduced to 76% of prior year in a very sharp lockdown which closed large parts of the economy. This recovered to 91% in the second quarter, 92% in the third quarter and 97% in the fourth quarter, noting that this last data point compares to a sharp initial lockdown in the prior year. Core volumes were down by 12%, with commercial down 14%, and recyclate volumes by 5%. Belgian cost actions amounting to €8m were delivered, which partially offset the lost profit from lower volumes. EBIT in the second half was broadly flat on the prior year, reflecting positive progress compared to the first half.

Operational review

Our Commercial Division was clearly primarily focused, at least in the first half, on managing Covid-19. Nevertheless, good progress was also made with its longer-term strategic projects.

Covid-19 operational response

Our rapid response to the crisis required agility and innovation from our teams on the ground. We implemented innovations such as digital collection notes which reduced physical contact to avoid transmission and to protect our customers. Our back-office staff quickly transitioned to working from home with no loss of productivity. We extended our activities supporting the healthcare sector with additional collection services and new PPE and medical equipment recycling partnerships.

Our cost controls began with reductions in discretionary costs such as marketing and travel, but also extended to finding ways to operate with reduced overtime and temporary labour. We expect to retain the benefit of some of these changes when volumes fully return. Four sites or processing lines in the Netherlands and two in Belgium have been closed or are expected to close during FY22 as we further optimise our footprint to meet new demand patterns.

Increasing diversion of waste and adding value to our secondary materials production

Long-term waste volumes are expected to be broadly flat, with some growth for Renewi from customer share gain. We expect to continue to drive our margin expansion from these volumes by increasing the diversion of waste we collect away from landfill and incineration. Having diverted waste from landfill and incineration, our next priority is to increase the value we add from the products we make through increased quality. We call this “spread expansion”.

We made good progress with a number of key projects to deliver our longer term growth strategy during the year:

- Our RetourMatras joint venture with the IKEA Group continues to expand rapidly. During the last year we commissioned the third facility with a fourth expected to be on stream this summer, thereby giving us complete coverage of the Netherlands and an ability to recycle over one million Dutch mattresses. We also welcomed IKEA’s partner IKANO as a shareholder. IKANO has technology to recycle the recovered foam back into polyurethane that can be used to make new mattresses, therefore closing the loop. We are exploring international expansion opportunities with our fellow shareholders, starting in Belgium;
- Construction is underway of a €10m dedicated facility to process out-of-date food waste and provide feedstock to our anaerobic digester in Amsterdam. Construction will complete and the site fully commissioned in late 2021;

- We signed an agreement with Shell and Nordsol to build and operate a new facility at our Amsterdam anaerobic digester site to take bio-methane and convert it to bio-LNG for zero carbon transport fuel. Construction is underway for this innovative unit and commissioning is planned for late 2021;
- The new €6m stone crusher at Wateringen has demonstrated its enhanced product quality in its first year of operation, allowing us to sign our first 12KT contract to supply the recycled stones back into the concrete industry;
- We have completed a €1.2m dockside loading installation at our Vlaardingen facility, allowing us to ship wood chips to customers abroad;
- We generated record product sales at our Hoek van Holland green waste treatment facility, entering into more closed loop agreements with local horticultural customers;
- We commissioned our new €2.5m plastics sorting line at Ghent. The new facility produces much higher quality plastic granulates, allowing us to significantly increase the spread on the products we sell; and
- We have started our investment of €2.4m to install a new sand washing line in Mont-St-Guibert. The new line will improve sand capacity and quality and will reduce our environmental impact by using 80% less water.

Clean and green collection

The efficient collection of waste provides an essential service to customers and provides us with the raw materials from which to create new products. However, we seek to minimise pollution and traffic impacts to become cleaner, greener and more efficient, in support of our primary focus to increase diversion and close the loop in the circular economy. We therefore seek to optimise our capital-intensive logistical activity while preserving our customer intimacy and service.

We continue to reduce pollution by investing in the latest technologies. During the past year we invested €39m in purchasing 272 Euro VI trucks with the lowest emissions. These trucks reduce pollutants by over 90% compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. Over 60% of our fleet is now Euro VI and we are on track for 100% by 2025.

Over the next decade, we expect a step change in the reduction of carbon emissions from waste collection through two approaches. The most significant will be a transition to use of zero emission vehicles (ZEV), likely electric or hydrogen powered, in response to zero emissions zones in major cities. The second is an opportunity for waste companies to combine to collect waste in single "white label" truck fleet operation per town, increasing route efficiency and reducing the number of vehicles. During the last year we ordered the first electric rear end loaders produced by both Volvo and DAF. The Volvo is commissioned and on operational trials with us and the DAF will follow later in FY22. We have also purchased a vehicle to collect organic waste from Albert Heijn supermarkets that runs on bio-LNG in a closed loop solution.

To support the transition to cleaner and safer inner cities we will reduce heavy goods movements through a new joint venture, the "Green Collective". Together with other major Dutch waste operators we aim to jointly collect waste within thirty municipal regions by 2025, to increase route density and reduce CO2 emissions from collections.

Leadership changes

In addition to the previous appointment of Marc den Hartog, who joined us as Managing Director, Commercial Waste Netherlands from 1 April 2021, we are also now pleased to announce the appointment of Mark Thys as Managing Director, Commercial Waste Belgium, with effect from 1 June 2021. Mark joins from Eurofins Scientific where he led global transformations and prior to this, he was a regional Managing Director at Goodyear Dunlop. Mark succeeds Wim Geens who has been part of Renewi and predecessors for 15 years and we wish him every future success.

Mineralz & Water

Financial performance

Mineralz & Water	FY21 €m	FY20 €m	Variance %
Revenue	182.8	151.6	21%
Underlying EBITDA	15.0	18.7	-20%
Underlying EBITDA margin	*8.2%*	*12.3%*	
Underlying EBIT	0.3	5.6	-95%
Underlying EBIT margin	*0.2%*	*3.7%*	
Return on operating assets	0.8%	13.9%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous Hazardous Waste division and Mineralz, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

Revenues increased by 21% to €182.8m, primarily as a result of the transfer into the division of a metal extraction facility. Revenue on a like for like basis was up 2% year on year. Underlying EBIT fell by €5.3m compared to the prior year to €0.3m. This included €5.0m of additional provisions to reflect higher expected costs of disposal of TGG and related materials and €4.1m in external storage costs of these inventories that were previously reported as exceptional charges: excluding these items EBIT increased by €3.8m in the year. This was lower than initially planned for the year, primarily due to delays in clearing the Moerdijk site of cleaned TGG.

Operational review

The recovery of full soil treatment production requires progress in three interlinked areas: revitalisation of the inbound soil pipeline, placement of historic cleaned TGG stocks in the market, and the installation of capacity to produce sand, gravel and filler as certified products for the construction markets.

Good progress has been made with the revitalisation of the inbound pipeline. The volume of contaminated soil and asphalt under negotiation for future supply increased by more than 0.5MT and, combined with existing inventories, we are confident we have sufficient input for FY22. The ability to bid for new soil contracts is linked to our being able to prove there are suitable outlets for the cleaned soil or products: hence an increase in certainty of outlets will improve the success rate for new soil contracts. Covid-19 had a negative effect on the broader European soil remediation market during the past year, which is expected to steadily recover going forward. Volumes processed through the kiln increased by 28% vs the prior year, to 30% of processing capacity.

The placement of historic cleaned TGG stocks has been slower than originally expected, driven by caution among local regulators in providing permits. 140KT of TGG was placed during FY21 and we have signed contracts for FY22 to ship a minimum of 0.5MT of thermally treated soil in the Netherlands, with shipments starting in May. Further discussions are taking place regarding outlets of up to 1MT, enough to place all of our remaining TGG stocks. We have increased our provision for some of the cleaned products by €3.5m to allow for the logistics required for export outlets.

The preferred applications for cleaned soil are as separated and refined filler, sand and gravel which are each secondary construction materials. New transport systems and silos to store up to 5KT of filler were installed and commissioned during the last year. Further investments are planned to improve the sand quality, upgrade the sieve capacity and improve logistics. In parallel we are making progress with certifications for the new products which will, over time, open new outlet markets and improve prices. Our

commercial pipeline for each product is growing and we are confident that our fully certified secondary materials will have long-term outlet markets and customers.

The remainder of the division performed well following the initial Covid-19 lockdown. At ATM we saw a strong increase in contribution from the Pyro unit with production volumes up 8% vs prior year following investments to improve production capability and despite a weak first quarter due to Covid-19. The waterside at ATM was more severely affected by Covid-19 in the first half and volumes fell by 6% vs the prior year. The Mineralz business saw lower profits in the landfill segment, as forecast, including the scheduled closure of the Braine landfill from 1 January which will reduce annualised profits by circa €2m. The soil washing and metals extraction facilities saw growth on the prior year, despite Covid-19, partly due to increases in metal prices. New divisional management were able to deliver significant reductions in operational and SG&A costs as synergies were realised from the creation of the new division.

Specialities

Financial performance

Specialities	**FY21 €m**	**FY20 €m**	**Variance %**
Revenue	300.8	323.2	-7%
Underlying EBITDA	12.0	8.1	48%
Underlying EBITDA margin	*4.0%*	*2.5%*	
Underlying EBIT	2.4	(1.3)	N/A
Underlying EBIT margin	*0.8%*	*-0.4%*	
Return on operating assets	5.4%	4.6%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous UK Municipal business together with Coolrec and Maltha, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. Underlying EBIT includes utilisation of €11.4m (FY20: €12.2m). The return on operating assets excludes the UK Municipal business. The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

Revenue fell by 7% to €300.8m, primarily as a result of the transfer of a metal recovery facility to Mineralz & Water. Underlying EBIT moved from a loss of €1.3m to a profit of €2.4m despite negative Covid-19 impacts. The ongoing recovery at Coolrec was particularly positive, with EBIT up by over 100% despite a very tough first quarter when the French and Belgian sites were closed for lack of inbound fridges. In contrast, Maltha saw earnings fall by 96% as it was particularly hard hit by the closure of the hospitality sector and the postponement of major events, which resulted in a furnace closure in France and generally lower demand for cullet. Municipal performance was helped by the first full year of the new short-term Derby contracts. Underlying performance, including the contracts reported as onerous, deteriorated as much higher black bag waste volumes and lower recyclate volumes in the household waste recycling centres led to increased losses relative to prior year.

Operational review

Coolrec has now restructured successfully to operate from three main facilities in the Netherlands, Belgium and a smaller site in France. Each of these is a national leader in the recycling of fridges and white goods, and also depollutes and recycles small domestic appliances to recover valuable metals and hard plastics. Despite a very difficult first quarter, in which volumes fell to 70% of prior year, volume recovery for the remainder of the year was very strong with total volumes ending 5% down. Having completed the initial restructuring, management has invested over the past year to significantly upgrade the core sites, improving the recycling content, carbon footprint and capacity. This was rewarded, just after year end, by the renewal of a key contract in Belgium to secure volumes for another six to nine years.

As reported above, Maltha experienced a significant impact from Covid-19 as one of few businesses in Renewi that is dependent on the glass bottle manufacturers who are exposed to the hospitality sector. The business has a high fixed cost base and so the lower volumes fed through to reduced profits. As a result a goodwill impairment of €9.5m was taken.

UK Municipal also experienced a challenging year as Covid-19 reduced recyclates and increased black bag waste. Nevertheless, good underlying progress was made in a number of areas. The underperforming Derby contract that impacted FY20 was replaced in August 2019 by an improved contract to manage the Councils' waste and to maintain the Sinfin Lane site, until the Councils have sufficient time to determine its long-term plan. ELWA also saw some significant underlying improvements and we are confident that incinerator gate fees have peaked and that improved outlets can be secured going forward. Overall we continue to operate the loss-making contracts within the aggregate provisions taken in previous years. Composition of the provisions has been updated with reductions in ELWA offset by an increase in Wakefield. We have not yet reached agreement with Wakefield Council to improve operations with the aim to save money and reduce the contract's environmental footprint. Continuous improvement initiatives delivered a further €1.3m of annualised savings.

