This announcement contains inside information.

24 May 2022

VERY STRONG PERFORMANCE IN FY22
OUTLOOK FOR FY23 AHEAD OF MANAGEMENT'S PREVIOUS EXPECTATIONS

Renewi plc (LSE: RWI), the leading European waste-to-product business, announces its results for the year ended 31 March 2022.

Financial Highlights

- Revenue up 10% to €1,869m
- Underlying EBIT[1] up 83% to €133.6m, with net impact of customer pricing, recyclate pricing and cost inflation delivering a year-on-year benefit of €45m
- Commercial Division increased underlying EBIT[1] margins by 380bps to 10.0%, with the return on operating assets increasing to 31.6%
- Underlying EBIT[1] up 77% compared with the pre-Covid FY20 reference period
- Underlying EPS[1] up 118% to 98 cents, basic EPS increased from 7 cents to 93 cents
- Statutory profit of €75.4m (FY21: €5.5m[#])
- Core net debt* reduced to €303m (FY21: €344m) and net debt to EBITDA reduced to 1.4x from 2.2x

Strategic and Operational Highlights

- Group's end markets continue to grow, driven by positive legislative changes which promote recycling and increased demand for high quality secondary materials
- Commercial business performed very strongly, managing Covid shutdowns and inflationary pressures with ongoing tight control of costs
- Good progress made on our key strategic initiatives to deliver €60m of additional EBIT in FY26, with €10m delivered in FY22:
  - Over €100m of capital investment now committed to increasing the Group's recycling capacity at attractive rates of return
  - Mineralz & Water recovery underway, with further improvements to follow over the next 3 years
  - Renewi 2.0 programme on track to conclude next year and deliver full benefits from FY24
- 8.4m tonnes of materials put back into reuse up 5% on the prior year, with a recycling rate of over 67%, up 1.4pps
- Although recyclate prices are expected to moderate in FY23, we expect prices to stabilise above pre-Covid levels for the medium term, reflecting the structural growth of the circular economy
- Conditional agreement to acquire "Paro", an Amsterdam based commercial waste and recycling business, for an enterprise value of €67m, announced separately today.
- The Board now anticipates the Group's performance in FY23 to be ahead of its previous expectations

[1] The definition and rationale for the use of non-IFRS measures are included in note 16.
[#] The statutory profit for March 2021 has been restated to reflect a prior year adjustment set out in note 1.
** 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:

"Renewi delivered a record performance in the year, with revenues, profits and returns all significantly ahead of the prior year. This is thanks to the tremendous commitment of our employees, who continued to service our customers in challenging conditions. Our end markets have continued to grow, with climate-driven legislation and corporate strategies supporting increased recycling and demand for high quality secondary materials which, in turn, is driving a sustained increase in recyclate prices. Our Commercial Division, which represents over 70% of Group revenues, has therefore been able to accelerate its journey towards double digit margins, supported by tight control of costs and appropriate price increases reflecting wider inflationary pressures.

We made good progress on our key strategic initiatives and have committed over €100m of capital into our innovation portfolio. We remain on track to deliver the full €60m of EBIT we targeted for FY26 across our three value drivers: our innovation pipeline, the recovery of earnings at Mineralz and Water and the Renewi 2.0 programme.

"There is no doubt the transition to circular economies in our end markets will continue to increase demand for recycling and higher quality secondary materials, supporting our business model in the short and long term. The sustainability agenda pursued by the EU and national governments will also present increasing opportunities for Renewi to convert waste into a wider range of high-quality secondary materials.

"Looking ahead, whilst recyclate prices are expected to remain strong but moderate in FY23, the Board now anticipates the Group's performance in FY23 to be ahead of its previous expectations."

Results

	FY22	**FY21#**	**% change**
UNDERLYING NON-STATUTORY			
Revenue	€1,869.2m	€1,693.6m	+10%
Underlying EBITDA[1]	€262.6m	€195.7m	+34%
Underlying EBIT[1]	€133.6m	€73.0m	+83%
Underlying profit before tax[1]	€105.2m	€47.4m	+122%
Underlying EPS[1] (cents per share)	98c	45c	+118%
Adjusted free cash flow	€90.6m	€113.5m	
Free cash flow[1]	€60.5m	€145.7m	
Core net debt*	€303.0m	€343.6m	
STATUTORY			
Revenue	€1,869.2m	€1,693.6m	
Operating profit	€124.0m	€36.1m	
Profit before tax	€95.7m	€10.9m	
Profit for the year	€75.4m	€5.5m	
Basic EPS (cents per share)	93c	7c	
Cash flow from operating activities	€188.0m	€253.5m	
Total net debt	€604.0m	€668.1m	

[1]The definition and rationale for the use of non-IFRS measures are included in note 16.
 # Certain March 2021 values have adjusted to reflect prior year adjustments as referred to in note 2.
** Core net debt used for banking leverage calculations excludes the impact of IFRS 16 lease liabilities and UK PPP net debt.*

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Notes:

1. *A copy of this announcement is available on the Company's website, (www.renewi.com)*
2. *Renewi will hold an analyst presentation at 9.30 a.m. GMT / 10.30 a.m. CET today*
3. *Webcast: To watch and listen to the live webcast please pre-register via this link.*
4. *Today's results presentation 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

Renewi delivered a record performance in FY22 with revenues, profits and returns all increasing significantly ahead of the previous year. Our end markets continue to grow, with legislation and corporate strategies supporting increased recycling and demand for high quality secondary materials. This contributed to the increase in recyclate prices over the past eighteen months. We have also managed the aftershocks of the Covid crisis with ongoing tight control of costs and an ability to cover inflationary pressures from recyclate prices and customer pricing. We made good progress on our key strategic initiatives to deliver sustained growth for Renewi, notably with the commitment of over €100m of capital to build new state-of-the-art recycling capacity. Underlying EBIT increased by 83% to €133.6m. Statutory profit increased by €69.9m to €75.4m. Core net debt reduced by €41m to €303m and our leverage ratio reduced below the Board's target to 1.4x (FY21: 2.2x).

Sustainability is at the heart of our business model. Our purpose of giving new life to used materials enables us to deliver secondary materials to our end customers with a lower carbon footprint than the primary materials they replace. This helps our customers get to their net zero ambitions and supports the development of a 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. We have continued to advance this strategy and we remain well positioned to benefit from the adoption of circularity by European economies which ensures resources such as products, materials and energy are reused for as long as possible at the highest value.

Group financial performance

Group Summary	Revenue			Underlying EBIT		
	FY22 €m	FY21 €m	Variance %	FY22 €m	FY21 €m	Variance %
Commercial Waste	1,360.5	1,240.6	10%	135.7	76.8	77%
Mineralz & Water	193.9	182.8	6%	5.8	0.3	N/A
Specialities	350.1	300.8	16%	4.1	2.4	71%
Group central services	-	-		(12.0)	(6.5)	-85%
Inter-segment revenue	(35.3)	(30.6)		-	-	
Total	**1,869.2**	**1,693.6**	**10%**	**133.6**	**73.0**	**83%**

The underlying figures above are reconciled to statutory measures in note 3 of the consolidated financial statements.

Revenue was up 10% to €1,869m and underlying EBIT was up 83% to €133.6m. Underlying profit before tax increased by €57.8m to €105.2m. Underlying earnings per share increased by 118% to 98 cents (FY21: 45 cents).

The Commercial Division, which represents over 70% of Group revenues, increased revenues by 10% and underlying EBIT by 77%. EBIT margin increased 380 bps to 10.0% driven by a year-on-year benefit of €35m from increased quality and pricing of recyclates and ongoing cost control. EBIT was 73% higher than the pre-Covid FY20 reference period.

The Mineralz & Water Division saw revenues increase by 6%, and underlying earnings increase by €5.5m to €5.8m. The Specialities Division increased revenues by 16% and underlying EBIT increased by €1.7m to €4.1m.

Group central services costs have increased in the year as a result of investment in a number of areas and higher costs for long term incentive plans.

The business delivered adjusted free cash flow of €90.6m (FY21: €113.5m) partly reflecting an underlying reduction in payables. Free cash at €60.5m was lower than last year which included the €55m benefit of deferred payroll and other taxes in the Netherlands. Core net debt at 31 March 2022 was €303m (2021: €344m). Leverage fell to 1.4x (FY21: 2.2x), comfortably below the Board's long-term target of 2.0x. Liquidity headroom including cash and undrawn facilities was also strong at €428m (FY21: €364m).

Recognising the Group's significant growth investment programme and the resultant cash flow profile in the short term, the Board is not recommending a dividend for FY22, however it will keep the Group's dividend policy under review for FY23.

Sustainability means a need for circularity

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 Europe'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 in deploying innovative technologies that turn waste that would have been incinerated or sent to landfill into high quality secondary materials.

In the past year we have seen the world's governments, companies and investors continue to advance the agenda to reduce carbon emissions very significantly, with the EU playing a leading role. In November 2021, COP26 set out the necessary steps to avoid catastrophic increases in global temperatures by the end of the century. Production of more secondary materials to reduce virgin material use and the associated carbon emissions is a key requirement to meet these goals. Becoming more circular and cutting virgin materials use by 28% within nine years could lead to a reduction in global greenhouse gas emissions by 39% according to the Circularity Gap Report.

Recycling plays a key role in enabling a circular economy by converting waste back into secondary materials and is therefore increasingly supported by fiscal and regulatory governmental policy. Recycling, like most markets, needs balanced supply and demand.

Supply is stimulated by disincentivising landfill and incineration through taxations and prohibitions to create an environment in which sorting and processing to produce recyclates is economically competitive. This is already in place in the Netherlands and Belgium and has been further strengthened in Flanders by the government's announcement to double the incineration tax to €25 per tonne. Further stimulation of recycling is fundamental new legislation in Flanders which comes into effect in January 2023. The most recent amendment to Vlarema (#8) effectively introduces the mandatory pre-sorting of waste to remove recyclates before residues are incinerated, and this legislation is the key driver of our decision to invest in three large state-of-the-art sorting lines in Flanders.

Demand is stimulated by setting targets for minimum recycled content for government tenders, or indeed simply mandating certain levels of recycled content in all materials. For example, the Netherlands has a longstanding policy commitment to be 50% circular by 2030, and Belgium has similar circularity ambitions in both Flanders and Wallonia. This is further backed by trends in consumer demand where a sustainable solution appeals to a growing segment of customers.

Looking forward, legislators in Renewi's end markets and beyond are considering further action, including carbon taxes on incineration, minimum recycled content levels and producer responsibility for the management of closed loops. All these measures will accelerate the transition to increased recycling rates and, crucially, increase demand for secondary materials.

Putting sustainability at the centre of our strategy

Sustainability is at the heart of what we do. Our purpose, our vision and our business strategy are all about sustainability. In keeping with our purpose, our business and sustainability strategies are inextricably linked and mutually supportive. Starting from the UN Sustainable Development Goals, we focus on three key objectives: Enable the circular economy; Reduce carbon emissions; and Care for people.

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

Enable the circular economy

- Increased recycling rate from 65.8% in March 2021 to 67.2% (+1.4% points), with positive progress across all divisions.
- Total recyclate output amounted to 8.4m tonnes, 5% higher than prior year
- Carbon avoidance of 3.1m tonnes, similar to last year

Reduce carbon emissions

- Reduced our carbon intensity from processing 23% per tonne, driven for example by our Commercial Waste Netherlands Division having switched to 100% green electricity
- Reduced total scope 1 and scope 2 emissions by 7% to 0.5m tonnes of CO_2 equivalent

Care for people

- Significantly improved safety results: Lost time injuries (LTIs) are down 36% and major fires are down 25%
- Established a Diversity & Inclusion committee, aimed at making Renewi an even more rewarding and inclusive place to work

This year we report specifically about climate change risk according to the guidelines of the Taskforce for Climate related Financial Disclosure (TCFD). Within our climate roadmap we intend to strengthen our sustainability strategy and will start building a net-zero carbon emissions roadmap this year.

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

Increased value for the high quality recyclate products that we make

A prominent feature of our strong performance since Covid has been the recovery of recyclate prices from ten-year lows to their current high levels, which have now been sustained for nearly eighteen months.

Different recyclate streams are subject to specific supply and demand factors. However, at a more fundamental level we believe that environmental policies to stimulate the use of secondary materials mean that recyclates will over time become scarce materials. Furthermore, we believe prices may ultimately increase to a sustainable premium, or a reduced discount, to virgin materials. In addition to the supply and demand factors, we are increasing the quality of our recyclates. This allows our end-customers to replace virgin materials by our recyclates and allows us to demand higher prices.

Other factors that support the increased pricing for recyclates include:

- Demand for paper and cardboard in Europe is being driven by the growth in e-commerce as well as the transition to cardboard as the preferred packaging material including for example replacing plastic inside delivery boxes. At the same time, reduced office working as a result of Covid has resulted in lower volumes of source segregated commercial paper for recycling;
- High energy prices make the use of recycled metals, glass and plastic cheaper compared to production from virgin materials;
- There is a strong increase in demand for waste wood for a range of applications including conversion to wood products, methanol and bio-fuels in addition to biomass; and
- Consumer demand for recycled plastics has led to major plastics manufacturers looking for long-term supply agreements to meet their growing need.

