



RNS

Trading Statement

Trading update and Investor Presentation

REACT GROUP PLC

Released 07:00:02 15 April 2021

RNS Number : 5110V
React Group PLC
15 April 2021

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

15 April 2021

REACT Group Plc
("REACT" or the "Company")

Trading update and Investor Presentation

REACT GROUP PLC (AIM: REAT.L), the leading specialist cleaning, hygiene and decontamination company, is pleased to announce a trading update for the six months ended 31 March 2021.

REACT has continued to make strong progress in the period, achieving c.19% organic growth in revenue to approximately £2.5m (six months ended 31 March 2020: £2.1m) and c.43% organic growth in gross profit to approximately £1.0m (six months ended 31 March 2020: £0.7m). All numbers quoted in this announcement are unaudited.

Growth was the result of strong underlying performance in the core business alongside some demand for COVID-19 decontaminations. Healthcare, rail and facilities management sectors performed well, augmented by incremental business in other areas such as education and residential care homes.

REACT carried out a large proportion of high-margin work in the period helping to drive the gross profit margin to c.40%, approximately 700-basis points higher than the same period last year (six months ended 31 March 2020: 33.2%).

The Board expects EBITDA (before exceptional items relating to the acquisition of Fidelis and some restructuring) to be in excess of £350k, materially higher than the same period last year (six months ended 31 March 2020: £85k).

These numbers do not include any contribution from the recent acquisition of Fidelis Contract Services Limited ("Fidelis"), details of which were announced on 29 March 2021.

The Group's financial position is robust and underlying cash generation remained strong during the period. Net cash at 31 March 2021 was £771k (31 March 2020: £306k). This figure is after payment of the initial consideration for the Fidelis acquisition (£1.5m in cash) and a proportion of the associated transaction costs, the remainder of which (approximately £170k including VAT) is payable in the second half of the Company's financial year.

Notice of Results

REACT intends to publish its unaudited results for the six months ended 31 March 2021 towards the end of June 2021.

Investor presentation

REACT is also pleased to announce that Shaun Doak, CEO, Andrea Pankhurst, CFO and Mark Braund, Chairman will provide a live presentation relating to this Trading Update via the Investor Meet Company platform on Monday, 19 Apr 2021 at 12-noon BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9:00am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet REACT GROUP PLC via:
<https://www.investormeetcompany.com/react-group-plc/register-investor>

Investors who already follow REACT GROUP PLC on the Investor Meet Company platform will automatically be invited.

Shaun Doak, Chief Executive of REACT, said:

"We are pleased to have delivered another period of progress, with strong organic growth in both revenue and profit.

The immediate outlook is positive, although we are mindful the seemingly ever-changing environment in which we work can bring with it both opportunities and challenges. As a management team we continue to review tactics almost daily to ensure REACT remains an effective solution for our customers, our colleagues remain safe, and the business profitable.

The acquisition of Fidelis at the tail end of the period represents an exciting step forwards for the Group; marrying two strong management teams with well-matched values to provide incremental scale, resilience and capability, underpinning our ambition to rapidly become the leading provider of specialist cleaning, decontamination and hygiene services in the country.

On a final note, and on behalf of the Board, I wish to say 'thank you' for the continued efforts of the terrific team that make up the REACT business. They have responded with focus and commitment throughout, ensuring we continue to deliver services that help our customers return their property to safe operational use."

For more information:

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