FINANCIAL REVIEW

As noted earlier excluding businesses sold in the prior year provides a more representative view of performance in the year. On a comparable ongoing businesses basis with last year, revenue was flat, underlying EBITDA increased by 4% and underlying EBIT fell by 3% to €73.0m. A lower level of interest and exceptional charges in the current year has resulted in a statutory profit before tax of €18.2m compared to a loss of €59.4m in the prior year.

Financial Performance	**FY21 €m**	**FY20 €m**	**Variance %**
Revenue			
Ongoing businesses	1,693.6	1,697.0	0%
Reym	-	78.4	
Total: continuing operations	1,693.6	1,775.4	-5%
Underlying EBITDA			
Ongoing businesses	195.7	187.6	4%
Reym	-	12.1	
Total: continuing operations	195.7	199.7	-2%
Underlying EBIT			
Ongoing businesses	73.0	75.5	-3%
Reym	-	12.1	
Total: continuing operations	73.0	87.6	-17%
Underlying profit before tax			
Ongoing businesses	47.4	42.5	11%
Reym	-	11.6	
Total: continuing operations	47.4	54.1	-12%
Non-trading & exceptional items	(29.2)	(113.5)	
Profit (loss) before tax	18.2	(59.4)	
Total tax charge for the year	(7.2)	(1.1)	
Profit (loss) for the year from continuing operations	11.0	(60.5)	
Loss for the year from discontinued operations	-	(16.6)	
Profit (loss) for the year	11.0	(77.1)	

The underlying figures above are reconciled to statutory measures in notes 3 and 17 in the consolidated financial statements.

Overall, the Group saw a significant strengthening of performance in the second half of FY21, with underlying EBIT outperforming the prior year by 19% in the second half, having been 25% below the prior year in the first half. This included a benefit of around €6m from recyclate pricing in the second half.

H1 vs H2 variance	**H1**		**H2**		**Full Year**	
	€m	**%**	**€m**	**%**	**€m**	**%**
NL Commercial Waste	(5.0)	-19%	9.3	40%	4.3	9%
BE Commercial Waste	(6.3)	-43%	0.2	1%	(6.1)	-21%
Commercial Waste	(11.3)	-28%	9.5	25%	(1.8)	-2%
Mineralz & Water	(0.2)	-8%	(5.1)	-165%	(5.3)	-95%
Specialities	0.2	N/A	3.5	N/A	3.7	N/A
GCS	1.8	35%	(0.9)	41%	0.9	12%
Underlying EBIT	**(9.5)**	**-25%**	**7.0**	**19%**	**(2.5)**	**-3%**

Non-trading and exceptional items excluded from underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying profit before tax due to their size, nature or incidence. Total non-trading and exceptional items including tax were reduced by 79% to €24.8m (FY20: €101.3m plus €18.9m from discontinued operations), of which €14.8m was non-cash. As previously reported, we have accounted for the costs of two important programmes as exceptional due to their size and nature; Renewi 2.0 and the Covid-19 cost action plan.

The Renewi 2.0 programme will deliver cost benefits at an annualised run rate of €20m by March 2023 as previously forecast. The cost of the programme is still expected to be €40m, split between capital and an exceptional charge. Benefits of €2.2m were secured in the year slightly ahead of plan, with cash spend of €12.5m in line with expectations. The table below sets out the expected costs and benefits over later periods.

Renewi 2.0: expected costs and benefits	FY21	FY22	FY23	FY24
	€m	€m	€m	€m
Annual net benefit	2	5	12	20
Exceptional costs	(7)	(11)	(12)	-
Capital spend	(5)	(2)	-	-
Net cash flow	(10)	(8)	-	20

The total €40m programme costs include the exceptional cost and capital spend of €37m plus non-cash impairments of circa €3m

In light of Covid-19 and ongoing lower economic activity we took action to structurally reduce capacity. Cash costs of €3.1m and €5.3m of asset impairments have been reflected following the decision to close two processing lines in Belgium and some sites and business activity in the Netherlands. Further details are provided in note 5 to the consolidated financial statements.

EBIT from continuing operations, after taking account of all non-trading and exceptional items, was a profit of €43.4m (FY20: €28.1m loss).

Net finance costs

Net finance costs, excluding exceptional items, decreased by €7.2m to €27.2m (FY20: €34.4m). The key drivers relate to changes in borrowings levels which benefit from lower debt following the cash preservation actions taken in the first few months of the year as a result of the pandemic, Covid-19 deferral schemes for tax payments in the Netherlands, a lower rate secured by new cross currency swaps and the impact of the 123bps lower coupon on the retail bonds taken out in July 2019 compared to the previous bonds. The reduction of rates for discount unwind of provisions as reflected in March 2020 has resulted in the charge for the current year being €1.4m lower. Adjusting for the disposal of Reym, lease interest costs have

increased by €1.2m as a result of new IFRS 16 lease contracts entered into. Further details are provided in note 6 to the consolidated financial statements.

Profit (loss) before tax

Profit before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was €18.2m (FY20: loss of €59.4m).

Taxation

Total taxation for the year was a charge of €7.2m (FY20: €1.1m). The effective tax rate on underlying profits was 24.5% at €11.6m, unchanged from the prior year. A tax credit of only €5.4m is attributable to the non-trading and exceptional items of €29.2m given a proportion of these are non-taxable. Recent changes to the Dutch corporate income tax rate were enacted in December 2020 to revoke the originally planned reductions and retain the rate at 25% for the foreseeable future. This has resulted in an increase in deferred tax liabilities which is recorded as an exceptional tax charge of €1.0m in the year. Recently announced UK corporate tax increases from 19% to 25% from April 2023 have not yet been enacted and as such this potential circa €3m credit is not reflected in the UK deferred tax balances at March 2021.

Looking forward, we anticipate the underlying tax rate to remain around 25% given the recent changes in the Netherlands and the UK.

The Group statutory profit after tax, including all discontinued and exceptional items, was €11.0m (FY20: loss of €77.1m).

Earnings per share (EPS)

Underlying EPS from ongoing businesses, excluding non-trading and exceptional items, was 4.5 cents per share, an increase of 15%. Basic EPS from continuing operations was 1.4 cents compared to a loss of 7.7 cents per share in the prior year.

Dividend

The Board has decided not to pay a dividend this year while the full impacts of Covid-19 and the shape of the recovery remain uncertain. The Board will keep the future resumption of dividends under review during FY22.

CASH FLOW PERFORMANCE

The funds flow performance table is derived from the statutory cash flow statement and reconciliations are included in note 17 in the consolidated financial statements.

The table shows the cash flows from an adjusted free cash flow to total cash flow. Adjusted free cash flow is a new measure that focuses on the cash generation excluding the impact of Covid-19 tax deferrals, settlement of ATM soil liabilities and spend relating to the UK PPP onerous contracts. Adjusted free cash flow also includes lease repayments for IFRS 16 leases. The prior period comparatives have been restated to reflect this new layout.

Funds flow performance	**FY21 €m**	**FY20 €m**
EBITDA	195.7	202.8
Working capital movement	35.4	16.9
Movement in provisions and other	8.9	(4.5)
Net replacement capital expenditure	(55.4)	(64.2)
Repayments of obligations under lease liabilities	(40.4)	(38.5)
Interest, loan fees and tax	(35.4)	(37.1)
Adjusted free cash flow	**108.8**	**75.4**
Deferred Covid taxes	54.1	6.0
Offtake of ATM soil	(2.6)	-
UK Municipal contracts	(19.3)	(23.6)
Free cash flow	**141.0**	**57.8**
Growth capital expenditure	(6.9)	(10.1)
Synergy, integration & restructuring spend	(12.7)	(24.3)
Other	(3.9)	(8.4)
Disposals net of acquisitions	-	95.7
Dividends paid	-	(8.6)
Total cash flow	**117.5**	**102.1**
Free cash flow conversion	**193%**	**64%**

The numbers for the prior year include both continuing and discontinued operations. Free cash flow conversion is free cash flow as a percentage of underlying EBIT. The non-IFRS measures above are reconciled to statutory measures in note 17 in the consolidated financial statements.

Adjusted free cash flow was strong at €108.8m, an increase of €33.4m from last year, boosted by a strong working capital performance. Customer collections have remained strong throughout the year with Covid-19 having a minimal impact on days sales outstanding. We continue to expect a deterioration in this area in the new financial year once governmental support reduces.

Replacement capital spend was well controlled at €55.4m (FY20: €64.2m). In addition, €60.9m of new leases have been entered into which are now reported as right-of-use assets with a corresponding lease liability. These leases include the continuation of the truck replacement programme, property lease renewals or extensions and other assets. Growth capital spend included the new silos and infrastructure for construction materials at ATM, and initial spend on the €10m facility to process out-of-date food waste in Amsterdam.

The three components that we have shown below the adjusted free cash flow will have a reducing impact over the next three or more years. The Dutch Covid-19 tax deferral, which amounted to €60m at the end of March, will be settled in 36 monthly instalments starting in October 2021. TGG soil stocks with a cumulative liability of up to €25m are expected to be placed in the market in the coming year or so. Spend on UK PPP contracts was €19.3m, €4.3m better than prior year and expected to reduce further in FY22.

Synergy, integration and restructuring spend of €12.7m related to the Renewi 2.0 programme together with carry forward costs from the original integration programme.

Other cash flows include the funding for the closed UK defined benefit scheme and the purchase of short-term investments in the insurance captive net of sundry dividend income from other investments.

Net cash generated from operating activities increased from €157.7m in the prior period to €243.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 17 in the consolidated financial statements.

INVESTMENT PROJECTS

Expenditure in FY22

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY22 replacement capital spend is expected to be around €95m which includes some catch-up from the prior two years and investment in a replacement LUVO emissions cleaning unit at the ATM TRI plant. In addition up to €45m of IFRS 16 lease investments are expected.

Growth capital expenditure is expected to increase as some of the innovation pipeline comes into the construction phase. Overall spend for FY22 is estimated at around €25m including the completion of the out-of-date food waste facility in Amsterdam, and other initiatives.

Return on assets

The Group return on operating assets, excluding debt, tax and goodwill increased from 19.0% at 31 March 2020 to 22.6% at 31 March 2021. The Group post-tax return on capital employed was 6.3% (FY20 ongoing businesses only: 6.0%).

TREASURY AND CASH MANAGEMENT

Core net debt and leverage ratios

Core net debt excludes IFRS 16 lease liabilities and the net debt relating to the UK PPP contracts which is non-recourse to the Group and secured over the assets of the special purpose vehicles. Core net debt was significantly better than management expectations at €343.6m (FY20: €457.2m), with working capital and capital expenditure well controlled and the impact of Covid-19 related tax deferrals in the Netherlands. Net debt to EBITDA was 2.2x, comfortably within covenant and below 3.5x which is the normal test level applied from September 2021. Liquidity headroom including cash and undrawn facilities was also strong at €364m (FY20: €252m). Cash balances were reduced in the year from a high of €194.5m at March 2020 and used to repay borrowings.

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long-term.

Debt Structure	FY21 €m	FY20 €m	Variance €m
€100m Belgian Green retail bonds	(100.0)	(100.0)	-
€75m Belgian Green retail bonds	(75.0)	(75.0)	-
€495m Green RCF and term loan	(185.0)	(437.1)	252.1
Green EUPP	(25.0)	(25.0)	-
Gross borrowings before lease liabilities	(385.0)	(637.1)	252.1
Historical IAS 17 lease liabilites and other	(13.6)	(19.3)	5.7
Loan fees	3.5	4.7	(1.2)
Cash and money market funds	51.5	194.5	(143.0)
Core net debt (as per covenant definitions)	(343.6)	(457.2)	113.6
IFRS 16 lease liabilities	(236.7)	(211.7)	(25.0)
Net debt excluding UK PPP net debt	(580.3)	(668.9)	88.6

All our core borrowings of bonds and loans are green financed. The main facility has been hedged with four cross currency swaps totalling €168.4m at fixed Euro interest rates of between 1.27% and 1.40% which expire between October 2022 and December 2022. The retail bonds of €100m maturing in June 2022 have an annual gross coupon of 3.65% and the bonds of €75m maturing in July 2024 have an annual gross coupon of 3.00%. As at 31 March 2021, 98% of our core net debt was fixed or hedged.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2021 was €80.3m (FY20: €88.0m).