In the short-term recyclate prices may still fluctuate and, whilst we expect that recyclate prices will moderate in FY23, we expect prices to stabilise above pre-Covid levels for the medium term, reflecting the structural growth of the circular economy.

Our strategy for long-term profitable growth

We have a clear and consistent business strategy to deliver long-term growth in both margins and volumes. This strategy has initially focused on margin expansion through increased recycling rates and the production of higher quality materials. We are now focusing increasingly on how to expand our market share both domestically and internationally. Our strategy is based on three pillars:

1. **Leader in recycling: increase our recycling rate.** Our ambitious goal, launched as "Mission75", is to increase our recycling rate within five years to 75% from the current 67.2%, which we believe is already the highest in the industry.
2. **Leader in secondary material production: Enhance the quality and 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". Accordingly, we are investing in advanced processing facilities.
3. **Selectively gain market share.** Our primary focus in the Netherlands and Belgium 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 complementary acquisitions in our core markets and in due course to enter into new territories with strong growth potential for our waste-to-product model.

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

Our innovation portfolio: investing for higher returns

We are investing in innovative solutions to increase recycling rates and product quality, the first two pillars of our growth strategy, with a view to delivering an additional EBIT of €20m by FY26. In FY22 we committed to invest over €100m over the next three years in order to achieve our target and exceed our threshold for return on assets of 16%. More details on the timing of investment and returns are given in the Finance Review below.

Project	Partner	Opportunity	Status
Advanced residual waste sorting Flanders	Stand-alone	€€€€€	Three lines approved. Programme progressing in line with expectations
Organics: expanded depackaging capacity	Stand-alone	€	Construction complete and plant operational
Organics: bio-gas to bio-LNG	Shell & Nordsol	€€	New plant commissioned and operational
Mattress recycling	IKEA group	€€€	New facilities: fourth facility completed and fifth in planning. Chemical recycling plant to be commissioned mid 2022. Exploring opportunities to expand activities outside NL.
Plastic recycling	Stand-alone	€€	Ghent and Waalwijk investments complete. Acht to be commissioned in 2023
Polyurethane recycling	Chemical recycler	€ - €€€	Technical and commercial feasibility studies ongoing
ATM recovery	Stand-alone	€€€	Filler storage capacity installed, and product certifications expected. Project to increase capacity at waterside commenced
Wood flake for low-carbon steel	Arcelor-Mittal	€€ - €€€€	Partner is preparing for industrial performance testing early next year and subsequent commercial contracting discussions

We continue to have a dialogue with a number of plastics recyclers concerning the provision of plastics streams for chemical recycling. Other new innovation ideas have been identified during the past year and are passing through our disciplined investment process.

Renewi 2.0 programme

FY22 was the second year of 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, based around two key themes:

- **Digitisation of the business**. We have developed and launched a new front-end interface for customers that allows them to place and amend orders, have full visibility of services and related costs and the circular benefits their waste is creating. This digitisation is already delivering a better 24/7 customer experience, while reducing our cost to serve.
- **Simplification and harmonisation of processes**. Our core business processes are being simplified and standardised across our divisions to save costs, 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 service offering, improve our master data and eliminate non-value add 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 for a total cash cost of €40m. €5.0m of net benefit was reported in FY22, in line with our plan. We remain confident that we will achieve the targeted savings on schedule.

More than 65,000 customers are logging into MyRenewi, our customer platform, and we see adoption rates increase every month. Our "*scaled agile*" framework approach has allowed for faster time to market for new developments and features for MyRenewi, delivery of our broader commercial offering and in driving efficiency in sales and back-office operations. A dedicated team is working on a project called 'Help Customer' to further improve our service delivery when customers have queries. During the year we have seen call and complaint volumes drop by 20% in some parts of our business through these frictionless interactions.

The procurement application Coupa has been fully implemented in our Commercial Waste division as well as for central functions and use is increasing on a daily basis.

Mineralz & Water recovery

Profits at ATM, our major site that cleans contaminated soil and water, are recovering well but slower than initially planned. Ongoing uncertainty by regulators on the adequacy of the current environmental regime has reduced intake of contaminated soil and continues to hamper obtaining necessary permits to dispose of TGG. This situation is expected to be resolved when proposed amendments to current legislation are brought forward and should bring much needed clarity to this important part of our business.

Despite these challenges, good underlying progress was made during FY22, with the production of secondary building materials like gravel, sand and filler replacing TGG. There is a growing interest in these secondary building materials from cement and asphalt producers as the construction industry is converting to circularity. ATM's profit improvement is also supported by growth in water treatment where we plan to expand our treatment capacity. We therefore anticipate that, as the regulatory environment for soil becomes clearer, as our building materials achieve their certification, and as we expand our water treatment, ATM will be able to restore EBITDA margins.

Potential for market share growth

Following the formation of Renewi in 2017 our focus was on integration and successfully delivering the merger synergies while maintaining market share. This has been achieved in full.

With leverage now reduced to comfortably below the Board's target of 2.0x, we have increased our pursuit of long-term top line growth opportunities, both organic and through acquisition. Accordingly, we have revisited our M&A pipeline activities, cultivating potential targets and reinvigorating internal evaluation processes. We note that M&A activity within the Netherlands and Belgium is picking up and Renewi intends to participate in sector consolidation opportunities, providing there are good strategic and sustainability synergies that offer appropriate financial returns.

Within the Netherlands and Belgium we will continue to expand our share organically, with an unmatched combination of breadth of services and proven sustainable treatment of waste. Renewi 2.0 will further improve our customer service and offer customers convenient digital interaction.

Renewi also has a two-stage strategy for further international expansion. In the immediate term there are opportunities to expand in niche waste segments where collection is not a required part of the business model: glass, white goods and mattresses being good examples. Longer term, we believe our model can be replicated in other advanced circular economies. We have created the "Renewi Advanced Circular Economy" (RACE) index of all European countries, assessing their suitability for our services based on factors such as material recycling rate, use of secondary materials, regulation, and taxonomy related to material usage. The RACE index confirms the Netherlands and Belgium as two of the most advanced circular economies. It further allows us to focus on a number of countries, including Denmark, Sweden, Germany, and the UK, where we see scope for successful and profitable expansion in the long-term.

Resilience in an uncertain world

The end of Covid has triggered significant inflation, supply chain disruptions and a tightness in European labour markets, exacerbated by geopolitical uncertainty arising from the war in Ukraine and the potential for macroeconomic impact. In response we have created teams to monitor and address emerging issues. We are monitoring the situation closely and while a significant and widespread economic slowdown could eventually impact Renewi, we have experienced no material adverse impact to our business since the war in Ukraine.

More broadly, Renewi has a resilient business model in that it:

- Provides an essential service across all sectors of the Dutch and Belgian economies, with no material exposure to any one sector;
- Has demonstrated an ability to pass inflationary costs through to customers. Price increases implemented on 1 January 2022 are expected to cover 2022 inflation;
- Hedged the majority of its energy and diesel requirements for 2022; and
- Has guidance for FY23 that anticipates a reduction in recyclate prices from their current highs.

Group Outlook

Recyclates strength has so far continued into FY23. Although a reduction from the high prices is expected, a sustained benefit from structural changes to recyclate quality and price is also anticipated. Looking ahead, the Board now anticipates the Group's performance in FY23 to be ahead of its previous expectations given the Group's strong results in FY22 and continuing recyclate price strength.

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 further attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident our three strategic growth initiatives – our innovation pipeline, Mineralz & Water recovery and Renewi 2.0 programme – will deliver significant additional earnings over the next three years and beyond.

Operating Review for the year ended 31 March 2022

Commercial Waste

Financial performance

The Commercial Division increased revenues by 10% to €1,360m and underlying EBIT by 77% to €135.7m, representing an EBIT margin of 10.0%. EBIT margin increased 380bps driven by a year-on-year benefit of €35m from increased quality and pricing of recyclates and ongoing cost control. EBIT was 73% higher than the pre-Covid FY20 reference period. Return on operating assets increased from 17.6% to a strongly accretive 31.6%.

Commercial Waste	Revenue		Underlying EBITDA		Underlying EBIT	
	FY22	FY21	FY22	FY21	FY22	FY21
Netherlands Commercial	896.2	828.4	148.9	113.9	93.1	53.7
Belgium Commercial	466.9	412.9	77.5	52.5	42.6	23.1
Intra-segment revenue	(2.6)	(0.7)	-	-	-	-
Total (€m)	1,360.5	1,240.6	226.4	166.4	135.7	76.8
Year on year variance %						
Netherlands Commercial	*8%*		*31%*		*73%*	
Belgium Commercial	*13%*		*48%*		*84%*	
Total	*10%*		*36%*		*77%*	

	Return on operating assets		Underlying EBITDA margin		Underlying EBIT margin	
	FY22	FY21	FY22	FY21	FY22	FY21
Netherlands Commercial	27.6%	15.7%	16.6%	13.7%	10.4%	6.5%
Belgium Commercial	46.2%	24.2%	16.6%	12.7%	9.1%	5.6%
Total	31.6%	17.6%	16.6%	13.4%	10.0%	6.2%

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 16 in the consolidated financial statements.

Revenues in the Netherlands grew by 8% to €896.2m and underlying EBIT increased by 73% to €93.1m. Underlying EBIT margins increased by 390bps to 10.4% and return on operating assets increased significantly to 27.6%. Volumes in the Netherlands were less impacted by Covid-19 than in Belgium and the UK. Volumes in FY22 were 5% lower than the prior year and were around 10% below pre-Covid levels. Compared to the prior year, there was a small recovery in commercial volumes offset by the expected contraction in construction and bulky waste. Inbound revenues in the Netherlands increased by 2% and outbound revenues by 64%, reflecting the strength of recyclate prices and increase of recyclate quality. As reported earlier, paper/cardboard and ferrous metal prices have been particularly strong throughout the year. Around €26m or 66% of the uplift in underlying EBIT was attributable to extra margin on recyclates, supported by continuing tight control of costs.

In Belgium, revenue increased by 13% to €466.9m and underlying EBIT by 84% to €42.6m. Underlying EBIT margins increased by 350bps to 9.1% and return on operating assets increased significantly to 46.2%. Core volumes increased by 5% compared to the prior year and recyclates by 1%, although these volumes also remain around 7% below pre-Covid levels. The increase in underlying EBIT was a result of volume recovery, strong recyclate prices, improved price-mix and ongoing operational cost savings. Around €9m or 46% of the uplift in underlying EBIT was attributable to extra margin on recyclates.

Operational review

Our Commercial Division had a year of strong delivery despite the impact of Covid-19 and, more recently, the war in Ukraine. We have seen improvements in our commercial effectiveness driven by operational efficiencies and dynamic management of off-take markets. Safety performance has also significantly improved, driven by several leadership and culture initiatives, driver training and further investments in fire detection and suppression systems.

Commercial contracting margins have improved through the streamlining of our product offering. By removing less profitable lines we have sharpened our focus on the remaining core portfolio. This tailored portfolio is now more closely aligned with industry requirements. In construction and demolition (C&D), we have responded to weaker volumes by improving our customer offering. This has led to increased market share. Customer service has been further improved via the Renewi 2.0 programme and MyRenewi platform which allows digital engagement with customers in a more flexible, responsive and interactive way. We gained momentum in our specialist hazardous waste business in Belgium and secured more out-of-date food waste off-take agreements with retailers in the Netherlands. Building on our partnership with Greencycl, we have become a leader in the medical sector, with new contracts secured with several hospitals and medical centres. Our commercial teams have also been able to optimise pricing with our customers, reflecting dynamic off-take prices, and create value for our services in tandem. For example, in Belgium where we are preparing for Vlarema 8 legislation, we are offering advanced sorting services that improve recycling rates, and so helping our customers to avoid paying higher taxes for waste that would otherwise go to incineration. This has resulted in new commercial contracts in a competitive market and a higher mass balance margin, while contributing positively to society's sustainability challenges.

We have seen demand shift from the front to the back end of the business, with very high demand for our secondary materials. We have observed an increasing trend of end-users looking for long-term contracts which has enabled us to establish secure partnerships with some of our main off-take customers. We have established multi-year framework agreements for several product categories including combustible waste, paper, plastics and wood off-take. This shift has also enabled us to extend the application of value-based pricing to our commercial customers and partners, who are increasingly looking to transition to longer term contracts.

Within collections, we have focused on optimising existing trucks, collection routes and site asset utilisation, improving our efficiency and cost base. For our roller bin collections, we continually focus on improving route density, eliminating 'loose stops' (where no bins are available), improving customer performance and reducing miles driven, CO_2 emissions, as well as our cost.