The introduction of IFRS 16 in 2019 increased lease liabilities by €155.4m. Total right-of-use assets at March 2021 include plant and machinery of €124.0m (FY20: €110.0m), incorporating ongoing truck investments, and land and buildings of €109.8m (FY20: €105.9m). Bank facility covenants exclude IFRS 16 leases.

Debt borrowed in the special purpose vehicles (SPVs) for the financing of UK PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2021 this debt amounted to €87.8m (FY20: €90.0m).

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with landfill provisions being utilised over more than 20 years.

Onerous contract provisions were increased between 2017 and 2020 to a peak of €109.5m in 2018 and have now reduced to €80.9m following a utilisation of €15.6m (FY20: €20.6m, FY19: €27.0m) during the current year. Of the outstanding balance €11.0m is in current provisions and the remainder will mainly be used for BDR and Wakefield over the remaining 15+ years of these contracts.

The total current element of provisions amounts to €39m, including onerous contracts, €4m for restructuring, €8m for landfill related spend and €16m for environmental, legal and others.

The position on the alleged Belgian State Aid claim remains unchanged since last year, with a gross potential liability of €63m as at 31 March, against which we have provided for €15m. We expect a ruling from the European Commission during FY22 but no monies would likely become payable until FY23. Details of contingent liabilities are set out in note 16 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002 and was closed to future benefit accrual in November 2019. At 31 March 2021, the scheme had reverted back to an accounting deficit of €4.0m (FY20: €16.0m surplus). The change in the year was due to a decrease in the discount rate assumption, which was unusually high at March 2020, together with an increase in inflation, offset by a small increase in asset returns. The next actuarial valuation of the scheme is due as at 5 April 2021 and the future funding plan has been maintained at the current level of €3.5m per annum until February 2022.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €7.4m at 31 March 2021, a €0.1m decrease from 31 March 2020.

SHARE CONSOLIDATION

We have been pleased with the response to our secondary listing on Euronext in Amsterdam in January 2020 and the increased liquidity of our shares on both exchanges that followed. We have received feedback from some investor groups, notably Dutch and Belgian retail investors, that they prefer a share price in excess of €1. The Board therefore intends to seek approval to consolidate our shares at the rate of one for ten and to put forward a resolution to be included at the Annual General Meeting on 15 July 2021. The share consolidation will reduce the number of ordinary shares in issue and is expected to result in a share price that the Board believes is more appropriate for a company of its size. Further details will be set out in the notice of the Annual General Meeting.

Consolidated Income Statement

For the year ended 31 March 2021

	Note	2021 Underlying €m	2021 Non-trading & exceptional items €m	2021 Total €m	2020 Underlying €m	2020 Non-trading & exceptional items €m	2020 Total €m
CONTINUING OPERATIONS							
Revenue	3,4	**1,693.6**	**-**	**1,693.6**	1,775.4	-	1,775.4
Cost of sales	5	**(1,408.5)**	**(15.7)**	**(1,424.2)**	(1,467.5)	(72.2)	(1,539.7)
Gross profit (loss)		**285.1**	**(15.7)**	**269.4**	307.9	(72.2)	235.7
Administrative expenses	5	**(212.1)**	**(13.9)**	**(226.0)**	(220.3)	(43.5)	(263.8)
Operating profit (loss)	3	**73.0**	**(29.6)**	**43.4**	87.6	(115.7)	(28.1)
Finance income	5,6	**10.9**	**0.4**	**11.3**	9.7	2.2	11.9
Finance charges	5,6	**(38.1)**	**-**	**(38.1)**	(44.1)	-	(44.1)
Share of results from associates and joint ventures		**1.6**	**-**	**1.6**	0.9	-	0.9
Profit (loss) before taxation	3	**47.4**	**(29.2)**	**18.2**	54.1	(113.5)	(59.4)
Taxation	5,7	**(11.6)**	**4.4**	**(7.2)**	(13.3)	12.2	(1.1)
Profit (loss) for the year from continuing operations		**35.8**	**(24.8)**	**11.0**	40.8	(101.3)	(60.5)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	15	**-**	**-**	**-**	2.3	(18.9)	(16.6)
Profit (loss) for the year		**35.8**	**(24.8)**	**11.0**	43.1	(120.2)	(77.1)
Attributable to:							
Owners of the parent		**35.9**	**(24.8)**	**11.1**	43.0	(120.9)	(77.9)
Non-controlling interests		**(0.1)**	**-**	**(0.1)**	0.1	0.7	0.8
		35.8	**(24.8)**	**11.0**	43.1	(120.2)	(77.1)

Earnings (loss) per share	Note	**2021 cents**	2020 cents
Continuing operations			
Basic	8	**1.4**	(7.7)
Diluted	8	**1.4**	(7.7)
Underlying basic	8	**4.5**	5.1
Underlying diluted	8	**4.5**	5.1
Continuing and discontinued operations			
Basic	8	**1.4**	(9.8)
Diluted	8	**1.4**	(9.8)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	2021 €m	2020 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**(3.1)**	6.3
Fair value movement on cash flow hedges	**14.3**	(12.2)
Deferred tax on fair value movement on cash flow hedges	**(2.4)**	0.3
Share of other comprehensive income of investments accounted for using the equity method	**0.3**	0.2
	9.1	(5.4)
Items that will not be reclassified to profit or loss:		
Actuarial (loss) gain on defined benefit pension schemes	**(23.3)**	15.2
Deferred tax on actuarial (loss) gain on defined benefit pension schemes	**4.4**	(2.8)
	(18.9)	12.4
Other comprehensive (loss) income for the year, net of tax	**(9.8)**	7.0
Profit (loss) for the year	**11.0**	(77.1)
Total comprehensive income (loss) for the year	**1.2**	(70.1)
Attributable to:		
Owners of the parent	**1.3**	(69.7)
Non-controlling interests	**(0.1)**	(0.4)
Total comprehensive income (loss) for the year	**1.2**	(70.1)
Total comprehensive income (loss) attributable to owners of the parent arising from:		
Continuing operations	**1.3**	(53.1)
Discontinued operations	**-**	(16.6)
	1.3	(69.7)

Consolidated Balance Sheet

As at 31 March 2021

	Note	31 March 2021 €m	Restated* 31 March 2020 €m
Assets			
Non-current assets			
Goodwill and intangible assets	10	**602.2**	610.1
Property, plant and equipment	10	**560.7**	584.0
Right-of-use assets	10	**233.8**	215.9
Investments		**17.2**	15.6
Financial assets relating to PPP contracts		**142.4**	141.8
Derivative financial instruments	14	**7.9**	2.1
Defined benefit pension scheme surplus	13	**-**	16.0
Trade and other receivables		**4.1**	3.1
Deferred tax assets		**49.5**	37.2
		1,617.8	1,625.8
Current assets			
Inventories		**20.6**	20.7
Investments	14	**9.3**	8.1
Loans to associates and joint ventures		**0.9**	0.9
Financial assets relating to PPP contracts		**6.7**	6.0
Trade and other receivables		**247.7**	272.4
Derivative financial instruments	14	**1.2**	-
Current tax receivable		**0.5**	0.7
Cash and cash equivalents		**51.5**	194.5
		338.4	503.3
Total assets		**1,956.2**	2,129.1
Liabilities			
Non-current liabilities			
Borrowings	11	**(673.9)**	(912.7)
Derivative financial instruments	14	**(25.3)**	(32.4)
Other non-current liabilities		**(54.4)**	(7.1)
Defined benefit pension schemes deficit	13	**(11.4)**	(7.5)
Provisions	12	**(252.6)**	(252.4)
Deferred tax liabilities		**(50.9)**	(46.9)
		(1,068.5)	(1,259.0)
Current liabilities			
Borrowings	11	**(45.7)**	(40.7)
Derivative financial instruments	14	**(0.2)**	(5.6)
Trade and other payables		**(546.2)**	(534.3)
Current tax payable		**(13.8)**	(16.5)
Provisions	12	**(38.7)**	(37.7)
		(644.6)	(634.8)
Total liabilities		**(1,713.1)**	(1,893.8)
Net assets		**243.1**	235.3
Issued capital and reserves attributable to the owners of the parent			
Share capital		**99.5**	99.5
Share premium		**473.6**	473.6
Exchange reserve		**(14.8)**	(11.6)
Retained earnings		**(321.3)**	(327.6)
		237.0	233.9
Non-controlling interests		**6.1**	1.4
Total equity		**243.1**	235.3

* The comparatives for right-of-use assets and lease liabilities within borrowings have been restated due to a prior year adjustment as explained in note 2.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2020	**99.5**	**473.6**	**(11.6)**	**(327.6)**	**1.4**	**235.3**
Profit (loss) for the year	**-**	**-**	**-**	**11.1**	**(0.1)**	**11.0**
Other comprehensive (loss) income:						
Exchange (loss) gain on translation of foreign subsidiaries	**-**	**-**	**(3.2)**	**-**	**0.1**	**(3.1)**
Fair value movement on cash flow hedges	**-**	**-**	**-**	**14.4**	**(0.1)**	**14.3**
Actuarial loss on defined benefit pension schemes	**-**	**-**	**-**	**(23.3)**	**-**	**(23.3)**
Tax in respect of other comprehensive income items	**-**	**-**	**-**	**2.0**	**-**	**2.0**
Share of other comprehensive income of investments accounted for using the equity method	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Total comprehensive (loss) income for the year	**-**	**-**	**(3.2)**	**4.5**	**(0.1)**	**1.2**
Share-based compensation	**-**	**-**	**-**	**1.4**	**-**	**1.4**
Movement on tax arising on share-based compensation	**-**	**-**	**-**	**0.3**	**-**	**0.3**
Disposal of non-controlling interest	**-**	**-**	**-**	**1.3**	**4.8**	**6.1**
Own shares purchased by the Employee Share Trust	**-**	**-**	**-**	**(1.2)**	**-**	**(1.2)**
Balance as at 31 March 2021	**99.5**	**473.6**	**(14.8)**	**(321.3)**	**6.1**	**243.1**
Balance at 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5
Change in accounting policy (IFRS 16 transition)	-	-	-	(7.5)	-	(7.5)
Restated total equity at 1 April 2019	99.5	473.6	(17.9)	(244.2)	1.0	312.0
(Loss) profit for the year	-	-	-	(77.9)	0.8	(77.1)
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	-	-	6.3	-	-	6.3
Fair value movement on cash flow hedges	-	-	-	(11.5)	(0.7)	(12.2)
Actuarial gain on defined benefit pension schemes	-	-	-	15.2	-	15.2
Tax in respect of other comprehensive income items	-	-	-	(2.0)	(0.5)	(2.5)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.2	-	0.2
Total comprehensive income (loss) for the year	-	-	6.3	(76.0)	(0.4)	(70.1)
Share-based compensation	-	-	-	1.2	-	1.2
Non-controlling interest capital injection	-	-	-	-	0.8	0.8
Dividends paid	-	-	-	(8.6)	-	(8.6)
Balance as at 31 March 2020	99.5	473.6	(11.6)	(327.6)	1.4	235.3

The disposal of non-controlling interest of €4.8m is the value of the non-controlling interest at the date of disposal which was transferred to retained earnings and includes the impact of the Group no longer owing external subordinated debt to a third party.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 €m	2020 €m
Profit (loss) before tax	**18.2**	(59.4)
Finance income	**(11.3)**	(11.9)
Finance charges	**38.1**	44.1
Share of results from associates and joint ventures	**(1.6)**	(0.9)
Operating profit (loss) from continuing operations	**43.4**	(28.1)
Operating loss from discontinued operations	**-**	(15.8)
Amortisation and impairment of intangible assets	**19.1**	12.8
Depreciation and impairment of property, plant and equipment	**80.4**	74.8
Depreciation and impairment of right-of-use assets	**42.5**	42.8
Exceptional loss on disposal of subsidiaries/remeasurement of assets held for sale	**-**	56.2
Gain on disposal of property, plant and equipment	**(0.1)**	(1.7)
Exceptional gain on disposal of joint venture	**-**	(1.4)
Net outflows in respect of PPP arrangements under the financial asset model	**-**	(0.1)
Exceptional charge on long term provisions	**3.7**	17.9
Net decrease in provisions	**(11.0)**	(2.8)
Exceptional past service cost in relation to defined benefit pension scheme	**-**	(1.4)
Payment related to committed funding of the defined benefit pension scheme	**(3.6)**	(3.5)
Other non-cash items	**-**	(0.1)
Share-based compensation	**1.4**	1.2
Operating cash flows before movement in working capital	**175.8**	150.8
Decrease in inventories	**0.2**	5.0
Decrease (increase) in receivables	**25.1**	(5.7)
Increase in payables	**57.1**	17.7
Cash flows from operating activities	**258.2**	167.8
Income tax paid	**(14.8)**	(10.1)
Net cash inflow from operating activities	**243.4**	157.7
Investing activities		
Purchases of intangible assets	**(8.8)**	(6.7)
Purchases of property, plant and equipment	**(58.0)**	(77.8)
Proceeds from disposals of property, plant and equipment	**4.5**	11.1
Acquisition of subsidiary, net of cash acquired	**-**	(3.8)
Acquisition of business assets	**-**	(2.6)
Proceeds from disposal of subsidiaries, net of cash disposed of and disposal costs paid	**-**	88.2
Investments in associates and joint ventures	**(1.1)**	(1.7)
Dividends received from associates and joint ventures	**1.6**	0.6
Receipt of deferred consideration	**0.6**	0.3
Purchase of other short-term investments	**(0.8)**	(2.4)
Outflows in respect of PPP arrangements under the financial asset model	**(1.9)**	(1.7)
Capital received in respect of PPP financial assets	**5.1**	4.7
Finance income	**10.2**	10.9
Net cash (outflow) inflow from investing activities	**(48.6)**	19.1
Financing activities		
Finance charges and loan fees paid	**(30.8)**	(37.9)
Investment in own shares by the Employee Share Trust	**(1.2)**	-
Loan from non-controlling interest/Capital injection from non-controlling interest	**0.5**	0.8
Dividends paid	**-**	(8.6)
Proceeds from retail bonds	**-**	75.0
Repayment of retail bonds	**-**	(100.0)
Proceeds from bank borrowings	**9.0**	853.1
Repayment of bank borrowings	**(269.0)**	(774.8)
Repayment of PPP net debt	**(5.4)**	(2.9)
Repayment of obligations under lease liabilities	**(40.4)**	(38.5)
Net cash outflow from financing activities	**(337.3)**	(33.8)
Net (decrease) increase in cash and cash equivalents	**(142.5)**	143.0
Effect of foreign exchange rate changes	**(0.5)**	1.1
Cash and cash equivalents at the beginning of the year	**194.5**	50.4
Cash and cash equivalents at the end of the year	**51.5**	194.5

Notes to the Consolidated Financial Statements

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is 16 Charlotte Square, Edinburgh, EH2 4DF. The nature of the Group's operations and its principal activities are set out in note 3.

2. Basis of preparation

The figures and financial information for the year ended 31 March 2021 are extracted from but do not constitute the statutory financial statements for that year. The figures and financial information are audited. The Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended 31 March 2020 and the Consolidated Balance Sheet as at 31 March 2020 have been derived from the full Group accounts published in the Annual Report and Accounts 2020 with a restatement as explained below. These have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2021 will be filed with the Registrar of Companies in due course.

The consolidated financial statements are prepared in accordance with international accounting standards in conformity with the Companies Act 2006 and with the international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2020. The IFRS accounting policies have been applied consistently to all periods presented and throughout the Group for the purpose of the consolidated financial statements.

Going concern

The Directors have adopted the going concern basis in preparing these consolidated financial statements after assessing the Group's principal risks including the risks arising from the Covid-19 pandemic.

Given the economic uncertainty arising from the Covid-19 pandemic, the Directors have carried out a comprehensive assessment of the Group's ability to continue as a going concern. This assessment has involved the review of medium-term cash flow modelling over an 18-month period to 30 September 2022 which includes estimates of any further impact of Covid-19 on the Group's operations together with other factors that may affect its performance and financial position. These factors include actual trading performance in the period since the outbreak of Covid-19, expectations on the future economic environment, the impact of mitigation actions, available liquidity, which includes an assumption that the €100m Belgian retail bonds are repaid in June 2022 from the existing revolving credit facility, as well as other principal risks associated with the Group's ongoing operations.

The assessment includes a base case scenario setting out the Directors' current expectations of future trading and a plausible downside scenario applying mitigating actions where appropriate to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the level and speed of economic recovery following the disruption caused by the Covid-19 pandemic.

The downside scenario includes weaker macro-economic conditions throughout 2022 and 2023 and another, less severe, wave of Covid-19 measures in the second half of the current financial year to 31 March 2022, as well as other downsides which are not linked to Covid-19, including a delay in the operational ramp up at the ATM site and a settlement of the potential maximum claim in FY23 arising from the European Commission investigation into alleged state aid in Belgium. Appropriate cost and cash mitigating actions, such as deferral of uncommitted capital expenditure and reduced discretionary spend, have been applied to come up with a plausible and mitigated downside position. In the downside modelling it has been assumed that volume recovery rate will be at least 50% lower than the forecast economic recoveries in all of our territories which, along with the other downside factors reduces underlying EBIT by 16% compared to the base case. In both the base case and plausible downside scenarios the Group has sufficient liquidity and headroom in its existing facilities and no covenants are breached at any of the forecast testing dates.

In addition, the downside case has been used to perform a reverse stress test to consider the points at which the covenants may be breached. This test follows the same basic principles as the downside case but with the impact of each factor significantly more severe and beyond what is considered likely, including no volume recovery in the review period, which reduces underlying EBIT by 33% compared to the base case without taking into account any further mitigating actions. The likelihood of this scenario is considered to be remote.

Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet its covenants.

In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have also assessed the prospects and financial viability of the Company for a period longer than the 12 months required in the going concern assessment.

2. Basis of preparation – continued

Changes in presentation

The Group changed the composition of its reporting segments from 1 April 2020. The new structure is a logical step following disposals and the reorganisation simplifies the Group's strategy, portfolio, organisation and processes. The segment information presented in these financial statements reflects the information now provided to the chief operating decision maker in order to assess performance and to make decisions on allocation of resources. The following changes have been made to the Group's segments as previously reported at 31 March 2020:

- The Commercial Waste reportable segment comprises Netherlands and Belgium Commercial Waste. The Netherlands Commercial Waste operating segment now includes Orgaworld organic waste processing activities previously included within the Monostreams reportable segment. There is no change to Belgium Commercial Waste.
- The Mineralz & Water reportable segment comprises ATM previously included in the Hazardous Waste reportable segment and Mineralz previously included within the Monostreams reportable segment.
- The Specialities reportable segment comprises Municipal, Maltha and Coolrec business lines. Maltha and Coolrec were previously included within the Monostreams reportable segment and Municipal was a separate reportable segment.
- The Group central services reportable segment is unchanged however all costs except those related to investors, the Board and strategy are now allocated to the divisions.
- As required under IFRS 8 Operating Segments, the Group has restated the corresponding segment information for the prior period to enable comparison to the new structure.

Restatement due to prior year adjustment

In preparing these financial statements, management have identified an error relating to the prior period and accordingly a prior year adjustment has been made. The error arose as a result of a lease being recorded incorrectly in an entity in which the Group acquired the remaining 50% and took full control in November 2019. The term used on the implementation of IFRS 16 was shorter than the term stated in the lease contract. The impact is to increase right-of-use assets by €9.0m and increase lease liabilities by €9.0m, with the latter split as a reduction of €0.4m in current lease liabilities and an increase of €9.4m in non-current lease liabilities. The impact to the Income Statement for the year ended 31 March 2020 was not material and therefore no adjustment has been made. There is no goodwill impact on the acquisition accounting of the entity. Earnings per share for the year ended 31 March 2020 are unaffected as a result of this correction.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the UK Endorsement Board (UKEB). At the date of approval of these financial statements there were no new IFRSs or IFRS IC interpretations which were early adopted by the Group. The following amendments are effective for the period beginning 1 April 2022 and the Group is currently assessing any potential impact:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

Exchange Rates

In addition to the Group's presentational currency of Euros, the most significant currency for the Group is Sterling with the closing rate on 31 March 2021 of €1:£0.852 (2020: €1:£0.884) and an average rate for the year ended 31 March 2021 of €1:£0.885 (2020: €1:£0.872).

Critical accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The areas involving a higher degree of judgement or complexity are set out below. Critical estimates are defined as those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on factors including historical experience and expectations of future events that are considered to be relevant and reasonable. These estimates, assumptions and judgements are reviewed on an ongoing basis.

2. Basis of preparation – continued

Judgements in applying the Group's accounting policies

Use of alternative performance measures

The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying earnings per share and underlying EBITDA (earnings before interest, tax, depreciation and amortisation). In addition as a result of the disposals in the prior year the term 'ongoing' is used to reflect the operations which have not been disposed of to enable comparisons to be made. The terms 'EBIT', 'EBITDA', 'exceptional items', 'ongoing', 'adjusted' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 17.

Non-trading and exceptional items

In establishing which items are disclosed separately as non-trading and exceptional to enable a better understanding of the underlying financial performance of the Group, management exercise judgement in assessing the size, nature or incidence of specific items. A policy for non-trading and exceptional items is followed consistently and is submitted to the Audit Committee for annual review. See note 5 for further details of the costs included within this category.

Service concession arrangements

Management considered all relevant factors to determine that the Group acted as agent during the construction phase of the UK Municipal contracts and that the consideration from local authorities for the operations of waste management service concessions is treated as financial assets relating to PPP contracts in accordance with IFRIC 12. Management determined that the cash flows relating to the outflows and capital repayments in respect of PPP arrangements under the financial asset model are investing activities in the statement of cash flows and not as operating cash flows. At the balance sheet date, the Group has financial assets relating to PPP contracts of €149.1m (2020: €147.8m). Consideration relating to financial assets is split between a service element as revenue and a repayment element, split between capital and interest receivable that is deducted from the financial asset.

Defined benefit pension scheme surplus

In relation to the 31 March 2020 position, management concluded that the Group had an unconditional right to a refund from the UK defined benefit pension scheme once the liabilities have been discharged and that the trustees of the scheme do not have the unilateral right to wind up the scheme, therefore the asset was not restricted and no additional liability was recognised.

Taxation

The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's judgement that it is probable that there will be taxable profits in the relevant legal entity or tax group which will utilise the assets in the future. In respect of tax losses, the time expiry period, if any, is also taken into account in the analysis. The Group assesses the availability of future taxable profits using the five year projections as used for impairment reviews, together with other available forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profits from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset are amended to reflect management's judgement of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group and are based upon management's assessment of the potential outcomes of the relevant discussions with the tax authorities.

Impact of Covid-19

Management have used judgement to determine the expected impact on financial instruments, principally how expected credit loss could be impacted as a result of the Covid-19 pandemic. In addition as part of impairment reviews management have considered the ongoing impact of Covid-19 when assessing the future cash flows of cash generating units and similarly the impact of Covid-19 in the assessment of the recoverability of deferred tax assets.