<u>Organic Investments</u>

Significant growth investments in plastics recycling, organic waste valorisation and advanced sorting in Flanders were approved by the Board at attractive levels of return. Important milestones were achieved on each of these and other projects during the year:

- Good progress has been made preparing our €60m investment in advanced sorting across three sites in Flanders to meet the needs of the Vlarema 8 legislation. The sites will process 375,000 tonnes of waste and triple the volume of waste recycled and at the same time halve the waste incinerated. At our first site in Ghent the building has been prepared for the sorting line installation which will be completed in FY23. Preparations for both Puurs and Beringen are ongoing. These installations will begin during 2023 and are expected to be operational in late FY24;
- Supporting the Vlarema 8 pre-sorting and reporting requirement an initial 80 trucks in Belgium have been equipped with cameras using artificial intelligence to allow identification of non-compliant waste at source. A total of 200 trucks will be equipped with these systems during the course of the next year;
- Site preparations have begun and contractors have been appointed for a €13m investment in Acht to recycle rigid plastics. The site is expected to be commissioned in 2023;
- Construction of the €10.5m out-of-date food waste depackaging facility was completed in Amsterdam and has been in operation since November 2021, providing feedstock to our anaerobic digester;
- Construction of the bio-LNG facility in Amsterdam was completed together with Shell and Nordsol and opened by His Majesty King Willem-Alexander in October 2021. The plant takes bio-gas from our

anaerobic digester and converts it to 3m litres per year of bio-LNG for zero carbon transportation, and bio-CO_2 for the agriculture industry;

- Our RetourMatras joint venture with the IKEA Group continues to expand rapidly. During the last year the fourth facility was commissioned. The first site outside the Netherlands is expected during FY23 as part of the international expansion. A new closed loop polyurethane foam recycling processing facility is being constructed. In the second half of 2023 it is expected to deliver the first "re-polyol" material to form new mattress foams;
- At Mont-Saint-Guibert in Belgium we have invested €2.4m to upgrade the sand washing and water treatment facility to a fully automated technology capable of producing over 160,000 tonnes a year of clean sand using 25% less water;
- The Renewi Rockwool recycling initiative ('Rockcycle'), which creates an opportunity for unlimited recycling of rockwool instead of landfill, has gained traction and is being rolled out nationwide in the Netherlands; and
- The partnership with Greencycl-Van Straten Medical was extended to recycle stainless steel and plastic medical instruments.

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. We aim to optimise our capital-intensive logistical activity while preserving our customer relationships and service. Our approach seeks to minimise pollution and traffic impact to become cleaner, greener and more efficient, in support of our primary focus to increase recycling and close the loop in the circular economy.

We continue to reduce pollution by investing in the latest technologies. During the year we placed orders for over 200 Euro VI trucks with the lowest emissions and took delivery of 49 (FY21: 272). Our investment of €9m (FY21: €39m) was lower than previous years reflecting supply chain delays. These trucks reduce pollutants significantly compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. 67% 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) in response to zero emissions zones in major cities. We have Volvo and DAF's first production electric rear end loaders operating in our fleet and are monitoring operational performance in conjunction with the manufacturers as part of our roadmap to zero emissions. The second is an opportunity for waste companies to cooperate to collect waste in single "white label" truck fleet in each town, increasing route efficiency and reducing the number of vehicles. Our Green Collective joint venture with PreZero is the first and leading white label commercial waste collection initiative in the Netherlands and is now operational in 10 municipalities and is expected to grow to over 30 cities in future years.

Mineralz & Water

Financial performance

Mineralz & Water	FY22 €m	FY21 €m	Variance %
Revenue	193.9	182.8	6%
Underlying EBITDA	22.4	15.0	49%
Underlying EBITDA margin	*11.6%*	*8.2%*	
Underlying EBIT	5.8	0.3	N/A
Underlying EBIT margin	*3.0%*	*0.2%*	
Return on operating assets	11.3%	0.8%	

The return on operating assets excludes all landfill related provisions. The underlying figures above are reconciled to statutory measures in notes 3 and 16 in the consolidated financial statements.

The Mineralz & Water Division made underlying progress and saw revenues increase by 6% to €193.9m and underlying EBIT increased by €5.5m to €5.8m. Volumes at the waterside increased 6% to 811kT showing recovery post Covid and accounting for an additional €3m of contribution margin. Other activities in the Division performed well with good volumes and the benefit of higher values for metal recyclates.

Operational review

As previously indicated, the resumption 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 establishing sand, gravel and filler as certified products for the construction markets.

The revitalisation of the inbound soil pipeline has been delayed. Inbound deliveries of contaminated soil have been lower than expected due to short-term reductions in active projects in the market as well as delays in securing import permits from the authorities. As a result, we did not further increase our throughput. We are working closely with IL&T to unlock the international contaminated soil market.

Good progress was made reducing our TGG inventory by 54% with the shipment of 0.7m tonnes during the year. We continue to explore outlet opportunities for the remaining stock and have taken an additional disposal cost charge of €2m.

As previously noted, the preferred applications for decontaminated soils are as separated and refined filler, sand and gravel which are each secondary construction materials. We continue to experience strong interest in these secondary building materials as the construction market seeks to become more circular. We are working to obtain full certification and end-of-waste status for the secondary building materials. Testing of the products with customers in the infrastructure and concrete industries are ongoing. Gravel certification and end-of-waste status have been achieved. Certification for sand and filler for concrete applications are expected as early as 2023. Our commercial pipeline for each product is growing and once the regulatory environment becomes clearer our fully certified secondary materials will have long-term outlet markets and customers.

The remainder of the division performed well. Our metals extraction facilities saw growth on the prior year helped by increases in metal prices. With sustained increased demand we see good growth opportunities in the water treatment market. We saw lower profits in the landfill segment, as expected following the scheduled closure of the Braine landfill from 1 January 2021.

Specialities

Financial performance

Specialities	FY22 €m	FY21 €m	Variance %
Revenue	350.1	300.8	16%
Underlying EBITDA	14.5	12.0	21%
Underlying EBITDA margin	*4.1%*	*4.0%*	
Underlying EBIT	4.1	2.4	71%
Underlying EBIT margin	*1.2%*	*0.8%*	
Return on operating assets	28.9%	5.4%	

Underlying EBIT includes utilisation of €7.0m (FY21: €11.4m) from onerous contract provisions. The return on operating assets excludes the UK Municipal business. The underlying figures above are reconciled to statutory measures in notes 3 and 16 in the consolidated financial statements.

The Specialities Division grew revenues by 16% to €350m and underlying EBIT was up 71% to €4.1m. The recovery at Coolrec has continued, benefiting from operational improvements, investments and strong recyclate prices. Maltha volumes recovered during the year to pre Covid levels and up on prior year, including good volumes in both France and Portugal. UK Municipal saw the benefits of high recyclate prices offset by higher Council volumes, an accounting adjustment in one contract as referenced with the interim results and €2m costs relating to a fire at one of our facilities in Cumbria with insurance recovery possible in FY23.

Operational review

Coolrec performed very well in the year and is the national leader in recycling fridges in the Netherlands and Belgium as a key partner to the national white goods collection schemes. Volumes increased 4% benefiting from Belgium contracts and achieving double digit underlying EBIT margin. A further investment was completed at Waalwijk where electrostatic separators now increase the purity of our PS and ABS post-consumer plastic materials to >95% to achieve a significantly better offtake price.

Maltha volumes recovered during the year to pre Covid levels and up 15% on prior year. The business benefited from higher metal prices and is assessing exit options for the small unprofitable operation in Hungary.

In UK Municipal we continue to operate the loss-making contracts within the aggregate provisions taken in previous years. Continuous improvement initiatives delivered a further €1.4m of annualised savings across the various contracts. Underlying improvements have continued at the ELWA contract. The ongoing activity at Derby to manage the Councils' waste remains in place through the second half of 2022 under short term contracts pending their long-term plans.

FINANCE REVIEW

Financial Performance	FY22 €m	FY21 €m	Variance %
Revenue	1,869.2	1,693.6	10%
Underlying EBITDA	262.6	195.7	34%
Underlying EBIT	133.6	73.0	83%
Operating profit	124.0	36.1	243%
Underlying profit before tax	105.2	47.4	122%
Non-trading & exceptional items	(9.5)	(36.5)	
Profit before tax	95.7	10.9	
Total tax charge for the year	(20.3)	(5.4)	
Profit for the year	75.4	5.5	

The underlying figures above are reconciled to statutory measures in notes 3 and 16 in the consolidated financial statements. FY21 statutory profits and non-trading and exceptional items have been restated to reflect the change in accounting for cloud computing costs as referenced in note 2.

Renewi delivered a strong performance, with revenues and underlying EBIT up 10% and 83% respectively. We have retained some of the structural cost savings made in response to Covid and these, combined with a strong prices benefit, have contributed to a significant increase in margins and profits. Underlying EBIT was €60.6m higher than the prior year, of which €44.6m resulted from the net impact of increased waste producer pricing, recyclate prices, less cost indexation and €9.2m from volume and mix changes, and €8.7m from cost savings, with balancing €1.9m from others. Underlying EBIT increased by 83% and underlying EBITDA increased by 34% as the level of non-cash items of depreciation, amortisation and impairment charges only increased by 6% year-on-year.

The level of exceptional and non-trading items in the current year was again significantly reduced to €9.6m resulting in a statutory operating profit of €124.0m compared to €36.1m last year, as adjusted for the prior year restatement for the change in cloud computing charges as referred to below.

Following on from an IFRS clarification on the accounting treatment of costs associated with the configuration and customisation incurred in cloud computing or Software as a Service (SaaS) arrangements, the Group has reviewed its accounting policy. The revised policy, applied retrospectively, aligns with the clarification whereby configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset. We have determined that €3.9m of costs incurred and capitalised during the current financial year and €7.3m of intangible assets held at 31 March 2021 no longer meet the criteria for recognition under IAS 38 Intangible Assets. The impact relating to the year ended March 2020 and prior was not material and has therefore been included in the 31 March 2021 comparative adjustment. Accordingly, €3.9m (FY21: €7.3m) has been expensed and disclosed as a non-trading and exceptional administrative expenses item because it arises from the one-off introduction of interpretations to accounting policy guidance and is material in size. The prior year balance sheet has been adjusted with a reduction of €7.3m of intangibles with an increase in deferred tax assets of €1.8m and a reduction in retained earnings of €5.5m.

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 excluding tax were reduced by 74% to €9.5m (FY21: €36.5m as adjusted for the change in accounting policy restatement). As previously reported, we have accounted for the cost of the Renewi 2.0 programme as exceptional due to its size and nature. The programme is forecast to deliver cost benefits at an annualised run rate of €20m in FY24. The cost of the programme is still expected to be €40m, split between capital and an exceptional charge. Benefits of €5.0m were secured in the year, with cash spend of €6.6m which was lower than expected. As a result we now expect €8m of the programme costs to be incurred later, falling in to FY24. 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)	(7)	(8)	(8)
Capital spend*	(5)	(2)	-	-
Net cash flow	(10)	(4)	4	12

**The capital spend of €7m includes €5m of items which are now classified as exceptional charge as a result of the change in policy relating to cloud computing related spend.*

In the prior year, in response to Covid-19 and ongoing lower economic activity we took action to reduce capacity in the Commercial division. Further details are provided in note 5 to the consolidated financial statements.

Operating profit, after taking account of all non-trading and exceptional items, was €124.0m (FY21: €36.1m as adjusted for the change in accounting policy restatement as referred to above).

Net finance costs

Net finance costs, excluding exceptional items, increased by €1.7m to €28.9m (FY21: €27.2m) due to a lower level of finance income. With regard to finance charges the new Belgian retail bond launched in July 2021 increased costs by €2.7m offset by lower borrowings on the RCF facility. Further details are provided in note 6 to the consolidated financial statements.

Profit before tax

Profit before tax on a statutory basis, including the impact of non-trading and exceptional items, was €95.7m (FY21: €10.9m as adjusted for the change in accounting policy restatement).

Taxation

Total taxation for the year was a charge of €20.3m (FY21: €5.4m as adjusted for the change in accounting policy restatement). The effective tax rate on underlying profits was 25% at €26.4m, unchanged from previous expectations and 24.5% in the prior year. An exceptional tax credit of €6.1m includes €2.4m attributable to the non-trading and exceptional items of €9.5m and €3.7m as a result of tax rate changes in the UK which were enacted during the first half.

Looking forward, we anticipate the underlying tax rate to remain around 26% given the recent changes in the Netherlands and the UK.

The Group statutory profit after tax, including all non-trading and exceptional items, was €75.4m (FY21: €5.5m as adjusted for the change in accounting policy).

Earnings per share (EPS)

Following the one for ten share consolidation in July 2021, EPS comparatives have been restated to reflect the change in the number of shares. Underlying EPS excluding non-trading and exceptional items was 98 cents per share, an increase of 53 cents. Basic EPS was 93 cents per share compared to 7 cents per share in the prior year as adjusted for the restatement of FY21 for the change in accounting policy.