Alleged Belgium State Aid Claim

Management have used judgement in determining if a liability or contingent liability exists by considering whether an outflow of economic benefit is possible as a result of past events. Legal advice has been obtained to determine that the most likely outcome, the median case, results in a €15m provision. It is noted that the potential maximum claim could be higher resulting in a potential further liability. Further details are set out in notes 12 and 16.

Contingent liabilities

Management have used judgement in determining if a contingent liability exists by considering whether an outflow of economic benefit is possible as a result of past events including seeking legal advice where appropriate in order to determine the most likely outcome. Where it is considered that there is a possible obligation but it is not probable that there will be an outflow of economic benefit or the amount cannot be reliably estimated then a contingent liability is disclosed in note 16.

2. Basis of preparation – continued

Estimates and assumptions
Impairment of goodwill
Impairment testing is carried out annually at a cash generating unit (CGU) level. The Group estimates the recoverable amount of a CGU using a value in use model which involves an estimation of future cash flows and applying appropriate discount and long-term growth rates. The future cash flows are derived from approved forecasts which have taken into account the ongoing and potential impact of Covid-19, specifically with regard to recovery of input volumes across different waste streams which has resulted in a €9.5m impairment in the Specialities division.

Impairment of tangible assets, intangible assets and investments
The Group assesses the impairment of tangible assets, intangible assets and investments whenever there is reason to believe that the carrying value may not exceed the fair value and where a permanent impairment in value is anticipated. The determination of whether the impairment of these assets is necessary involves the use of estimates that includes, but is not limited to, the analysis of the cause of potential impairment in value, the timing of such potential impairment and an estimate of the amount of the impairment. The impact of Covid-19 has been considered and had led to €5.3m of impairments of tangible and intangible assets in the Commercial division in the year. There has been no impairment of investment values.

Landfill related provisions
The Group has landfill related provisions of €157.6m (2020: €152.8m). These provisions are long term in nature and are recognised at the net present value of the best estimate of the likely future cash flows to settle the Group's obligations. The period of aftercare post-closure and the level of costs expected are uncertain and could be impacted by changes in legislation and technology and can vary significantly from site to site. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision.

Onerous contract provisions
Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. The Group has onerous contract provisions of €80.9m (2020: €89.7m) which have been provided for at the lower of the net present value of either exiting the contract or fulfilling our obligations under the contract. The most significant component of these provisions relates to UK Municipal PPP contracts which amount to €78.9m (2020: €89.0m). The provisions have been based on the best estimate of likely future cash flows including assumptions on tonnage inputs, plant performance and recyclates pricing. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision.

Right-of-use assets and lease liabilities
Estimates and assumptions are made in calculating the incremental borrowing rate used to measure lease liabilities. For certain leases the determination of the lease liability is based on assumptions of the term of the lease, whether purchase options are likely to be exercised and the amount expected to be payable under any residual value guarantees.

Defined benefit pension schemes
The calculation of the present value of the defined benefit pension schemes is determined by using actuarial valuations based on assumptions including discount rate, life expectancy and inflation rates.

Taxation
The recognition of deferred tax assets, particularly in respect of tax losses, is based upon management's calculation of expected taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. In respect of tax losses, the time expiry period, if any is also taken into account in the calculation. The Group assesses the availability of future taxable profits using the five year projections as used for the value in use calculations for impairment reviews together with other available long-term forecasts. The predictability of income streams is also taken into consideration and where profits are highly predictable beyond the five year projections, profit from subsequent periods are taken into account in the recognition of deferred tax assets. The longest period of forecasts used to calculate deferred tax recovery is nine years. Where there is some uncertainty around profits in five year projections and a period of five years or less to the time expiry of the losses exists, the profits used to calculate a deferred tax asset will be amended to reflect management's estimate of the higher probability profit streams within those forecasts. The intention is to avoid the recognition of a deferred tax asset that is not ultimately recovered. Provisions have been recognised where necessary in respect of any uncertain tax positions in the Group and are based upon management's evaluation of the potential outcomes of the relevant discussions with the tax authorities.

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside of the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated. The Group does not recognise contingent liabilities but discloses them in note 16.

Waste disposal cost accruals
Management have used judgement in determining the value of disposal cost accruals specifically in relation to processed soil accruals. The value is determined by management's best assessment of the cost per tonne to dispose of the waste based on historical transactions, discussions with potential customers and knowledge of the market as in some cases due to the nature of some of these accruals there is no observable market data. The carrying amount included in accruals and other payables is €54.3m (2020: €48.4m) which is based on management's best estimate after carrying out sensitivity analysis on a range of potential outcomes. It is anticipated that the majority of the waste with the most judgemental values should be disposed of during the next 12 months and as such is recorded as a current liability.

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors, in order for it to allocate the Group's resources and to monitor the performance of the Group.

Following the implementation of the new divisional structure on 1 April 2020 the Group's reportable segments are:

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Mineralz & Waste	Decontamination, stabilisation and re-use of highly contaminated materials to produce certified secondary products for the construction industry in the Netherlands and Belgium.
Specialities	Processing plants focusing on recycling and diverting specific waste streams. The operations are in the UK, the Netherlands, Belgium, France, Portugal and Hungary.
Group central services	Head office corporate function.

The segmental information under the new structure at 31 March 2021 is set out below. The 2020 numbers are presented on a consistent basis with the 2021 numbers as explained in Changes in presentation in note 2.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

Revenue	**2021 €m**	2020 €m
Netherlands Commercial Waste	**828.4**	812.6
Belgium Commercial Waste	**412.9**	439.1
Intra-segment	**(0.7)**	(1.5)
Commercial Waste	**1,240.6**	1,250.2
Mineralz & Water	**182.8**	151.6
Specialities	**300.8**	323.2
Inter-segment revenue	**(30.6)**	(28.0)
Revenue from ongoing businesses	**1,693.6**	1,697.0
Operations disposed of in the prior year	**-**	78.4
Revenue from continuing operations	**1,693.6**	1,775.4

Results	**2021 €m**	2020 €m
Netherlands Commercial Waste	**53.7**	49.4
Belgium Commercial Waste	**23.1**	29.2
Commercial Waste	**76.8**	78.6
Mineralz & Water	**0.3**	5.6
Specialities	**2.4**	(1.3)
Group central services	**(6.5)**	(7.4)
Underlying EBIT from ongoing businesses	**73.0**	75.5
Operations disposed of in the prior year	**-**	12.1
Underlying EBIT from continuing operations	**73.0**	87.6
Non-trading and exceptional items (note 5)	**(29.6)**	(115.7)
Operating profit (loss) from continuing operations	**43.4**	(28.1)
Finance income	**10.9**	9.7
Finance charges	**(38.1)**	(44.1)
Finance income – non trading and exceptional items	**0.4**	2.2
Share of results from associates and joint ventures	**1.6**	0.9
Profit (loss) before taxation and discontinued operations	**18.2**	(59.4)

3. Segmental reporting - continued

Net assets	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Tax, net debt and derivatives €m	**Total €m**
31 March 2021						
Gross non-current assets	**1,042.6**	**258.2**	**225.7**	**33.9**	**57.4**	**1,617.8**
Gross current assets	**174.1**	**31.6**	**64.3**	**15.2**	**53.2**	**338.4**
Gross liabilities	**(414.6)**	**(224.3)**	**(173.0)**	**(91.4)**	**(809.8)**	**(1,713.1)**
Net assets (liabilities)	**802.1**	**65.5**	**117.0**	**(42.3)**	**(699.2)**	**243.1**
31 March 2020 – restated*						
Gross non-current assets	1,040.6	261.3	243.4	41.2	39.3	1,625.8
Gross current assets	190.2	32.7	73.0	12.2	195.2	503.3
Gross liabilities	(379.8)	(209.4)	(191.7)	(58.1)	(1,054.8)	(1,893.8)
Net assets (liabilities)	851.0	84.6	124.7	(4.7)	(820.3)	235.3

* The comparatives for right-of-use assets and lease liabilities within borrowings have been restated due to a prior year adjustment as explained in note 2.

4. Revenue

The following tables show the Group's revenue from continuing operations by type of service delivered and by primary geographic markets. Following the change in composition of reporting segments from 1 April 2020, the 2020 numbers are presented on a consistent basis with 2021 as explained in Changes in presentation in note 2.

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Sub total €m**	Prior year disposals €m	**Total €m**
2021							
Inbound	**1,032.2**	**136.3**	**210.1**	**(26.3)**	**1,352.3**	**-**	**1,352.3**
Outbound	**130.4**	**46.5**	**89.7**	**(2.6)**	**264.0**	**-**	**264.0**
On-Site	**41.3**	**-**	**-**	**(0.1)**	**41.2**	**-**	**41.2**
Other	**36.7**	**-**	**1.0**	**(1.6)**	**36.1**	**-**	**36.1**
Total revenue	**1,240.6**	**182.8**	**300.8**	**(30.6)**	**1,693.6**	**-**	**1,693.6**
2020							
Inbound	1,055.1	135.1	197.0	(23.8)	1,363.4	5.5	1,368.9
Outbound	125.5	16.4	116.9	(2.4)	256.4	-	256.4
On-Site	39.2	-	-	(0.2)	39.0	72.9	111.9
Other	30.4	0.1	9.3	(1.6)	38.2	-	38.2
Total revenue	1,250.2	151.6	323.2	(28.0)	1,697.0	78.4	1,775.4

By geographic market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Sub total €m**	Prior year disposals €m	**Total €m**
2021							
Netherlands	**827.9**	**140.8**	**40.7**	**(29.0)**	**980.4**	**-**	**980.4**
Belgium	**412.7**	**42.0**	**28.1**	**(1.6)**	**481.2**	**-**	**481.2**
UK	**-**	**-**	**205.5**	**-**	**205.5**	**-**	**205.5**
France	**-**	**-**	**18.9**	**-**	**18.9**	**-**	**18.9**
Other	**-**	**-**	**7.6**	**-**	**7.6**	**-**	**7.6**
Total revenue	**1,240.6**	**182.8**	**300.8**	**(30.6)**	**1,693.6**	**-**	**1,693.6**
2020							
Netherlands	811.7	138.2	41.8	(26.2)	965.5	78.4	1,043.9
Belgium	438.5	13.4	51.3	(1.8)	501.4	-	501.4
UK	-	-	197.2	-	197.2	-	197.2
France	-	-	22.7	-	22.7	-	22.7
Other	-	-	10.2	-	10.2	-	10.2
Total revenue	1,250.2	151.6	323.2	(28.0)	1,697.0	78.4	1,775.4

Revenue recognised at a point in time amounted to €1,580.3m (2020: €1,611.8m) with the remainder recognised over time. The majority of the Commercial Waste and Specialities revenue is recognised at a point in time, whereas for Mineralz & Water 55% of revenue (2020: 55%) is recognised over time.

5. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items.

	2021 €m	2020 €m
Renewi 2.0 improvement programme	**7.3**	-
Merger related costs	**-**	16.3
Portfolio management activity:		
Prior year disposals	**(2.6)**	(2.2)
Loss on disposal of subsidiaries/remeasurement of assets held for sale	**-**	37.3
Acquisition of 100% of shares in a joint venture	**-**	(1.4)
2017 merger related	**-**	(3.9)
	(2.6)	29.8
UK Municipal contract issues	**-**	25.9
Other changes in long-term provisions	**3.7**	33.0
Other items:		
Goodwill impairment	**9.5**	-
Restructuring charges – non-cash impairments	**5.3**	-
Restructuring charges – cash	**3.1**	2.7
ATM soil issues	**-**	3.1
Income relating to fires	**-**	(0.1)
IAS 19 Employee benefits pension credit	**-**	(1.4)
	17.9	4.3
Ineffectiveness on cash flow hedges	**(0.4)**	(2.2)
Amortisation of acquisition intangibles	**3.3**	6.4
Non-trading and exceptional items in profit before tax (continuing operations)	**29.2**	113.5
Tax on non-trading and exceptional items	**(5.4)**	(9.8)
Exceptional tax charge (credit)	**1.0**	(2.4)
Non-trading and exceptional items in profit after tax (continuing operations)	**24.8**	101.3
Discontinued operations	**-**	18.9
Total non-trading and exceptional items in profit after tax	**24.8**	120.2

The non-trading and exceptional items include the following:

Renewi 2.0 improvement programme
Renewi 2.0 improvement programme is a new significant one-off business improvement project with expected capital and one-off costs of €40m over a three-year period as a result is considered to be exceptional. Following the transformational merger three years ago, the goal of the Renewi 2.0 programme is to make the Group more streamlined and more efficient and improve customer experience and increase employee engagement. The programme also includes around €4m of IT integration costs carried over from the original integration programme and now merged with the Renewi 2.0 digitisation plans. This is the first year of the programme with total costs of €7.3m of which €0.3m are recorded in cost of sales and €7.0m are recorded in administrative expenses.

Merger related costs
The prior year costs of €16.3m related to the merger of Shanks Group and Van Gansewinkel Groep in 2017 and the associated synergy delivery projects. The total cost of €16.3m was split €4.0m in cost of sales and €12.3m in administrative expenses.

Portfolio management activity
The credit of €2.6m for the prior year disposals relates to a release of a warranty provision in relation to a prior year disposal. The prior year costs related to the Reym disposal completed in October 2019, the acquisition of the 50% holding in AP4 Terra B.V. from the joint venture partner in November 2019, the release of a warranty provision in relation to a prior year disposal and a warranty settlement related to the 2017 merger. The total credit of €2.6m (2020: €29.8m charge) was all recorded in administrative expenses.

5. Non-trading and exceptional items – continued

UK Municipal contract issues
During the year there has been a release of certain onerous contract provisions and increases in others with a net €nil Income Statement impact. Further details are provided in note 12. The prior year charge of €25.9m related to the ELWA contract which became onerous on 1 January 2020 as a result of a new Dutch tax on the import of burnable waste together with the anticipated impact of Brexit. The charge was split between an onerous contract provision of €15.5m and an impairment of €10.4m of right-of-use assets and was all charged to cost of sales.

Other changes in long-term provisions
Other changes in long-term provisions of €3.7m in the current year relates to an increase in future cashflows in a Dutch landfill as a result of a change in the discount on the long-term aftercare funds. The prior year charge of €33.0m included an increase in provisions of €17.9m due to the reduction in discount rates, principally landfill related and onerous contracts, as a result of the fall in Government bond yields. In February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and it was considered appropriate in March 2020 to recognise a provision of €15.1m which was based on the most likely outcome from our legal advisers. Further details are set out in note 12 and note 16. The charge of €3.7m (2020: €33.0m) is all recorded in cost of sales.

Other items
The goodwill impairment of €9.5m (2020: €nil) relates to the Maltha business as a result of a reduction in the expected future cash flows due to difficult market conditions.

The restructuring charges in the current year relate to a Covid-19 cost action programme started in the first half to address the challenges of the pandemic. These costs are considered to be exceptional due to the total cost of the programme and the one-off nature of the circumstances. The costs of €8.4m have been reflected following the decision to close two processing lines in Belgium and some sites and business activities in the Netherlands. Of the total costs €5.3m are non-cash asset impairments.

Prior year charges included the ATM soil offset market issue, restructuring advisor fees relating to setting up the Renewi 2.0 programme, and a net credit relating to prior year fires. Following the reopening of the end market for ATM soil no further charges for logistics or storage are recorded as exceptional. The prior year IAS 19 Employee benefits credit of €1.4m related to a past service credit for the UK defined benefit pension scheme which was closed to future benefit accrual during the year together with a reduction in liabilities as a result of pension increase exchange exercises.

The total charge of €17.9m (2020: €4.3m) was split €8.4m (2020: €2.9m) in cost of sales and €9.5m (2020: €1.4m) in administrative expenses.

Items recorded in finance charges and finance income
The €0.4m credit (2020: €2.2m) for ineffectiveness on cash flow hedges is in relation to the cross-currency interest rate swaps and the Cumbria PPP project interest rate swaps as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles
Amortisation of intangible assets acquired in business combinations of €3.3m (2020: €6.4m) is all recorded in cost of sales.

Exceptional tax charge (credit)
The exceptional tax charge of €1.0m related to changes in tax rates in the Netherlands. The prior year credit of €2.4m related to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands and changes in tax rates in the UK and the Netherlands. Where one-off tax credits or charges are deemed significant they are classified as exceptional and outside of normal tax charges.

Discontinued operations
The sale of the Canadian business was completed on 30 September 2019 and resulted in a loss on disposal of €18.9m in the prior year and further details are set out in note 15.

6. Net finance charges

	2021 €m	2020 €m
Finance charges		
Interest payable on borrowings	**14.0**	18.5
Interest payable on PPP non-recourse net debt	**7.4**	7.8
Lease liabilities interest	**7.2**	6.4
Unwinding of discount on provisions (note 12)	**6.3**	7.7
Interest charge on the retirement benefit schemes	**-**	0.2
Amortisation of loan fees	**1.5**	1.3
Other finance costs	**1.7**	2.2
Total finance charges	**38.1**	44.1
Finance income		
Interest receivable on financial assets relating to PPP contracts	**(9.0)**	(9.5)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.2)
Interest income on the retirement benefit schemes	**(0.3)**	-
Other finance income	**(1.5)**	-
Total finance income before non-trading and exceptional items	**(10.9)**	(9.7)
Non-trading and exceptional finance income:		
Ineffectiveness on cash flow hedges	**(0.4)**	(2.2)
Total non-trading and exceptional finance income	**(0.4)**	(2.2)
Total finance income	**(11.3)**	(11.9)
Net finance charges	**26.8**	32.2

7. Taxation

The tax charge based on the profit (loss) for the year from continuing operations is made up as follows:

	2021 €m	2020 €m
Current tax		
UK corporation tax		
- Current year	**1.4**	1.5
Overseas tax		
- Current year	**10.3**	11.4
- Adjustment in respect of the prior year	**0.7**	(1.0)
- Exceptional tax credit	**-**	(2.5)
Total current tax charge	**12.4**	9.4
Deferred tax		
- Origination and reversal of temporary differences in the current year	**(4.7)**	(8.3)
- Adjustment in respect of the prior year	**(0.5)**	-
Total deferred tax credit	**(5.2)**	(8.3)
Total tax charge for the year	**7.2**	1.1

The standard Netherlands corporate income tax rate was 25% (2020: 25%). Under the corporate tax reform enacted by the Dutch government on 18 December 2018, it was stated that the rate would reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. However, in September 2019 the Dutch government announced amendments to the rates so that the rate will remain at 25% for the period ending 31 March 2021 and 21.7% for the period ending 31 March 2022 and subsequent periods. These amendments were enacted by the Dutch government on 17 December 2019. Furthermore, in September 2020 the Dutch government announced a further amendment to the rate so that the reduction to 21.7% for the period ending 31 March 2022 and subsequent periods is cancelled and the rate will remain at 25% going forward. These amendments were enacted by the Dutch government on 15 December 2020. As a result, Netherlands deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This resulted in an exceptional tax charge of €1.0m (2020: €1.6m).

The rate of UK corporation tax rate changed from 20% to 19% on 1 April 2017 and legislation was included in Finance Act 2016 to reduce the rate to 17% on 1 April 2020. However, it was announced in the Chancellor's Budget of 11 March 2020 that the rate will remain at 19% and this was substantively enacted on 17 March 2020 which resulted in an exceptional tax credit of €1.5m in the prior year. Furthermore, in the Chancellor's Budget of 3 March 2021 it was announced that the rate will increase to 25% with effect from 1 April 2023. This measure had not been substantively enacted at the balance sheet date. As a result, the UK deferred tax for the year has been calculated based on the substantively enacted rate of 19% in both the current and prior year.

7. Taxation – continued

The other exceptional tax credit of €2.5m in the prior year relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands.

In September 2020 the Dutch government announced some amendments to the loss utilisation rules. It is envisaged that losses may be carried forward indefinitely, instead of the current time limit of between 6 and 9 years (depending on the date of origin of the losses). However, the offset of tax losses against taxable income in excess of €1m is intended to be limited to a maximum of 50%. These new rules were not enacted at the balance sheet date. If enacted, these rules are not expected to materially impact the recognised portion of the deferred tax asset in relation to losses.

8. Earnings per share

Underlying basic and diluted earnings per share excludes non-trading and exceptional items, amortisation of acquisition intangibles and the change in fair value of derivatives, net of related tax. Non-trading and exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance. The Directors believe that adjusting earnings per share in this way enables comparison with historical data calculated on the same basis to reflect the business performance in a consistent manner and reflect how the business is managed and measured on a day to day basis.

Continuing operations	**2021**			2020		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**795.5**	**0.7**	**796.2**	794.9	0.9	795.8
Profit (loss) after tax (€m)	**11.0**	**-**	**11.0**	(60.5)	-	(60.5)
Non-controlling interests (€m)	**0.1**	**-**	**0.1**	(0.8)	-	(0.8)
Profit (loss) after tax attributable to ordinary shareholders (€m)	**11.1**	**-**	**11.1**	(61.3)	-	(61.3)
Basic earnings (loss) per share (cents)	**1.4**	**-**	**1.4**	(7.7)	-	(7.7)

The reconciliation between underlying earnings per share and basic earnings (loss) per share is as follows:

	2021		2020	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**4.5**	**35.9**	5.1	40.7
Adjustments:				
Non-trading and exceptional items	**(3.7)**	**(29.2)**	(14.3)	(114.2)
Tax on non-trading and exceptional items	**0.7**	**5.4**	1.2	9.8
Exceptional tax	**(0.1)**	**(1.0)**	0.3	2.4
Basic earnings (loss) per share/Earnings (loss) after tax attributable to ordinary shareholders	**1.4**	**11.1**	(7.7)	(61.3)
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**4.5**	**35.9**	5.1	40.7
Diluted basic earnings (loss) per share/Earnings (loss) after tax attributable to ordinary shareholders	**1.4**	**11.1**	(7.7)	(61.3)

Discontinued operations	**2021**		2020	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**-**	**-**	0.3	2.3
Basic loss per share/Loss after tax attributable to ordinary shareholders	**-**	**-**	(2.1)	(16.6)

9. Dividends

The Directors have not recommended a final dividend for the year ended March 2021 (2020: nil per share).

10. Goodwill, intangible assets, property, plant and equipment and right-of-use assets

	Goodwill €m	Intangible assets €m	Property, plant and equipment €m	Right-of-use Assets* €m	Total €m
Net book value at 31 March 2019	552.7	52.9	629.1	-	1,234.7
IFRS 16 transition accounting policy change	-	-	(35.5)	35.5	-
Right-of-use assets on transition	-	-	-	139.8	139.8
Net book value at 1 April 2019 – restated	552.7	52.9	593.6	175.3	1,374.5
Additions/modifications	-	8.5	65.6	61.8	135.9
Acquisition through business combinations – restated*	8.4	0.7	8.9	22.5	40.5
Disposals	-	-	(9.3)	(0.9)	(10.2)
Amortisation and depreciation charge	-	(12.8)	(73.1)	(32.4)	(118.3)
Impairment charge	-	-	(1.7)	(10.4)	(12.1)
Exchange rate changes	-	(0.3)	-	-	(0.3)
Net book value at 31 March 2020 – restated*	561.1	49.0	584.0	215.9	1,410.0
Additions/modifications	-	11.3	61.1	60.9	133.3
Disposals	-	(0.2)	(4.0)	(0.1)	(4.3)
Derecognition of a right-of-use assets into a finance sub-lease	-	-	-	(0.4)	(0.4)
Amortisation and depreciation charge	-	(9.6)	(74.2)	(40.7)	(124.5)
Impairment charge	(9.5)	-	(6.2)	(1.8)	(17.5)
Exchange rate changes	-	0.1	-	-	0.1
Net book value at 31 March 2021	**551.6**	**50.6**	**560.7**	**233.8**	**1,396.7**

*The right-of-use asset comparatives have been restated due to a prior year adjustment relating to an acquisition through business combination as explained in note 2.