Dividend

Recognising the Group's significant growth investment programme and the resultant cash flow profile in the short term, the Board is not recommending a dividend for FY22, however it will keep the Group's dividend policy under review for FY23.

CASH FLOW PERFORMANCE

The funds flow performance table is derived from the statutory cash flow statement and reconciliations are included in note 16 in the consolidated financial statements.

The table shows the cash flows from an adjusted free cash flow to total cash flow. The adjusted free cash flow measure was introduced in March 2021 and 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 includes lease repayments for IFRS 16 leases.

Funds flow performance	**FY22 €m**	**FY21 €m**
EBITDA	262.6	195.7
Working capital movement	(38.0)	35.4
Movement in provisions and other	4.5	8.9
Net replacement capital expenditure	(68.2)	(50.7)
Repayments of obligations under lease liabilities	(44.2)	(40.4)
Interest, loan fees and tax	(26.1)	(35.4)
Adjusted free cash flow	**90.6**	**113.5**
Deferred Covid taxes	(10.6)	54.1
Offtake of ATM soil	(10.3)	(2.6)
UK Municipal contracts	(9.2)	(19.3)
Free cash flow	**60.5**	**145.7**
Growth capital expenditure	(13.1)	(6.9)
Renewi 2.0 and other exceptional spend	(11.0)	(17.4)
Other	(7.0)	(3.9)
Total cash flow	**29.4**	**117.5**
Free cash flow conversion	**45%**	**200%**

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 16 in the consolidated financial statements. The 2021 values for net replacement capital expenditure and other exceptional spend have been adjusted by €4.7m to reflect the element of SaaS related capital expenditure now restated as an exceptional item.

Adjusted free cash flow was lower at €90.6m despite the strong EBITDA improvement in the year. As noted with the Group's interim results, there has been an outflow on working capital in the year driven by an underlying reduction in payables along with increased outstanding receivables as a result of higher revenues and delays in billing from recent process changes. Days sales outstanding have remained unimpacted by Covid-19.

Replacement capital spend at €68.2m has remained well controlled and ahead of last year due to catch ups. In addition, €27.1m of new leases have been entered into which are 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 spend on the €10m facility to process out-of-date food waste in Amsterdam and some initial spend on the advanced residual waste sorting projects in Flanders reflecting a slightly later cash phasing than originally anticipated.

Interest payments were lower than last year given reduced bank borrowings and the first interest payment on the new retail bond being payable in July 2022. Tax payments were also lower as a result of phasing as some payments have moved out to April 2022.

Looking at the three components that are shown below adjusted free cash flow, there has been an initial €10.6m repayment on Covid-19 tax deferrals as forecast. The total tax deferrals were €60m at the end of March 2021 and the Dutch elements will be settled in 36 monthly instalments as from October 2021. Cash spend for placement of TGG soil stocks placed in the market was €10.3m. The balance of the liability of up to €15m is expected to be placed in the market over the next 12 to 24 months. Cash outflow on UK PPP contracts was €9.2m due to an improved operational performance driven by volumes and continuous improvement initiatives, as well as benefits from higher recyclate prices.

Renewi 2.0 and other exceptional spend includes €4m relating to cloud computing arrangements in both years and €7m relating to Renewi 2.0 (2021: €8m). 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 inflow from operating activities decreased from €238.7m in the prior year to €180.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 16 in the consolidated financial statements.

INVESTMENT PROJECTS

Expenditure in FY23

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. FY23 replacement capital spend is expected to be around €80m which represents a significant increase over recent years. It includes some catch-up from the prior two years and some one-offs for fire safety and office improvements in Commercial, the Green Gas project and jetty works at ATM. In addition, up to €45m of IFRS 16 lease investments principally in replacement trucks are anticipated, although some production delays are now expected given supply chain issues caused by the war in Ukraine.

Expenditure on the circular innovation pipeline will increase as elements of the advanced sorting investments in Belgium for Vlarema 8 and expansion in plastics sorting at Acht in the Netherlands progress through the construction phases. Timing of the investment expenditure is now slightly later than originally expected: €12m lower in FY22, correspondingly increasing expectations for FY23 to €50m and for FY24 to €35m respectively. The returns expected are still more than €20m by FY26. In addition growth capital expenditure of around €14m is expected for other large one-off projects.

Return on assets

The Group return on operating assets, excluding debt, tax and goodwill, increased from 22.6% at 31 March 2021 to 42.6% at 31 March 2022. The Group post-tax return on capital employed was 11.6% (FY21: 6.3%).

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 better than management expectations at €303.0m (FY21: €343.6m), which resulted in a net debt to EBITDA ratio of 1.4x. Liquidity headroom including cash and undrawn facilities was also strong at €428m (FY21: €364m).

Debt structure and strategy

Borrowings, excluding PPP non-recourse borrowings, are mainly long-term with the exception of the €100m Belgian retail bond maturing in July 2022. All our core borrowings of bonds and loans are green financed. During the year all term loans and revolving credit facilities denominated in Sterling were repaid and the related cross-currency interest rate swaps were cancelled. We have extended the Group's main banking facility, with most commitments now maturing in May 2025. At the same time, the size of the facility has been reduced to €400m from €495m, removing excess liquidity following the Green Bond issuance completed in 2021.

Debt Structure	FY22 €m	FY21 €m	Variance €m
€100m Belgian Green retail bonds	(100.0)	(100.0)	-
€75m Belgian Green retail bonds	(75.0)	(75.0)	-
€125m Belgian Green retail bonds	(125.0)	-	(125.0)
€400m Green RCF	(15.0)	(185.0)	170.0
Green EUPP	(25.0)	(25.0)	-
Gross borrowings before lease liabilities	(340.0)	(385.0)	45.0
Historical IAS 17 lease liabilities and other	(8.7)	(13.6)	4.9
Loan fees	3.2	3.5	(0.3)
Core cash and money market funds	42.5	51.5	(9.0)
Core net debt (as per covenant definitions)	(303.0)	(343.6)	40.6
IFRS 16 lease liabilities	(221.9)	(236.7)	14.8
Net debt excluding UK PPP net debt	(524.9)	(580.3)	55.4
UK PPP restricted cash balances	21.1	17.3	3.8
UK PPP non-recourse debt	(100.2)	(105.1)	4.9
Total net debt	(604.0)	(668.1)	64.1

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2022 was €80.5m (FY21: €80.3m).

The introduction of IFRS 16 in 2019 brought additional lease liabilities onto the balance sheet with an associated increase in assets. Covenants on our main bank facilities remain on a frozen GAAP basis and 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 on PPP borrowings were fixed by means of interest rate swaps at contract inception. At 31 March 2022 this net debt amounted to €79.1m (FY21: €87.8m). As set out in note 2 in the consolidated financial statements the presentation of cash held in the UK PPP entities has been restated to show gross in cash and cash equivalents rather than netted off the non-recourse debt balance.

PROVISIONS AND CONTINGENT LIABILITIES

Around 90% 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 €79.9m. Of the outstanding balance €9.2m 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 €31m, including onerous contracts, €4m for restructuring, €6m for landfill related spend and €12m for environmental, legal and others. Additional detail of the non-current element of provisions is given in note 12 in the consolidated financial statements.

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 FY23 but no monies would likely become payable until early in FY24. Details of contingent liabilities are set out in note 15 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Retirement benefits

The Group has a closed UK defined benefit pension scheme and at 31 March 2022, the scheme had an accounting surplus of €8.6m (FY21: €4.0m deficit). The change in the year was due to an increase in the discount rate assumption reduced by a decrease in asset returns. The latest triennial actuarial valuation of the scheme was completed at 5 April 2021 and the future funding plan has been maintained at the current level of €3.6m per annum until December 2024.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €6.3m at 31 March 2022, a €1.1m decrease from 31 March 2021.

Changes to accounting standards

From 1 April 2022, the company will apply the Amendments to IAS 37, "Onerous contracts - costs of fulfilling a contract." Consequently, all costs required for the fulfilment of a contract should be included when assessing the onerous contract provision, including an allocation of divisional central overheads. The Group is in the process of finalising the impact which is estimated to increase reported annual underlying EBIT from 1 April 2022 by c. €5m. An increase of approximately €53m will be recorded in the onerous contract provisions, which have up to 18 years still to run. This increase is taken as an adjustment to retained earnings on 1 April. There is no impact on cash and this adjustment reflects no change in the underlying performance of the contracts.

Consolidated Income Statement

For the year ended 31 March 2022

		2022			2021		
	Note	**Underlying €m**	**Non-trading & exceptional items €m**	**Total €m**	Underlying €m	Restated* Non-trading & exceptional items €m	Total €m
Revenue	3,4	**1,869.2**	**-**	**1,869.2**	1,693.6	-	1,693.6
Cost of sales	5	**(1,512.5)**	**0.1**	**(1,512.4)**	(1,408.5)	(15.7)	(1,424.2)
Gross profit (loss)		**356.7**	**0.1**	**356.8**	285.1	(15.7)	269.4
Administrative expenses	5	**(223.1)**	**(9.7)**	**(232.8)**	(212.1)	(21.2)	(233.3)
Operating profit (loss)	3	**133.6**	**(9.6)**	**124.0**	73.0	(36.9)	36.1
Finance income	5,6	**9.3**	**0.2**	**9.5**	10.9	0.4	11.3
Finance charges	5,6	**(38.2)**	**(0.1)**	**(38.3)**	(38.1)	-	(38.1)
Share of results from associates and joint ventures		**0.5**	**-**	**0.5**	1.6	-	1.6
Profit (loss) before taxation	3	**105.2**	**(9.5)**	**95.7**	47.4	(36.5)	10.9
Taxation	5,7	**(26.4)**	**6.1**	**(20.3)**	(11.6)	6.2	(5.4)
Profit (loss) for the year		**78.8**	**(3.4)**	**75.4**	35.8	(30.3)	5.5
Attributable to:							
Owners of the parent		**77.9**	**(3.4)**	**74.5**	35.9	(30.3)	5.6
Non-controlling interests		**0.9**	**-**	**0.9**	(0.1)	-	(0.1)
		78.8	**(3.4)**	**75.4**	35.8	(30.3)	5.5

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

Earnings per share	Note	**2022 cents**	Restated* 2021 cents
Basic	8	**93**	7
Diluted	8	**93**	7
Underlying basic	8	**98**	45
Underlying diluted	8	**98**	45

*The comparatives have been restated in accordance with the requirements of IAS 33 Earnings per share following the share consolidation and also due to prior period adjustments as explained in note 2 Basis of preparation.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	2022 €m	Restated* 2021 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**(0.2)**	(3.1)
Fair value movement on cash flow hedges	**16.5**	14.3
Deferred tax on fair value movement on cash flow hedges	**(1.9)**	(2.4)
Share of other comprehensive income of investments accounted for using the equity method	**0.5**	0.3
	14.9	9.1
Items that will not be reclassified to profit or loss:		
Actuarial gain (loss) on defined benefit pension schemes	**10.5**	(23.3)
Deferred tax on actuarial gain (loss) on defined benefit pension schemes	**(2.4)**	4.4
	8.1	(18.9)
Other comprehensive income (loss) for the year, net of tax	**23.0**	(9.8)
Profit for the year	**75.4**	5.5
Total comprehensive income (loss) for the year	**98.4**	(4.3)
Attributable to:		
Owners of the parent	**97.5**	(4.2)
Non-controlling interests	**0.9**	(0.1)
Total comprehensive income (loss) for the year	**98.4**	(4.3)

*****The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

Consolidated Balance Sheet

As at 31 March 2022

	Note	**31 March 2022 €m**	Restated* 31 March 2021 €m
Assets			
Non-current assets			
Goodwill and intangible assets	10	**592.8**	594.9
Property, plant and equipment	10	**553.6**	560.7
Right-of-use assets	10	**213.8**	233.8
Investments		**14.3**	17.2
Financial assets relating to PPP contracts		**135.7**	142.4
Derivative financial instruments	14	**0.4**	7.9
Defined benefit pension scheme surplus	13	**8.6**	-
Other receivables		**5.1**	4.1
Deferred tax assets		**41.6**	51.3
		1,565.9	1,612.3
Current assets			
Inventories		**22.5**	20.6
Investments	14	**11.1**	9.3
Loans to associates and joint ventures		**0.9**	0.9
Financial assets relating to PPP contracts		**7.7**	6.7
Trade and other receivables		**269.3**	247.7
Derivative financial instruments	14	**6.6**	1.2
Current tax receivable		**0.9**	0.5
Cash and cash equivalents – including restricted cash	11	**63.6**	68.8
		382.6	355.7
Assets classified as held for sale	10	**3.3**	-
		385.9	355.7
Total assets		**1,951.8**	1,968.0
Liabilities			
Non-current liabilities			
Borrowings	11	**(518.7)**	(689.1)
Derivative financial instruments	14	**(14.6)**	(25.3)
Other non-current liabilities		**(36.2)**	(54.4)
Defined benefit pension schemes deficit	13	**(6.3)**	(11.4)
Provisions	12	**(258.1)**	(252.6)
Deferred tax liabilities		**(47.0)**	(50.9)
		(880.9)	(1,083.7)
Current liabilities			
Borrowings	11	**(148.9)**	(47.8)
Derivative financial instruments	14	**(0.1)**	(0.2)
Trade and other payables		**(528.4)**	(546.2)
Current tax payable		**(24.2)**	(13.8)
Provisions	12	**(31.1)**	(38.7)
		(732.7)	(646.7)
Total liabilities		**(1,613.6)**	(1,730.4)
Net assets		**338.2**	237.6
Issued capital and reserves attributable to the owners of the parent			
Share capital		**99.5**	99.5
Share premium		**473.8**	473.6
Exchange reserve		**(15.0)**	(14.8)
Retained earnings		**(227.1)**	(326.8)
		331.2	231.5
Non-controlling interests		**7.0**	6.1
Total equity		**338.2**	237.6