At 31 March 2021, the Group had property, plant and equipment commitments of €15.0m (2020: €12.0m), right-of-use asset commitments of €8.2m (2020: €12.3m) and intangible asset commitments of €4.1m (2020: €3.5m).

11. Borrowings

Borrowings are analysed as follows:

	2021	Restated* 2020
	€m	€m
Non-current borrowings		
Retail bonds	**174.5**	174.3
European private placements	**24.7**	24.6
Term loans	**85.2**	81.5
Revolving credit facility	**97.1**	352.0
Lease liabilities	**205.7**	190.6
Other loans	**1.3**	2.5
PPP non-recourse net debt	**85.4**	87.2
	673.9	912.7
Current borrowings		
Bank overdrafts	**-**	0.7
Lease liabilities	**42.1**	36.0
Other loans	**1.2**	1.2
PPP non-recourse net debt	**2.4**	2.8
	45.7	40.7

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in note 2.

Movement in total net debt

	Restated* At 1 April 2020	Cash flows	Other non-cash changes	Exchange movements	**At 31 March 2021**
	€m	€m	€m	€m	**€m**
Bank loans and overdrafts	(437.9)	260.0	(1.0)	(5.9)	**(184.8)**
European private placements	(24.6)	-	(0.1)	-	**(24.7)**
Retail bonds	(174.3)	-	(0.2)	-	**(174.5)**
Lease liabilities	(226.6)	40.4	(60.9)	(0.7)	**(247.8)**
Debt excluding PPP non-recourse debt	(863.4)	300.4	(62.2)	(6.6)	**(631.8)**
PPP non-recourse net debt	(90.0)	5.4	-	(3.2)	**(87.8)**
Total debt	(953.4)	305.8	(62.2)	(9.8)	**(719.6)**
Cash and cash equivalents	194.5	(142.5)	-	(0.5)	**51.5**
Total net debt	(758.9)	163.3	(62.2)	(10.3)	**(668.1)**

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in note 2.

Analysis of movement in total net debt

	2021	Restated* 2020
	€m	€m
Net (decrease) increase in cash and cash equivalents excluding cash relating to acquisitions and disposals	**(142.5)**	156.0
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**-**	(13.0)
Net (decrease) increase in cash and cash equivalents	**(142.5)**	143.0
Net decrease (increase) in borrowings and lease liabilities	**305.8**	(14.2)
Lease liabilities acquired as part of acquisitions	**-**	(22.7)
Total cash flows in net debt	**163.3**	106.1
Adjustment for change in accounting policy (IFRS 16 transition)	**-**	(155.4)
Leases liabilities entered into during the year	**(60.9)**	(61.8)
Capitalisation of loan fees	**0.2**	2.2
Amortisation of loan fees	**(1.5)**	(1.3)
Exchange loss	**(10.3)**	(1.3)
Movement in net debt	**90.8**	(111.5)
Total net debt at beginning of year	**(758.9)**	(647.4)
Total net debt at end of year	**(668.1)**	(758.9)

*The comparatives for lease liabilities acquired as part of acquisitions have been restated due to a prior year adjustment as explained in note 2.

12. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 31 March 2019	138.9	94.9	-	7.6	29.9	271.3
IFRS 16 transition accounting policy change	-	(6.0)	-	-	-	(6.0)
At 1 April 2019 – restated	138.9	88.9	-	7.6	29.9	265.3
Provided in the year	0.3	16.1	19.8	3.4	3.3	42.9
Released in the year	-	(0.1)	(4.3)	(0.7)	(2.9)	(8.0)
Adjustment as a result of the change in discount rate	11.6	5.1	-	-	1.2	17.9
Finance charges – unwinding of discount	4.4	3.2	-	-	0.1	7.7
Utilised in the year	(2.4)	(20.6)	(0.6)	(6.0)	(3.0)	(32.6)
Reclassifications	-	-	10.4	-	(10.4)	-
Exchange rate changes	-	(2.9)	(0.1)	-	(0.1)	(3.1)
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1
Provided in the year	5.7	17.4	3.2	5.9	7.2	39.4
Released in the year	(1.1)	(15.8)	(2.4)	(1.0)	(0.8)	(21.1)
Finance charges – unwinding of discount	3.7	2.4	-	-	0.2	6.3
Utilised in the year	(3.7)	(15.6)	(0.3)	(5.4)	(1.6)	(26.6)
Exchange rate changes	0.2	2.8	-	-	0.2	3.2
At 31 March 2021	**157.6**	**80.9**	**25.7**	**3.8**	**23.3**	**291.3**
Current	**8.4**	**11.0**	**7.3**	**3.8**	**8.2**	**38.7**
Non-current	**149.2**	**69.9**	**18.4**	**-**	**15.1**	**252.6**
At 31 March 2021	**157.6**	**80.9**	**25.7**	**3.8**	**23.3**	**291.3**
Current	5.1	16.5	8.0	4.3	3.8	37.7
Non-current	147.7	73.2	17.2	-	14.3	252.4
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1

During the year for UK Municipal onerous contracts, strong operational execution and improvements in recyclate and offtake outlooks have resulted in a significant reduction in the onerous contract provision for ELWA. On the other hand it has been necessary to increase the Wakefield provision, where the Council has not yet given approval to our proposals to reduce or reconfigure certain operations so as to save money for both parties and to improve the environmental footprint of the South Kirby facility.

Site restoration and aftercare
The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. The site restoration provisions at 31 March 2021 relate to the cost of final capping and covering of the landfill and mineral extraction sites. These site restoration costs are expected to be paid over a period of up to 31 years from the balance sheet date. However, the timing of the payments is not certain and has been estimated based on management's latest expectations. Aftercare provisions cover post-closure costs of landfill sites which include such items as monitoring, gas and leachate management and licensing. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site. All site restoration and aftercare costs have been estimated by management based on current best practice and technology available and may be impacted by a number of factors including changes in legislation and technology.

Onerous contracts
Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the cash flows expected. Onerous contracts are provided for at the lower of the NPV of either exiting the contracts or fulfilling our obligations under the contracts. The provisions have been calculated on the best estimate of likely future cash flows over the contract term based on the latest budget and five year plan projections, including assumptions on tonnage inputs, plant performance with efficiency improvements, off-take availability and recyclates pricing. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040.

12. Provisions - continued

Legal and warranty
Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements. The Group considers each warranty provision based on the nature of the business disposed of and the type of warranties provided with judgement used to determine the most likely obligation.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and a provision of €15.1m has been recognised in both the current year and the prior year as non-current as timing of any cash flow is expected to be after 12 months from the balance sheet date. The matter remains ongoing and based on legal advice management consider this value to be their best estimate of the potential exposure based on the most likely outcome. Further contingent liability information is provided in note 16.

Restructuring
The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives including the Covid-19 cost action programme. As at 31 March 2021 the provision is expected to be spent in the following twelve months as affected employees leave the business.

Other
Other provisions includes dilapidations €8.7m (2020: €7.4m), long-service employee awards €6.0m (2020: €5.6m) and other environmental liabilities €8.6m (2020: €5.1m). The dilapidations provisions are determined on a site by site basis using internal expertise and experience and are calculated as the most likely cash outflow at the end of the contracted obligation. The provisions will be utilised over the period up to 2070.

13. Retirement benefit schemes

The Group has the legacy Shanks UK defined benefit scheme which provides pension benefits for pensioners, deferred members and eligible UK employees which is closed to new entrants and to future benefit accrual. A bulk pension increase exchange exercise and an at retirement pension increase exchange were introduced in the prior year. In addition there are a number of defined benefit schemes eligible for certain employees in both the Netherlands and Belgium.

The amounts recognised in the Income Statement were as follows:

	2021 €m	2020 €m
Current service cost	**1.1**	1.2
Past service credit	**-**	(1.4)
Interest (income) expense on scheme net liabilities	**(0.3)**	0.2
Net retirement benefit charge before tax	**0.8**	-

The amounts recognised in the balance sheet were as follows:

	2021 €m	2020 €m
Present value of funded obligations	**(296.6)**	(266.3)
Fair value of plan assets	**285.2**	274.8
Pension schemes (deficit) asset	**(11.4)**	8.5
Related deferred tax asset	**2.7**	(1.4)
Net pension (liability) asset	**(8.7)**	7.1
Classified as:		
Defined benefit scheme surplus - included in non-current assets	**-**	16.0
Defined benefit pension schemes deficit - included in non-current liabilities	**(11.4)**	(7.5)
Pension schemes (deficit) asset	**(11.4)**	8.5

The legacy Shanks UK defined benefit scheme reduced by €20.0m from an asset of €16.0m at 31 March 2020 to a deficit of €4.0m. This was due to a decrease in the discount rate assumption on scheme liabilities from 2.4% at 31 March 2020 to 2.1% at 31 March 2021 together with an increase in RPI inflation which was only partly offset by an increase in asset returns. The overseas defined benefit schemes deficit reduced by €0.1m to €7.4m.

14. Financial instruments at fair value

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

During the year ended 31 March 2021, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

Valuation techniques used to derive level 2 fair values:

- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Short term investment valuations are provided by the fund manager
- Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of the European private placements are determined by discounting the future cash flows using the applicable period-end yield curve
- The fair value of retail bonds is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at fair values. The Group considers that the fair value of all other financial assets and financial liabilities are not materially different to their carrying value.

	2021		2020	
	Level 1 €m	**Level 2 €m**	Level 1 €m	Level 2 €m
Assets				
Money market funds	**-**	**-**	100.0	-
Unlisted non-current investments	**-**	**4.6**	-	4.7
Short term investments	**-**	**9.3**	-	8.1
Derivative financial instruments	**-**	**9.1**	-	2.1
	-	**23.0**	100.0	14.9
Liabilities				
Derivative financial instruments	**-**	**25.5**	-	38.0
European private placements	**-**	**26.6**	-	26.8
Retail bonds	**-**	**179.1**	-	174.7
	-	**231.2**	-	239.5

15. Discontinued operations

The Municipal Canada disposal completed on 30 September 2019 met the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results for the year ended 31 March 2020 were presented as discontinued operations in the Income Statement.

Income Statement in relation to the discontinued operations:

	2020 €m
Revenue	10.8
Cost of sales	(6.8)
Gross profit	4.0
Administrative expenses	(0.9)
Operating profit before non-trading and exceptional items	3.1
Non-trading and exceptional items	(18.9)
Operating loss	(15.8)
Finance income	0.6
Finance charges	(0.5)
Loss before tax on discontinued operations	(15.7)
Taxation	(0.9)
Loss after tax on discontinued operations	(16.6)

Cash flow information in relation to the discontinued operations:

	2020 €m
Net cash inflow from operating activities	38.6
Net cash outflow from investing activities	(5.5)
Net cash outflow from financing activities	(36.3)
Net movement in cash	(3.2)

16. Contingent liabilities

There is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which represents management's best estimate of the most likely outcome. It is noted that the potential maximum claim is €58m (excluding compound interest currently amounting to €5m), and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence. A ruling from the European Commission is expected during FY22 but no monies would likely become payable until FY23.