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital €m	Share premium €m	Exchange reserve €m	Restated* Retained earnings €m	Non-controlling interests €m	Restated* Total equity €m
Balance at 1 April 2021 – restated*	**99.5**	**473.6**	**(14.8)**	**(326.8)**	**6.1**	**237.6**
Profit for the year	**-**	**-**	**-**	**74.5**	**0.9**	**75.4**
Other comprehensive (loss) income:						
Exchange loss on translation of foreign subsidiaries	**-**	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Fair value movement on cash flow hedges	**-**	**-**	**-**	**16.5**	**-**	**16.5**
Actuarial gain on defined benefit pension schemes	**-**	**-**	**-**	**10.5**	**-**	**10.5**
Tax in respect of other comprehensive income items	**-**	**-**	**-**	**(4.3)**	**-**	**(4.3)**
Share of other comprehensive income of investments accounted for using the equity method	**-**	**-**	**-**	**0.5**	**-**	**0.5**
Total comprehensive (loss) income for the year	**-**	**-**	**(0.2)**	**97.7**	**0.9**	**98.4**
Share-based compensation	**-**	**-**	**-**	**2.5**	**-**	**2.5**
Movement on tax arising on share-based compensation	**-**	**-**	**-**	**1.3**	**-**	**1.3**
Proceeds from exercise of employee options	**-**	**0.2**	**-**	**-**	**-**	**0.2**
Own shares purchased by the Employee Share Trust	**-**	**-**	**-**	**(1.8)**	**-**	**(1.8)**
Balance as at 31 March 2022	**99.5**	**473.8**	**(15.0)**	**(227.1)**	**7.0**	**338.2**
Balance at 1 April 2020	99.5	473.6	(11.6)	(327.6)	1.4	235.3
Profit (loss) for the year – restated*	-	-	-	5.6	(0.1)	5.5
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 for the year – restated*	-	-	(3.2)	(1.0)	(0.1)	(4.3)
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 – restated*	99.5	473.6	(14.8)	(326.8)	6.1	237.6

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 €m	Restated* 2021 €m
Profit before tax	**95.7**	10.9
Finance income	**(9.5)**	(11.3)
Finance charges	**38.3**	38.1
Share of results from associates and joint ventures	**(0.5)**	(1.6)
Operating profit	**124.0**	36.1
Amortisation and impairment of intangible assets	**11.1**	19.1
Depreciation and impairment of property, plant and equipment	**74.7**	80.4
Depreciation and impairment of right-of-use assets	**45.5**	42.5
Impairment of investment in associate	**1.9**	-
Net gain on disposal of property, plant and equipment and intangible assets	**(0.8)**	(0.1)
Exceptional (credit) charge on long term provisions	**(1.6)**	3.7
Net decrease in provisions	**(5.8)**	(11.0)
Payment related to committed funding of the defined benefit pension schemes	**(3.6)**	(3.6)
Other non-cash items	**-**	2.6
Share-based compensation	**2.5**	1.4
Operating cash flows before movement in working capital	**247.9**	171.1
(Increase) decrease in inventories	**(1.9)**	0.2
(Increase) decrease in receivables	**(23.2)**	25.1
(Decrease) increase in payables	**(34.8)**	57.1
Cash flows from operating activities	**188.0**	253.5
Income tax paid	**(7.6)**	(14.8)
Net cash inflow from operating activities	**180.4**	238.7
Investing activities		
Purchases of intangible assets	**(8.4)**	(4.1)
Purchases of property, plant and equipment	**(77.6)**	(58.0)
Proceeds from disposals of property, plant and equipment	**4.7**	4.5
Acquisition of business assets	**(0.5)**	-
Net cash outflow in relation to prior year sale of business	**(0.8)**	-
Capital contribution to associates and joint ventures	**-**	(1.1)
Dividends received from associates and joint ventures	**1.3**	1.6
Receipt of deferred consideration	**0.3**	0.6
Purchase of other short-term investments	**(2.2)**	(0.8)
Outflows in respect of PPP arrangements under the financial asset model	**(0.4)**	(1.9)
Capital received in respect of PPP financial assets	**6.2**	5.1
Finance income	**9.9**	10.2
Net cash outflow from investing activities	**(67.5)**	(43.9)
Financing activities		
Finance charges and loan fees paid	**(28.4)**	(30.8)
Investment in own shares by the Employee Share Trust	**(1.8)**	(1.2)
Proceeds from share issues	**0.2**	-
Loan from non-controlling interest	**-**	0.5
Proceeds from retail bonds	**125.0**	-
Proceeds from bank borrowings	**141.6**	9.0
Repayment of bank borrowings	**(312.2)**	(269.0)
Settlement of cross-currency interest rate swaps	**6.4**	-
Repayment of PPP debt	**(5.7)**	(4.1)
Repayments of obligations under lease liabilities	**(44.2)**	(40.4)
Net cash outflow from financing activities	**(119.1)**	(336.0)
Net decrease in cash and cash equivalents	**(6.2)**	(141.2)
Effect of foreign exchange rate changes	**1.0**	0.2
Cash and cash equivalents at the beginning of the year	**68.8**	209.8
Cash and cash equivalents at the end of the year	**63.6**	68.8

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

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 2022 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 2021 and the Consolidated Balance Sheet as at 31 March 2021 have been derived from the full Group accounts published in the Annual Report and Accounts 2021 with restatements 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 2022 will be filed with the Registrar of Companies in due course.

The consolidated financial statements are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2021. 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 an assessment of the impact of continued recovery from the Covid-19 pandemic, the current high inflationary environment and the uncertainty arising from the invasion of Ukraine.

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 2023. This includes expectations on the future economic environment, available liquidity, which includes repayment of the €100m Belgian retail bond in June 2022, 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 but severe downside scenario and without applying any mitigating actions 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 and the impact of recent geopolitical events.

The downside scenario includes significantly weaker macro-economic conditions leading to a volume decline, well below the forecast economic growth in all our territories in FY23 and FY24. Other downsides include a significant decline in recyclate prices from the current levels, higher energy and diesel prices, operational downtime in some of our plants and a settlement of the provision arising from the European Commission investigation into alleged state aid in Belgium. These factors reduce FY23 EBIT by 31% compared to the base case. No mitigating cost and cash actions, such as deferral of uncommitted capital expenditure, working capital actions and reduced discretionary spend, have been applied to our downside modelling as these are not necessary to preserve sufficient liquidity or to avoid a breach of covenants.

In 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, a reverse stress test calculation has been undertaken to consider the points at which the covenants may be breached. Underlying EBIT in FY23 would need to reduce by 59% compared to the base case without considering any mitigating actions. In the opinion of the Directors there is no plausible scenario or combination of scenarios that we consider to be remotely likely that would generate this result.

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 all banking 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

Prior year restatements

PPP non-recourse net debt presentation

Given that cash held in UK PPP entities is not freely available to the Group, historically management determined that it was appropriate to present these cash balances together with the gross non-recourse debt as PPP non-recourse net debt. In preparing these financial statements, management identified this presentation of cash and cash equivalents and PPP non-recourse debt in the balance sheet as an error and accordingly a prior year adjustment has been made. Non-recourse debt in these UK PPP entities has always been excluded from the calculation of the Group's covenants which remains unchanged. It has been determined that the appropriate presentation should be on a gross basis in line with the requirements of IAS 32 Financial Instruments. The impact of this change has led to gross PPP non-recourse debt and PPP cash held at bank being presented separately within borrowings and current assets respectively which has resulted in the following changes to the 31 March 2021 Balance Sheet: an increase in non-current borrowings of €15.2m, an increase in current borrowings of €2.1m with a corresponding increase in cash and cash equivalents of €17.3m. There is no impact on the Income Statement, earnings per share, Statement of Comprehensive Income, Group equity or the alternative performance measure of core net debt. The Balance Sheet and Statements of Cash flows together with related disclosures have been restated to reflect this adjustment. A 31 March 2020 balance sheet has not been presented as considered not material, the impact is an increase in non-current borrowings of €14.0m, an increase in current borrowings of €1.3m with a corresponding increase in cash and cash equivalents of €15.3m.

Earnings per share due to share capital consolidation

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. As a result earnings per share disclosures have been restated in these consolidated financial statements in accordance with the requirements of IAS 33 Earnings per share and as set out in note 8.

Change in accounting policy – Configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements

In April 2021 the IFRS Interpretations Committee (IFRIC) published an agenda decision in relation to the interpretation on accounting for configuration or customisation costs in cloud computing or Software as a Service (SaaS). As a result the Group has reviewed its accounting policy regarding the configuration and customisation costs incurred when implementing SaaS arrangements.

The Group's revised policy, applied retrospectively, aligns with the IFRIC agenda decision whereby:

- In SaaS arrangements where the Group controls the underlying software, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use
- Where the Group does not control the underlying software, but the related configuration and customisation costs are not distinct from access to the software, these costs are expensed over the term of the SaaS contract
- In all other circumstances, configuration and customisation costs are recognised as an expense as incurred, except in the limited instances where these costs result in a separately identifiable intangible asset.

We have determined that €3.9m of costs incurred and capitalised during the current financial year and the net book value of €7.3m of software intangible assets held at 31 March 2021 no longer meet the criteria for recognition under IAS 38 Intangible assets. The impact on opening reserves for the year ended March 2020 of €3.7m was deemed immaterial and has therefore been included in the year ended March 2021 adjustment. Accordingly, €3.9m (2021: €7.3m) has been expensed and disclosed as a non-trading and exceptional administrative expenses item because it arises from the one-off introduction of interpretations to accounting policy guidance and is material in size. The prior year balance sheet has been adjusted with a reduction of €7.3m of intangibles, an increase in deferred tax assets of €1.8m and a reduction in retained earnings of €5.5m. The impact on the Statement of Cash flows is a €4.7m increase in cashflows from operating activities and a reduction in cash outflows due to investing activities of €4.7m.

The impact of the above restatements on the Consolidated Income Statement for the year ended 31 March 2021 is as follows:

Income statement extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Underlying operating profit	73.0	-	-	73.0
Non-trading and exceptional items	(29.6)	-	(7.3)	(36.9)
Operating profit	43.4	-	(7.3)	36.1
Profit before taxation	18.2	-	(7.3)	10.9
Taxation	(7.2)	-	1.8	(5.4)
Profit for the year	**11.0**	**-**	**(5.5)**	**5.5**

2. Basis of preparation – continued

The impact of the above restatements on the Consolidated Balance Sheet as at 31 March 2021 is as follows:

Balance Sheet extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Goodwill and intangible assets	602.2	-	(7.3)	594.9
Deferred tax assets	49.5	-	1.8	51.3
Non-current assets	1,617.8	-	(5.5)	1,612.3
Cash and cash equivalents – including restricted cash	51.5	17.3	-	68.8
Current assets	338.4	17.3	-	355.7
Total assets	1,956.2	17.3	(5.5)	1,968.0
Borrowings – non-current	(673.9)	(15.2)	-	(689.1)
Non-current liabilities	(1,068.5)	(15.2)	-	(1,083.7)
Borrowings – current	(45.7)	(2.1)	-	(47.8)
Current liabilities	(644.6)	(2.1)	-	(646.7)
Total liabilities	(1,713.1)	(17.3)	-	(1,730.4)
Net assets	**243.1**	**-**	**(5.5)**	**237.6**
Issued capital and reserves attributable to the owners of the parent				
Retained earnings	(321.3)	-	(5.5)	(326.8)
Other equity	558.3	-	-	558.3
	237.0	-	(5.5)	231.5
Non-controlling interests	6.1	-	-	6.1
Total equity	**243.1**	**-**	**(5.5)**	**237.6**

The impact of the above restatements on the Consolidated Statement of Cash Flows for the year ended 31 March 2021 is as follows:

Statement of Cash Flows extract	31 March 2021 (previously reported) €m	Restatement due to PPP cash and debt €m	Restatement due to SaaS arrangements €m	31 March 2021 (restated) €m
Net cash flows from operating activities	243.4	-	(4.7)	238.7
Net cash flows from investing activities	(48.6)	-	4.7	(43.9)
Net cash flows from financing activities	(337.3)	1.3	-	(336.0)
Net decrease in cash and cash equivalents	(142.5)	1.3	-	(141.2)
Effect of foreign exchange rate changes	(0.5)	0.7	-	0.2
Cash and cash equivalents at 31 March 2020	194.5	15.3	-	209.8
Cash and cash equivalents at 31 March 2021	**51.5**	**17.3**	**-**	**68.8**

The impact of the above restatements on basic and diluted earnings per share for the year ended 31 March 2021 is as follows:

	31 March 2021 (previously reported) cents	Share capital consolidation cents	Restatement due to PPP cash and debt cents	Restatement due to SaaS arrangement cents	31 March 2021 (restated) cents
Basic	1.4	12.6	-	(7.0)	7.0
Diluted	1.4	12.6	-	(7.0)	7.0
Underlying basic	4.5	40.5	-	-	45.0
Underlying diluted	4.5	40.5	-	-	45.0

2. Basis of preparation – continued

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 Interpretation Committee interpretations which were early adopted by the Group.

The following amendments are effective for the period beginning 1 April 2022:

- 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)

The amendment to IAS 37 Onerous Contracts – Costs of Fulfilling Contract clarifies that the costs of fulfilling a contract should include an allocation of other costs that relate directly to fulfilling the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract – for example, direct labour and materials; and an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others. Prior to this amendment there has been a diversity in practice as to whether the costs of meeting contractual obligations should comprise only incremental costs or also include an allocation of direct costs which would have been incurred regardless of whether the contract was being performed or not. The Group's current accounting policy only includes incremental direct costs when measuring the costs to fulfil a contract. The amendment is effective from 1 April 2022 and requires any additional provisions to be recognised as an adjustment to retained earnings at that date. The Group is in the process of finalising the impact of this amendment and it is currently estimated that this will result in an increase in the existing onerous contract provisions of approximately €53m.

The following amendments are effective for the period beginning 1 April 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Group does not expect a significant impact from any of the other new accounting standards and amendments.

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the TCFD disclosures. Physical climate change poses risk to our operations and supply chain however mitigation measures are either already in place or are in the process of being further developed therefore no medium-term impact is expected from climate change. The Directors are aware of the changing risks attached to climate change and are in the process of developing a TCFD Roadmap which will lead to quantifying the business impact of material climate related risks and opportunities. There have been no material impacts identified on the financial reporting judgements and estimates. In particular, the impact of climate change has been considered in respect of the following areas:

- Going concern and viability of the Group over the next three years
- Cash flow forecasts in the impairment assessments of goodwill
- Carrying value and useful economic lives of property, plant and equipment

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 2022 of €1:£0.845 (2021: €1:£0.852) and an average rate for the year ended 31 March 2022 of €1:£0.849 (2021: €1:£0.885).

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). The terms 'EBIT', 'EBITDA', 'exceptional items', '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 16.

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 including the expectation by the relevant client authority of who was the primary obligor, the ability of the Group to set the selling price, who performed the service, who assumed the credit risk and who had discretion in selecting suppliers. Following this assessment the Group determined that it acted as agent during the construction phase of the UK Municipal contracts. Consequently 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 operating cash flows. At the balance sheet date, the Group has financial assets relating to PPP contracts of €143.4m (2021: €149.1m). 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
Management have concluded that the UK defined benefit pension scheme rules determine that upon winding up the scheme the Group has an unconditional right to a refund once all of 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 is 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, being an uncertainty over whether the relevant tax authority will accept the tax treatment.

Expected credit loss allowance
Management have used judgement to determine how the expected credit loss allowance could be impacted as a result of the Covid-19 pandemic and other macro-economic factors. For trade receivables and accrued income, in addition to using a provision matrix based on the payment profile of revenues, a detailed review has been undertaken at a customer level in order to assess the likely potential of default considering the nature of the customers business and any government support measures.

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 probable or 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 15.

Contingent liabilities
Management have used judgement in determining if a contingent liability exists and if a provision needs to be recognised 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 as set out in note 15.

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 impact of Covid-19 together with increasing energy prices and high inflation as a result of the events in Ukraine, specifically with regard to recovery of input volumes across different waste streams.

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 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.

Landfill related provisions
The Group has landfill related provisions of €156.9m (2021: €157.6m). 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. The timings of cash outflows are uncertain and have been based on management's latest expectation. 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 €79.9m (2021: €80.9m) 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 €77.3m (2021: €78.9m). 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.

Waste disposal cost accruals
Management have used judgement in determining the value of disposal cost accruals with a carrying amount included in accruals and other payables of €48.9m (2021: €54.3m). Included in this is €14.9m (2021: €24.7m) relating to processed soil accruals at ATM. The value is determined by management's best estimate after carrying out an 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. 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 are unchanged from March 2021 and are set out below:

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 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	**2022 €m**	2021 €m
Netherlands Commercial Waste	**896.2**	828.4
Belgium Commercial Waste	**466.9**	412.9
Intra-segment	**(2.6)**	(0.7)
Commercial Waste	**1,360.5**	1,240.6
Mineralz & Water	**193.9**	182.8
Specialities	**350.1**	300.8
Inter-segment revenue	**(35.3)**	(30.6)
Revenue	**1,869.2**	1,693.6

During the course of the year, the Group identified certain revenue transactions in the Specialities division which were presented net within the results for the year ended 31 March 2021 which, under IFRS 15, should be presented gross between revenue and cost of sales. These items have been corrected prospectively however no adjustment has been recorded in the year ended 31 March 2021 comparatives as the impact on revenue and cost of sales, which if corrected would increase both by €12m, is not considered material. There is no impact on gross profit or operating profit.

Results	**2022 €m**	Restated* 2021 €m
Netherlands Commercial Waste	**93.1**	53.7
Belgium Commercial Waste	**42.6**	23.1
Commercial Waste	**135.7**	76.8
Mineralz & Water	**5.8**	0.3
Specialities	**4.1**	2.4
Group central services	**(12.0)**	(6.5)
Underlying EBIT	**133.6**	73.0
Non-trading and exceptional items (note 5)	**(9.6)**	(36.9)
Operating profit	**124.0**	36.1
Finance income	**9.3**	10.9
Finance charges	**(38.2)**	(38.1)
Finance income – non trading and exceptional items	**0.2**	0.4
Finance charges – non trading and exceptional items	**(0.1)**	-
Share of results from associates and joint ventures	**0.5**	1.6
Profit before taxation	**95.7**	10.9

*The comparative for non-trading and exceptional items have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

3. Segmental reporting - continued

Net assets	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Tax, net debt and derivatives €m	**Restated* Total €m**
31 March 2022						
Gross non-current assets	**1,010.8**	**257.5**	**219.3**	**36.3**	**42.0**	**1,565.9**
Gross current assets	**192.0**	**37.9**	**67.7**	**17.2**	**71.1**	**385.9**
Gross liabilities	**(399.3)**	**(206.4)**	**(174.7)**	**(79.7)**	**(753.5)**	**(1,613.6)**
Net assets (liabilities)	**803.5**	**89.0**	**112.3**	**(26.2)**	**(640.4)**	**338.2**
31 March 2021						
Gross non-current assets	1,042.6	258.2	225.7	26.6	59.2	1,612.3
Gross current assets	174.1	31.6	64.3	15.2	70.5	355.7
Gross liabilities	(414.6)	(224.3)	(173.0)	(91.4)	(827.1)	(1,730.4)
Net assets (liabilities)	802.1	65.5	117.0	(49.6)	(697.4)	237.6

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

4. Revenue

The following tables show the Group's revenue by type of service delivered and by primary geographical markets.

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Total €m**
2022					
Inbound	**1,073.0**	**146.5**	**231.4**	**(31.6)**	**1,419.3**
Outbound	**212.2**	**47.4**	**116.5**	**(3.5)**	**372.6**
On-Site	**53.1**	**-**	**-**	**(0.2)**	**52.9**
Other	**22.2**	**-**	**2.2**	**-**	**24.4**
Total revenue	**1,360.5**	**193.9**	**350.1**	**(35.3)**	**1,869.2**
2021					
Inbound	1,032.2	136.3	210.1	(26.3)	1,352.3
Outbound	130.4	46.5	89.7	(2.6)	264.0
On-Site	41.3	-	-	(0.1)	41.2
Other	36.7	-	1.0	(1.6)	36.1
Total revenue	1,240.6	182.8	300.8	(30.6)	1,693.6

By geographical market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Total €m**
2022					
Netherlands	**895.5**	**152.9**	**55.4**	**(32.9)**	**1,070.9**
Belgium	**465.0**	**41.0**	**39.8**	**(2.4)**	**543.4**
UK	**-**	**-**	**216.3**	**-**	**216.3**
France	**-**	**-**	**26.3**	**-**	**26.3**
Other	**-**	**-**	**12.3**	**-**	**12.3**
Total revenue	**1,360.5**	**193.9**	**350.1**	**(35.3)**	**1,869.2**
2021					
Netherlands	827.9	140.8	40.7	(29.0)	980.4
Belgium	412.7	42.0	28.1	(1.6)	481.2
UK	-	-	205.5	-	205.5
France	-	-	18.9	-	18.9
Other	-	-	7.6	-	7.6
Total revenue	1,240.6	182.8	300.8	(30.6)	1,693.6

Revenue recognised at a point in time amounted to €1,652.5m (2021: €1,580.3m) 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 57% of revenue (2021: 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.

	2022 €m	Restated* 2021 €m
Renewi 2.0 improvement programme	**6.6**	7.3
Portfolio management activity:		
Prior year disposals	**(0.7)**	(2.6)
Other changes in long-term provisions	**(3.1)**	3.7
Other items:		
Configuration or customisation costs in cloud computing, Software as a Service arrangements	**3.9**	7.3
Restructuring (credit) charge – cash	**(0.5)**	3.1
Restructuring charge – non-cash impairments	**-**	5.3
Goodwill impairment	**-**	9.5
	3.4	25.2
Ineffectiveness and impact of termination of cash flow hedges	**(0.1)**	(0.4)
Amortisation of acquisition intangibles	**3.4**	3.3
Non-trading and exceptional items in profit before tax	**9.5**	36.5
Tax on non-trading and exceptional items	**(2.4)**	(7.2)
Exceptional tax (credit) charge	**(3.7)**	1.0
Total non-trading and exceptional items in profit after tax	**3.4**	30.3

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Renewi 2.0 improvement programme
Renewi 2.0 improvement programme is a significant one-off business improvement project with expected capital and one-off costs of €40m over a three-year period and as a result is considered to be exceptional. Following the transformational merger five 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 second year of the programme with total costs of €6.6m (2021: €7.3m) of which €0.1m (2021: €0.3m) are recorded in cost of sales and €6.5m (2021: €7.0m) are recorded in administrative expenses.

Portfolio management activity
The credit of €0.7m (2021: €2.6m) relates principally to releases of warranty provisions in relation to prior year disposals and is all recorded in administrative expenses.

Other changes in long-term provisions
Other changes in long-term provisions of €3.1m credit (2021: €3.7m charge) relates to future cash flow funding requirements in relation to Dutch landfills as a result of changes in the discount rate as determined by the relevant Dutch Province in relation to the long-term aftercare funds. These funds are managed and under the control of the Province. This resulted in a reduction of €1.6m in landfill provisions and a €1.5m cash refund from the Province. The credit (2021: charge) was all recorded in cost of sales.

Other items
Configuration or customisation costs in cloud computing, Software as a Service (SaaS) arrangements, relate to the Group updating its accounting policy on when software can be capitalised following the IFRIC interpretation. This guidance clarified the criteria under IAS 38 Intangible assets in relation to SaaS arrangements as explained in note 2 Basis of preparation. As a result €3.9m of costs incurred in the current year have been expensed. In addition €7.3m of capitalised intangible assets in existence at 31 March 2021 have been expensed as a prior year restatement as they no longer meet the criteria for recognition as an asset. The costs have been expensed as a non-trading and exceptional item due to the size, nature and incidence as they are not reflective of underlying performance.

The prior year goodwill impairment of €9.5m related 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 prior year related to a Covid-19 cost action programme to address the challenges of the pandemic. These costs were considered to be exceptional due to the total cost of the programme and the one-off nature. The costs of €8.4m were 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 were non-cash asset impairments. Following a reassessment in the current year €0.5m of these charges have been released as no longer required.

The total charge of €3.4m (2021: €25.2m restated) was split €0.5m credit (2021: €8.4m charge) in cost of sales and €3.9m charge (2021: €16.8m restated) in administrative expenses.

5. Non-trading and exceptional items – continued

Items recorded in finance charges and finance income
The €0.1m credit (2021: €0.4m) relates to the termination and ineffectiveness on the cancelled cross-currency interest cash flow hedges and ineffectiveness of 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 €3.4m (2021: €3.3m) is all recorded in cost of sales.