There is an ongoing criminal investigation into the production of thermally cleaned soil at ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct strongly in such an event. Given that it is not even clear whether or what charges might be brought in the criminal case and the charge is expected to be lower than €1m we do not consider it appropriate at this stage to provide for this. Given these uncertainties, it cannot be ruled out that the outcome of the criminal investigation or the topic it concerns could result in liability for damages resulting from third party claims in the future.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to businesses sold in prior periods. Different warranty periods are in existence and it is assumed that these will expire within 10 years. Based on management's assessment of the most likely outcome appropriate warranty provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling €219.8m (2020: €222.3m).

17. Explanation of non-IFRS measures and reconciliations

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Ongoing businesses	Ongoing businesses exclude the results of the Canada Municipal business which was sold on 30 September 2019 and the Reym business which was sold on 31 October 2019	Provides insight into current performance excluding the impact of disposed activities
Revenue from ongoing businesses	Revenue from continuing operations which excludes businesses that have been disposed of	Provides insight into ongoing revenue development and trends
Underlying EBIT	Operating profit from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements. Amortisation on acquisition intangibles is excluded to avoid double counting of costs in underlying EBIT as the Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation, impairment and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance
Underlying EBITDA margin	Underlying EBITDA as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying profit before tax	Profit before tax from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share from either continuing operations or ongoing businesses excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets	Last 12 months underlying EBIT divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13-month average of net assets excluding core net debt, IFRS 16 lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Adjusted free cash flow	Net cash generated from operating activities including interest, tax and replacement capital spend activities and excluding non-trading and exceptional items, Covid-19 tax deferral receipts, settlement of ATM soil liabilities and spend relating to the UK PPP contracts	Measure of cash generation in the underlying business available after regular replacement capital expenditure to fund growth capital projects and invest in acquisitions
Free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of free cash flow to underlying EBIT from continuing and discontinued operations	Provides an understanding of how our profits convert into cash
Total cash flow	Total cash flow is net debt excluding loan fee capitalisation and amortisation, exchange movements, movement in PPP non-recourse net debt, movements in IFRS 16 lease liabilities and acquired/disposed of cash	Provides an understanding of total cash flow of the Group

17. Explanation of non-IFRS measures and reconciliations - continued

Financial Measure	How we define it	Why we use it
Non-trading and exceptional cash flow items	Renewi 2.0, synergy delivery, integration and restructuring cash flows are presented in cash flows from operating activities and are included in the categories in note 5, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend
Core net debt	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PPP contracts and lease liabilities as a result of IFRS 16	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and IFRS 16 lease liabilities are excluded as financial covenants on the main multi currency green finance facility remain on a frozen GAAP basis
Liquidity	Liquidity headroom includes cash, money market funds and undrawn committed amounts on the multicurrency green finance facility	Provides an understanding of available headroom to the Group
Net debt to EBITDA/leverage ratio	Core net debt divided by an annualised underlying EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period	Commonly used measure of financial leverage and consistent with covenant definition

Reconciliation of operating profit (loss) to underlying EBITDA

2021	**Netherlands Commercial Waste €m**	**Belgium Commercial Waste €m**	**Mineralz & Water €m**	**Specialities €m**	**Group central services €m**	**Total €m**
Operating profit (loss)	46.3	14.4	(4.5)	(7.9)	(4.9)	**43.4**
Non-trading and exceptional items (excluding finance items)	7.4	8.7	4.8	10.3	(1.6)	**29.6**
Underlying EBIT from continuing operations	53.7	23.1	0.3	2.4	(6.5)	**73.0**
Depreciation and impairment of property, plant and equipment and right-of-use assets	59.8	29.1	14.0	8.7	4.9	**116.5**
Amortisation of intangible assets (excluding acquisition intangibles)	1.2	0.1	0.6	0.6	3.8	**6.3**
Non-exceptional gain on disposal of property, plant and equipment	(0.8)	0.2	0.1	0.3	0.1	**(0.1)**
Total underlying EBITDA	**113.9**	**52.5**	**15.0**	**12.0**	**2.3**	**195.7**

2020	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Total ongoing businesses €m	Disposals €m	Total €m
Operating profit (loss)	13.7	29.2	(7.4)	(31.5)	(6.9)	(2.9)	(25.2)	(28.1)
Non-trading and exceptional items (excluding finance items)	35.7	-	13.0	30.2	(0.5)	78.4	37.3	115.7
Underlying EBIT from continuing operations	49.4	29.2	5.6	(1.3)	(7.4)	75.5	12.1	87.6
Depreciation and impairment of property, plant and equipment and right-of-use assets	54.1	27.0	12.6	9.0	3.8	106.5	-	106.5
Amortisation of intangible assets (excluding acquisition intangibles)	1.4	0.2	0.6	0.3	3.9	6.4	-	6.4
Non-exceptional gain on disposal of property, plant and equipment	(0.5)	(0.3)	(0.1)	0.1	-	(0.8)	-	(0.8)
Underlying EBITDA from continuing operations	104.4	56.1	18.7	8.1	0.3	187.6	12.1	199.7
Underlying EBITDA from discontinued operations	-	-	-	-	-	-	3.1	3.1
Total underlying EBITDA	104.4	56.1	18.7	8.1	0.3	187.6	15.2	202.8

17. Explanation of non-IFRS measures and reconciliations – continued

Reconciliation of underlying profit before tax to underlying profit before tax ongoing businesses

	2021 €m	2020 €m
Underlying profit before tax	**47.4**	54.1
Underlying EBIT from operations disposed of in the prior year	**-**	(12.1)
Underlying finance costs from operations disposed of in the prior year	**-**	0.5
Underlying profit before tax ongoing businesses	**47.4**	42.5

Reconciliation of basic underlying earnings per share from ongoing businesses

	2021 €m	2020 €m
Earnings (loss) after tax attributable to ordinary shareholders (€m) (note 8)	**11.1**	(61.3)
Non-trading and exceptional items, including tax (€m) (note 8)	**24.8**	102.0
Underlying profit after tax attributable to ordinary shareholders (€m) (note 8)	**35.9**	40.7
Underlying profit after tax attributable to ordinary shareholders on operations disposed of in the prior year (€m)	**-**	(9.3)
Ongoing underlying profit after tax attributable to ordinary shareholders (€m)	**35.9**	31.4
Basic weighted average number of shares (million) (note 8)	**795.5**	794.9
Basic underlying earnings per share from ongoing businesses (cents)	**4.5**	3.9

Reconciliation of adjusted free cash flow as presented in the Financial Review

	2021 €m	2020 €m
Net cash generated from operating activities	**243.4**	157.7
Exclude non-trading and exceptional provisions and working capital	**12.6**	25.3
Exclude payments to fund defined benefit pension schemes	**3.6**	3.5
Exclude deferred Covid taxes	**(54.1)**	(6.0)
Exclude offtake of ATM soil	**2.6**	-
Exclude UK Municipal contracts	**19.3**	23.6
Exclude exceptional proceeds from disposal of property, plant and equipment	**-**	0.8
Exclude increase in Municipal Canada PPP financial asset	**-**	0.1
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(30.8)**	(37.9)
Include finance income received	**10.2**	10.9
Include repayment of obligations under lease liabilities	**(40.4)**	(38.5)
Include purchases of replacement items of intangible assets	**(8.8)**	(6.7)
Include purchases of replacement items of property, plant and equipment	**(51.1)**	(67.7)
Include proceeds from disposals of property, plant & equipment	**4.5**	10.2
Include UK Municipal contracts PPP net debt and financial asset movements	**(2.2)**	0.1
Adjusted free cash flow	**108.8**	75.4

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the Financial Review. The 2021 replacement spend shown above totalling €59.9m (2020: €74.4m) (being €8.8m (2020: €6.7m) intangible assets and €51.1m (2020: €67.7m) property, plant and equipment) plus the growth capital expenditure of €6.9m (2020: €10.1m) as shown in the Financial Review reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €66.8m (2020: €84.5m) within investing activities in the consolidated Statement of Cash Flows.

Reconciliation of property, plant and equipment additions to replacement capital expenditure as presented in the Financial Review

	2021 €m	2020 €m
Property, plant and equipment additions (note 10)	**61.1**	65.6
Intangible asset additions (note 10)	**11.3**	8.5
Asset held for sale additions	**-**	4.9
Proceeds from disposals of property, plant and equipment	**(4.5)**	(11.1)
Movement in capital creditors (included in trade and other payables)	**(5.6)**	6.4
Growth capital expenditure – as disclosed in the Financial Review	**(6.9)**	(10.1)
Replacement capital expenditure per the Financial Review	**55.4**	64.2

17. Explanation of non-IFRS measures and reconciliations – continued

Reconciliation of total net core cash flow as presented in the Financial Review

	2021 €m	2020 €m
Total cash flow	**117.5**	102.1
Movement in PPP non-recourse net debt	**5.4**	5.4
Additions to lease liabilities	**(60.9)**	(61.8)
Repayment of obligations under lease liabilities	**40.4**	38.5
Capitalisation of loan fees net of amortisation	**(1.3)**	0.9
Exchange movements	**(10.3)**	(3.8)
Exchange movements – discontinued	**-**	(0.1)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**-**	(13.0)
Lease liabilities acquired as part of acquisitions	**-**	(22.7)
IFRS 16 transition additions – excluding assets held for sale	**-**	(155.4)
IFRS 16 transition additions – assets held for sale	**-**	(21.9)
IFRS 16 lease liabilities sold as part of business disposal – assets held for sale	**-**	20.1
IFRS 16 lease liabilities – previously IAS 17 finance leases sold as part of business disposal	**-**	0.2
Movement in total net debt (note 11)	**90.8**	(111.5)

Reconciliation of total net debt to net debt under covenant definition

	2021 €m	Restated* 2020 €m
Total net debt	**(668.1)**	(758.9)
Less PPP non-recourse net debt	**87.8**	90.0
Less IFRS 16 lease liabilities	**236.7**	211.7
Net debt under covenant definition	**(343.6)**	(457.2)

*The comparatives for lease liabilities have been restated due to a prior year adjustment as explained in note 2.

APPENDIX

The following additional information, summarised from the Renewi plc Annual Report and Accounts 2021, is disclosed in accordance with Disclosure and Transparency Rule 6.3.5.

1. Principal Risks and Uncertainties affecting the Group

Product pricing, demand and quality – That the value we receive for recycled product falls, the markets contract, reducing demand for our product, or we become unable to produce to the required quality.

Residue pricing, capacity and specification – Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues.

Input volumes – That incoming waste volumes in the market may fall.

Changes in law and policy – Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes. Including changes in regulatory attitude and behaviours as a result of shifts in public opinion.

Disruptive event – That a disruptive event such as a pandemic or force of nature has severe consequences for our incoming waste streams and workforce, causing business interruption or loss.

Health and safety – Injury or loss of life. That we incur reputational loss, or civil and criminal costs.

Digitalisation – That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete.

Labour availability and cost – That there are shortages of certain labour types, leading to unavailability or severe wage inflation.

Major plant failure or fire – Operational failure and/or fire at a key facility leading to business interruption and other costs.

Unsustainable debt – That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding.

Environmental compliance – That we fail to comply with environmental permits and/or environmental laws and regulations.

Talent development, leadership and diversity – That we fail to develop the required management capabilities for future needs.

Long-term contracts – That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts.

Input pricing – That market pricing may put pressure on our margins.

ICT failure and cyber threat – That ICT failure and/or cyber crime causes business interruption or loss.

2. Directors' Responsibility, financial information and posting of accounts

The 2021 Annual Report which will be published in June 2021 contains a responsibility statement in compliance with DTR 4.1.12. This states that on 26 May 2021, the date of the approval of the Annual Report, the Directors confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group: and
- the Strategic Report in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 March 2020 or 2021, but is derived from those accounts. Statutory accounts for 2019/20 have been delivered to the Registrar of Companies and those for 2020/21 will be delivered following the Company's Annual General Meeting on 15 July 2021. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The have been no changes to the Board of Directors of Renewi plc since the 2020 Annual Report.

A list of current directors is maintained on the Renewi plc website: www.renewiplc.com.