Exceptional tax (credit) charge
The €3.7m exceptional tax credit related to changes in UK tax rates as explained in note 7. The prior year exceptional tax charge of €1.0m related to changes in tax rates in the Netherlands. Where one-off tax credits or charges are deemed significant they are classified as exceptional and outside of normal tax charges.

6. Net finance charges

	2022 €m	2021 €m
Finance charges		
Interest payable on borrowings	**13.5**	14.0
Interest payable on PPP non-recourse debt	**7.4**	7.4
Lease liabilities interest	**7.2**	7.2
Unwinding of discount on provisions (note 12)	**6.4**	6.3
Interest charge on the retirement benefit schemes	**0.1**	-
Amortisation of loan fees	**1.9**	1.5
Other finance costs	**1.7**	1.7
Total finance charges before non-trading and exceptional items	**38.2**	38.1
Non-trading and exceptional finance charges:		
Charge as a result of the termination of cash flow hedges	**0.1**	-
Total non-trading and exceptional finance charges	**0.1**	-
Total finance charges	**38.3**	38.1
Finance income		
Interest receivable on financial assets relating to PPP contracts	**(9.0)**	(9.0)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest income on the retirement benefit schemes	**-**	(0.3)
Other finance income	**(0.2)**	(1.5)
Total finance income before non-trading and exceptional items	**(9.3)**	(10.9)
Non-trading and exceptional finance income:		
Ineffectiveness income on cash flow hedges	**(0.2)**	(0.4)
Total non-trading and exceptional finance income	**(0.2)**	(0.4)
Total finance income	**(9.5)**	(11.3)
Net finance charges	**28.8**	26.8

7. Taxation

The tax charge based on the profit for the year is made up as follows:

	2022 €m	Restated* 2021 €m
Current tax		
UK corporation tax		
- Current year	**1.4**	1.4
- Adjustment in respect of prior year	**(0.9)**	-
Overseas tax		
- Current year	**17.1**	10.3
- Adjustment in respect of the prior year	**(0.2)**	0.7
Total current tax charge	**17.4**	12.4
Deferred tax		
- Origination and reversal of temporary differences in the current year	**(0.8)**	(6.5)
- Exceptional tax credit	**3.7**	-
- Adjustment in respect of the prior year	**-**	(0.5)
Total deferred tax charge (credit)	**2.9**	(7.0)
Total tax charge for the year	**20.3**	5.4

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Exceptional credit relating to change in UK tax rate
In the UK Chancellor's Budget of 3 March 2021 it was announced that the UK corporation tax rate will increase to 25% with effect from 1 April 2023. This measure was substantively enacted on 24 May 2021. As a result, the UK deferred tax position has been calculated based on the substantively enacted rates of 19% and 25% (2021: 19%). This resulted in an exceptional tax credit of €3.7m in the current year.

Exceptional charge relating to changes in Netherlands tax rate
In September 2020 the Dutch government announced the cancellation of the reduction to 21.7% for the period ended 31 March 2022 and subsequent periods with the rate to remain at 25% going forward and this was enacted on 15 December 2020. This resulted in a prior year exceptional tax charge of €1.0m.

Furthermore, in October 2021 the Dutch government announced an increase in the rate to 25.8% for the period ending 31 March 2023 and subsequent periods which was enacted in December 2021. In addition, a tightening of the general interest deduction rule (also referred to as the EBITDA rule) by lowering the 30% EBITDA threshold to 20% was also enacted. As a result, Dutch deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse.

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.

At the Annual General Meeting of Renewi plc held on 15 July 2021, shareholders approved the consolidation of the Company's share capital on the basis of one new ordinary share with a nominal value of £1.00 each for every ten existing ordinary shares of 10 pence each held. This was subsequently completed on 19 July 2021 when the issued share capital of 800,236,740 10 pence shares were replaced with 80,023,674 £1 shares. As a result earnings per share have been restated in accordance with the requirements of IAS 33 Earnings per share.

	2022			2021 restated*		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**79.7**	**0.4**	**80.1**	79.5	0.1	79.6
Profit after tax (€m)	**75.4**	**-**	**75.4**	5.5	-	5.5
Non-controlling interests (€m)	**(0.9)**	**-**	**(0.9)**	0.1	-	0.1
Profit after tax attributable to ordinary shareholders (€m)	**74.5**	**-**	**74.5**	5.6	-	5.6
Basic earnings per share (cents)	**93**	**-**	**93**	7	-	7

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

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

	2022		2021 restated*	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**98**	**77.9**	45	35.9
Adjustments:				
Non-trading and exceptional items	**(12)**	**(9.5)**	(46)	(36.5)
Tax on non-trading and exceptional items	**3**	**2.4**	9	7.2
Exceptional tax	**4**	**3.7**	(1)	(1.0)
Basic earnings per share/Earnings after tax attributable to ordinary shareholders	**93**	**74.5**	7	5.6
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**98**	**77.9**	45	35.9
Diluted basic earnings per share/Earnings after tax attributable to ordinary shareholders	**93**	**74.5**	7	5.6

*The comparatives have been restated due to prior period adjustments as explained in note 2 Basis of preparation.

9. Dividends

The Directors have not recommended a final dividend for the year ended March 2022 (2021: nil).

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

	Goodwill €m	Restated* Intangible assets €m	Property, plant and equipment €m	Right-of-use Assets €m	Restated* Total €m
Net book value at 1 April 2020	561.1	49.0	584.0	215.9	1,410.0
Additions/modifications	-	11.3	61.1	60.9	133.3
Reversal of previously capitalised SaaS costs and related amortisation	-	(7.3)	-	-	(7.3)
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 - restated	551.6	43.3	560.7	233.8	1,389.4
Additions/modifications	-	9.3	73.3	27.1	109.7
Acquisitions through business combination	-	0.3	0.2	-	0.5
Disposals	-	(0.2)	(3.7)	(1.6)	(5.5)
Transferred to Assets held for sale	-	-	(2.6)	-	(2.6)
Reclassifications	-	(0.4)	0.4	-	-
Amortisation and depreciation charge	-	(8.8)	(69.3)	(44.8)	(122.9)
Impairment charge	-	(2.3)	(5.4)	(0.7)	(8.4)
Net book value at 31 March 2022	**551.6**	**41.2**	**553.6**	**213.8**	**1,360.2**

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

At 31 March 2022, the Group had property, plant and equipment commitments of €38.6m (2021: €15.0m), right-of-use asset commitments of €38.8m (2021: €8.2m) and intangible asset commitments of €2.7m (2021: €3.4m restated).

Assets held for sale
The Group had €3.3m (2021: €nil) assets classified as held for sale at 31 March 2022. The assets include €2.0m land and buildings at a Netherlands Commercial Division site which has now been closed and €1.3m in the Belgium Commercial Division in relation to an associate of €0.7m and land and buildings of €0.6m. All these assets are expected to be sold within the next 12 months.

11. Cash and borrowings

Cash and cash equivalents are analysed as follows:

	2022 €m	Restated* 2021 €m
Cash at bank and in hand - core	**42.5**	51.5
Cash at bank - restricted relating to PPP contracts	**21.1**	17.3
Total cash and cash equivalents	**63.6**	68.8

*The comparatives have been restated to include cash at bank - restricted relating to PPP contracts due to a prior year adjustment as explained in note 2 Basis of preparation.

11. Cash and borrowings continued

Borrowings are analysed as follows:

	2022 €m	Restated* 2021 €m
Non-current borrowings		
Retail bonds	**199.2**	174.5
European private placements	**24.8**	24.7
Term loans	**-**	85.2
Revolving credit facility	**12.8**	97.1
Lease liabilities	**187.3**	205.7
Bank loans	**-**	1.3
PPP non-recourse debt	**94.6**	100.6
	518.7	689.1
Current borrowings		
Retail bonds	**100.0**	-
Lease liabilities	**42.0**	42.1
Bank loans and overdrafts	**1.3**	1.2
PPP non-recourse debt	**5.6**	4.5
	148.9	47.8

*The comparatives of current and non-current PPP non-recourse debt have been restated due to a prior year adjustment as explained in note 2 Basis of preparation.

Revolving credit facility, term loans and European private placements
At 31 March 2022, the Group had a Euro denominated multicurrency green finance facility of €425.0m (2021: €520.0m) including a €400.0m (2021: €412.5m) revolving credit facility (RCF) and €25.0m (2021: €25.0m) European private placement (EUPP). In the prior year the facility also included a €82.5m term loan which has been repaid during the year. Of the RCF €30m matures on 18 May 2023, €65m matures on 18 May 2024 and €305m matures on 18 May 2025. The EUPP has a maturity of December 2023 for €15m and December 2025 for €10m.

At 31 March 2022 €15.0m (2021: €99.8m) of the RCF was drawn for borrowings in Euros. The remaining €385.0m (2021: €312.7m) was available for drawing of which €48.5m (2021: €48.3m) was allocated for ancillary overdraft and guarantee facilities. The EUPP and RCF are unsecured and have cross guarantees from members of the Group.

Retail bonds
At 31 March 2022, the Group had three issues of green retail bonds. The bonds of €100m (2021: €100m) maturing in June 2022 have an annual gross coupon of 3.65%, the bonds of €75m (2021: €75m) maturing in July 2024 have an annual gross coupon of 3.00% and the bonds of €125m issued on 23 July 2021 maturing in July 2027 have an annual gross coupon of 3.00%. The retail bonds are unsecured and have cross guarantees from members of the Group.

Movement in total net debt

	Restated* At 1 April 2021 €m	Cash flows €m	Other non-cash changes €m	Exchange movements €m	At 31 March 2022 €m
Bank loans and overdrafts	(184.8)	170.6	(0.5)	0.6	**(14.1)**
European private placements	(24.7)	-	(0.1)	-	**(24.8)**
Retail bonds	(174.5)	(125.0)	0.3	-	**(299.2)**
Lease liabilities	(247.8)	44.2	(25.6)	(0.1)	**(229.3)**
Debt excluding PPP non-recourse debt	(631.8)	89.8	(25.9)	0.5	**(567.4)**
PPP non-recourse debt	(105.1)	5.7	-	(0.8)	**(100.2)**
Total debt	(736.9)	95.5	(25.9)	(0.3)	**(667.6)**
Cash and cash equivalents – core	51.5	(9.8)	-	0.8	**42.5**
Cash and cash equivalents – restricted relating to PPP contracts	17.3	3.6	-	0.2	**21.1**
Total net debt	(668.1)	89.3	(25.9)	0.7	**(604.0)**
Analysis of total net debt:					
Net debt excluding PPP non-recourse net debt	(580.3)	80.0	(25.9)	1.3	**(524.9)**
PPP non-recourse net debt	(87.8)	9.3	-	(0.6)	**(79.1)**
Total net debt	(668.1)	89.3	(25.9)	0.7	**(604.0)**

*The comparatives for cash and cash equivalents relating to a PPP contracts and PPP non-recourse debt have been restated due to prior year adjustment as explained in note 2 Basis of preparation.

11. Cash and borrowings continued

Analysis of movement in total net debt

	2022 €m	Restated* 2021 €m
Net decrease in cash and cash equivalents	**(6.2)**	**(141.2)**
Net decrease in borrowings and lease liabilities	**95.5**	**304.5**
Total cash flows in net debt	**89.3**	**163.3**
Lease liabilities entered into during the year	**(27.1)**	**(60.9)**
Lease liabilities cancelled during the year	**1.5**	**-**
Capitalisation of loan fees	**1.6**	**0.2**
Amortisation of loan fees	**(1.9)**	**(1.5)**
Exchange gain (loss)	**0.7**	**(10.3)**
Movement in net debt	**64.1**	**90.8**
Total net debt at beginning of year	**(668.1)**	**(758.9)**
Total net debt at end of year	**(604.0)**	**(668.1)**

*The comparatives relating to net decrease in cash and cash equivalents, borrowings and lease liabilities have been restated due to a prior year adjustment as explained in note 2 Basis of preparation. The total cash flows in net debt remain unchanged.

12. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 1 April 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
Provided in the year	1.4	6.2	0.4	4.8	4.7	17.5
Released in the year	(2.6)	(4.8)	(1.3)	(0.7)	(1.8)	(11.2)
Finance charges – unwinding of discount	3.9	2.3	0.1	-	0.1	6.4
Utilised in the year	(3.4)	(5.3)	(1.8)	(3.9)	(1.0)	(15.4)
Exchange rate changes	-	0.6	-	-	-	0.6
At 31 March 2022	**156.9**	**79.9**	**23.1**	**4.0**	**25.3**	**289.2**
Within one year	**5.7**	**9.2**	**4.7**	**4.0**	**7.5**	**31.1**
Between one and five years	**49.3**	**23.4**	**15.6**	**-**	**5.4**	**93.7**
Between five and ten years	**50.8**	**23.1**	**0.5**	**-**	**3.4**	**77.8**
Over ten years	**51.1**	**24.2**	**2.3**	**-**	**9.0**	**86.6**
At 31 March 2022	**156.9**	**79.9**	**23.1**	**4.0**	**25.3**	**289.2**
Within one year	8.4	11.0	7.3	3.8	8.2	38.7
Between one and five years	45.7	28.2	15.1	-	4.6	93.6
Between five and ten years	55.1	20.2	0.7	-	3.3	79.3
Over ten years	48.4	21.5	2.6	-	7.2	79.7
At 31 March 2021	157.6	80.9	25.7	3.8	23.3	291.3

Site restoration and aftercare

The Group's unavoidable costs have been reassessed at the year end and the NPV fully provided for. The site restoration provisions at 31 March 2022 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 30 years (2021: 31 years) from the balance sheet date. 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.

Restructuring
The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 31 March 2022 the provision is expected to be spent in the following twelve months as affected employees leave the business.

Other
Other provisions includes dilapidations €9.1m (2021: €8.7m), long-service employee awards €7.0m (2021: €6.0m) and other environmental liabilities €9.2m (2021: €8.6m). 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 2071.

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. 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:

	2022 €m	2021 €m
Current service cost	**2.3**	1.1
Interest expense (income) on scheme net liabilities	**0.1**	(0.3)
Net retirement benefit charge before tax	**2.4**	0.8

The amounts recognised in the balance sheet were as follows:

	2022 €m	2021 €m
Present value of funded obligations	**(275.7)**	(296.6)
Fair value of plan assets	**278.0**	285.2
Pension schemes net asset (deficit)	**2.3**	(11.4)
Related deferred tax asset	**(0.5)**	2.7
Net pension asset (liability)	**1.8**	(8.7)
Classified as:		
Defined benefit scheme surplus - included in non-current assets	**8.6**	-
Defined benefit pension schemes deficit - included in non-current liabilities	**(6.3)**	(11.4)
Pension schemes net asset (deficit)	**2.3**	(11.4)

The legacy Shanks UK defined benefit scheme moved by €12.6m from a deficit of €4.0m at 31 March 2021 to an asset of €8.6m at 31 March 2022. This was due to an increase in the discount rate assumption on scheme liabilities from 2.1% at 31 March 2021 to 2.8% at 31 March 2022 which was partially offset by an increase in RPI inflation and asset returns underperformed the discount rate. The overseas defined benefit schemes deficit reduced by €1.1m to €6.3m.

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 2022, 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.

	2022 **Level 2** **€m**	2021 Level 2 €m
Assets		
Unlisted non-current investments	**4.6**	4.6
Short-term investments	**11.1**	9.3
Derivative financial instruments	**7.0**	9.1
	22.7	23.0
Liabilities		
Derivative financial instruments	**14.7**	25.5
European private placements	**25.7**	26.6
Retail bonds	**300.2**	179.1
	340.6	231.2

15. 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 has not been received and is expected during FY23 but no monies would likely become payable until FY24 should the European Commission conclude Renewi did receive state aid.

The criminal investigation into the production of thermally cleaned soil at ATM has been closed without any prosecution. It is noted that there are discussions ongoing on the application of thermally cleaned soil in certain areas in the Netherlands and it cannot be ruled out that this 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 15 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 €226.0m (2021: €219.8m).

16. 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, there have been no changes in approach.

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives. 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 margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation and impairment of plant, property and equipment, intangible assets and investments, profit or loss on disposal of plant, property and equipment and intangible assets	Measure of earnings and cash generation to assess operational performance
Underlying EBITDA margin	Underlying EBITDA as a percentage of revenue	Provides insight into margin development and trends
Underlying profit before tax	Profit before tax excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and the change in fair value remeasurements of derivatives	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 and excluding cash flows from non-trading and exceptional items, Covid-19 tax deferral payments or receipts, settlement of ATM soil liabilities and cash flows relating to the UK PPP contracts. Payment to fund defined benefit pension schemes are also excluded as these schemes are now closed to both new members and ongoing accrual and as such relate to historic liabilities. The Municipal contract cash flows are excluded because they principally relate to onerous contracts as reported in exceptional charges in the past and caused by adverse market conditions not identified at the inception of the contract	Measure of cash generation in the underlying business, including regular replacement capital expenditure and excluding items of a historic nature, to fund growth capital projects and invest in acquisitions. We classify our capital spend into general replacement expenditure and growth capital projects which include the innovation portfolio and other large strategic investments
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	Provides an understanding of how our profits convert into cash
Non-trading and exceptional cash flow items	Renewi 2.0 and other exceptional 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

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

Financial Measure	How we define it	Why we use it
Total cash flow	Total cash flow is net debt excluding loan fee capitalisation and amortisation, exchange movements, settlement of cross-currency interest rate swaps, movement in PPP cash and PPP non-recourse debt and additions to IFRS 16 lease liabilities	Provides an understanding of total cash flow of the Group
Core cash	Core cash excludes cash and cash equivalents relating to UK PPP contracts	The cash relating to UK PPP contracts is not freely available to the Group and is excluded from financial covenant calculations of the main multicurrency green finance facility therefore excluding this gives a suitable measure of cash for the Group
Core net debt	Core net debt includes core cash excludes 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 multicurrency green finance facility remain on a frozen GAAP basis
Liquidity	Liquidity headroom includes core 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	Adjusted net debt to a comparable adjusted annualised underlying EBITDA in accordance with frozen GAAP, excluding lease liabilities which are a result of IFRS 16, 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

2022	**Netherlands Commercial Waste €m**	**Belgium Commercial Waste €m**	**Mineralz & Water €m**	**Specialities €m**	**Group central services €m**	**Total €m**
Operating profit (loss)	89.1	40.4	8.7	3.2	(17.4)	**124.0**
Non-trading and exceptional items (excluding finance items)	4.0	2.2	(2.9)	0.9	5.4	**9.6**
Underlying EBIT	93.1	42.6	5.8	4.1	(12.0)	**133.6**
Depreciation and impairment of property, plant and equipment and right-of-use assets	56.2	34.2	16.0	8.1	5.7	**120.2**
Amortisation and impairment of intangible assets (excluding acquisition intangibles)	0.9	-	0.6	0.6	5.6	**7.7**
Impairment of investment in associate	-	-	-	1.9	-	**1.9**
Non-exceptional (gain) loss on disposal of property, plant and equipment and intangible assets	(1.3)	0.7	-	(0.2)	-	**(0.8)**
Underlying EBITDA	**148.9**	**77.5**	**22.4**	**14.5**	**(0.7)**	**262.6**

2021	Netherlands Commercial Waste €m	Belgium Commercial Waste €m	Mineralz & Water €m	Specialities €m	Restated* Group central services €m	Restated* Total €m
Operating profit (loss)	46.3	14.4	(4.5)	(7.9)	(12.2)	36.1
Non-trading and exceptional items (excluding finance items)	7.4	8.7	4.8	10.3	5.7	36.9
Underlying EBIT	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) loss on disposal of property, plant and equipment	(0.8)	0.2	0.1	0.3	0.1	(0.1)
Underlying EBITDA	113.9	52.5	15.0	12.0	2.3	195.7

*The comparatives for operating loss and non-trading and exceptional items in Group central services have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

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

Reconciliation of statutory profit before tax to underlying profit before tax

	2022 €m	Restated* 2021 €m
Statutory profit before tax	**95.7**	10.9
Non-trading and exceptional items in operating profit	**9.6**	36.9
Non-trading and exceptional finance net income	**(0.1)**	(0.4)
Underlying profit before tax	**105.2**	47.4

*The comparatives for statutory profit before tax and non-trading and exceptional items in operating profit have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of adjusted free cash flow as presented in the Finance review

	2022 €m	Restated* 2021 €m
Net cash generated from operating activities	**180.4**	238.7
Exclude non-trading and exceptional provisions and working capital	**11.0**	17.3
Exclude payments to fund defined benefit pension schemes	**3.6**	3.6
Exclude deferred Covid taxes	**10.6**	(54.1)
Exclude offtake of ATM soil	**10.3**	2.6
Exclude UK Municipal contracts	**9.2**	19.3
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(28.4)**	(30.8)
Include finance income received	**9.9**	10.2
Include repayment of obligations under lease liabilities	**(44.2)**	(40.4)
Include purchases of replacement items of intangible assets	**(8.4)**	(4.1)
Include purchases of replacement items of property, plant and equipment	**(64.5)**	(51.1)
Include proceeds from disposals of property, plant & equipment	**4.7**	4.5
Include repayment of UK Municipal contracts PPP debt	**(5.7)**	(4.1)
Include capital received in respect of PPP financial asset net of outflows	**5.7**	3.2
Include movement in UK Municipal contracts PPP cash	**(3.6)**	(1.3)
Adjusted free cash flow	**90.6**	113.5

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of net capital spend in the Finance review to purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows

	2022 €m	Restated* 2021 €m
Purchases of intangible assets	**(8.4)**	(4.1)
Purchases of replacement property, plant and equipment	**(64.5)**	(51.1)
Proceed from disposals of property, plant and equipment	**4.7**	4.5
Net replacement capital expenditure	**(68.2)**	(50.7)
Growth capital expenditure	**(13.1)**	(6.9)
Total capital spend as shown in the cash flow in the Finance review	**(81.3)**	(57.6)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

	2022 €m	Restated* 2021 €m
Purchases of intangible assets	**(8.4)**	(4.1)
Purchases of property, plant and equipment (replacement and growth)	**(77.6)**	(58.0)
Proceed from disposals of property, plant and equipment	**4.7**	4.5
Purchases and disposal proceeds of property, plant and equipment and intangible assets within Investing activities in the consolidated Statement of Cash Flows	**(81.3)**	(57.6)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

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

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

	2022 €m	Restated* 2021 €m
Property, plant and equipment additions (note 10)	**(73.3)**	(61.1)
Intangible asset additions (note 10)	**(9.3)**	(11.3)
Reversal of capitalised SaaS costs in the year ended 31 March 2021	**-**	4.7
Proceeds from disposals of property, plant and equipment	**4.7**	4.5
Movement in capital creditors (included in trade and other payables)	**(1.9)**	5.6
Growth capital expenditure – as disclosed in the Finance review	**13.1**	6.9
Government grant received in a prior period transferred to property, plant and equipment	**(1.5)**	-
Replacement capital expenditure per Finance review	**(68.2)**	(50.7)

*The comparatives have been restated following the change in accounting policy in relation to Software as a Service arrangements as explained in note 2 Basis of preparation.

Reconciliation of total cash flow as presented in the Finance review

	2022 €m	Restated* 2021 €m
Total cash flow	**29.4**	117.5
Additions to lease liabilities	**(25.6)**	(60.9)
Repayment of obligations under lease liabilities	**44.2**	40.4
Movement in PPP non-recourse debt	**5.7**	4.1
Movement in PPP cash and cash equivalents	**3.6**	1.3
Capitalisation of loan fees net of amortisation	**(0.3)**	(1.3)
Exchange movements	**0.7**	(10.3)
Settlement of cross-currency interest rate swaps	**6.4**	-
Movement in total net debt (note 11)	**64.1**	90.8

*The comparatives for movements in PPP non-recourse debt and PPP cash and cash equivalents have been restated as explained in note 2 Basis of preparation.

Reconciliation of total net debt to net debt under covenant definition

	2022 €m	Restated* 2021 €m
Total net debt	**(604.0)**	(668.1)
Less PPP non-recourse debt	**100.2**	105.1
Plus PPP cash and cash equivalents	**(21.1)**	(17.3)
Less IFRS 16 lease liabilities	**221.9**	236.7
Net debt under covenant definition	**(303.0)**	(343.6)

*The comparatives for PPP non-recourse debt and PPP cash and cash equivalents have been restated as explained in note 2 Basis of preparation.

17. Events after the balance sheet date

On 24 May 2022 the Group announced that it had signed a conditional agreement to acquire 100% of the shares of GMP Exploitatie BV (“Paro”), an Amsterdam based commercial waste and recycling business. The agreement is conditional upon competition approval and completion of relevant employee representation procedures. The cash consideration will be €53.5m including debt with the net assets to be determined on the date the acquisition completes later in 2022.

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, that 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 or limitations 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 war has severe consequences for our incoming waste streams, market prices, access to energy 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.

Digitisation – 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.

Regulatory 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.

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 2022 Annual Report which will be published in June 2022 contains a responsibility statement in compliance with DTR 4.1.12. This states that on 23 May 2022, 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 UK adopted international accounting standards, 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 2021 or 2022, but is derived from those accounts. Statutory accounts for 2020/21 have been delivered to the Registrar of Companies and those for 2021/22 will be delivered following the Company's Annual General Meeting on 14 July 2022. 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 only change to the Board of Directors of Renewi plc since the 2021 Annual Report is that Toby Woolrych left the Company on 31 March 2022.

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