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REACT GROUP PLC

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REACT Group plc
("REACT", the "Group" or the "Company")

Final results for the year ended 30 September 2024

REACT (AIM: REAT), the leading specialist support services provider to the facility management announce its audited final results for the year ended 30 September 2024.

Financial highlights

- Revenue increased by 6% to £20.7m (2023: £19.6m)
 - 87% recurring revenue (2023: 87%)
 - Fifth successive year of organic growth against strong prior year
- Gross profit strengthened 9% to £5.7m (2023: £5.2m)
- Gross profit margin enhanced by 80 basis points to 27.6% (2023: 26.8%)
- Adjusted EBITDA¹ up 6% to £2.4m (2023: £2.3m)
- Free cash flow of £2.3m (2023: £2.1m)
- Cash of £1.8m (2023: £2.1m)

Operational highlights

- Achieved sustained organic growth in both revenue and profits by retaining customers, successfully leveraging cross-selling and upselling opportunities and driving operational efficiencies, alongside a steady stream of new customer wins
- Secured multiple contract awards with the majority being small and medium sized engagements
- Enhanced its range of services with the late October 2024 acquisition of 24hr Aquaflo providing regional coverage of specialist FM support services alongside its nationwide specialist cleaning operations

Current trading and outlook

- Transformative acquisition of 24hr Aquaflow which is being successfully incorporated into the Group, showing strong business performance and is expected to make a material contribution to Group earnings from this year onwards
- Despite the macroeconomic headwinds, commenced the current year with good momentum, with strong trading performance in line with management expectations
- Well-positioned to capitalise on considerable opportunities including development of cross-selling and upselling initiatives, driving of cost efficiencies and with a robust pipeline of early-stage opportunities with emphasis on earnings enhancing, accretive and cash generative prospects

Commenting on the results Shaun Doak, Chief Executive Officer of REACT, said:

"I am pleased to share the strong performance of the REACT, reflecting a period of significant achievement, organic growth and enhanced profitability.

"The first few months of FY25 have delivered results that align with our expectations for the Group. Despite the ongoing macroeconomic uncertainty in our markets, demand for our essential reactive and proactive services remains strong. To address subdued demand in specific end markets and rising operating costs, including increased Insurance contributions and the National Living Wage, the Group is taking proactive steps to mitigate the impact of these factors.

"Our reactive services have proven to be resilient, and our market-leading businesses, supported by our experienced management team, have a strong track record of navigating challenging times. Looking ahead, we see a bright future as we focus on integrating the Group, enhancing cross-selling and upselling efforts, and driving cost efficiencies to further strengthen our position further."

¹Adjusted EBITDA represents earnings before separately disclosed acquisition costs, impairment of intangibles, share repurchases, restructuring costs (as well as before interest, tax, depreciation and amortisation)

The Report and Accounts for the year ended 30 September 2024 will be posted to shareholders on the Group's website www.reactsc.co.uk on 29 January 2025.

For more information:

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About Us:

REACT Group plc, the UK's leading support services provider to the facility management (FM) divisions: LaddersFree, one of the largest commercial window cleaning businesses in the UK; ("Fidelis"), a contract cleaning and soft facilities maintenance business; REACT business, which provides emergency and specialist cleaning situations, both through long-term framework agreements and recently acquired 24hr Aquaflow Services Ltd, a commercial drainage and plumbing services business serving clients in the south east of England.

Executive Chairman's Statement

For the year ended 30 September 2024

The Board is pleased to report that REACT has delivered growth in the year under review, with material improvements in operational efficiencies and performance, profit contribution, as well as

The Group's performance is outlined in the reports below by the Chief Executive and the C

For the year ended 30 September 2024, sales revenue was £20,749,000, up 6.0% on the s (£19,582,000). The underlying revenue growth is 11.0% when normalised against the core one anomaly that manifested during COVID-19 and continued until the middle of 2024.

Adjusted EBITDA¹ was £2,410,000, up 6.1% on the comparatively strong prior year, (sales revenue was £20,749,000, up 6.0% on the strong prior year (2023: £19,582,000).

Despite strong macroeconomic headwinds the Group performance represents like-for-like o the fifth successive year the Group has reported solid organic growth. Additionally, the o focus on quality of earnings; 87.0% of revenue is contracted and recurring, with gross marg 80-basis points to 27.6% (2023: 26.8%).

The business has consistently demonstrated its resilience and ability to create value th challenging markets. These include the impact of COVID-19, the wars in Europe and the l living crises' and more recently the uncertainty brought about by the change of gover Budget - all of which have impacted the sectors within which we operate. Despite these continues to achieve growth in market share, drive earnings through operational efficiency: scale.

The Group began a period of investment during the year to combine the portfolio of grow unified business, streamlining key systems and processes thereby promoting its scale as ar of specialist and valued support services to the facilities management sector.

A key part of this was a programme to invest in people, processes and systems; much o development of talent already inside the business. Talented managers have been prom divisional and a functional basis, and the Group has successfully recruited experience into including the appointment of Spencer Dredge as Chief Financial Officer.

Amongst these investments was Project 'Sparkle' the development of a unified digital support and scale the nationwide commercial window cleaning business and in doing so cross-sell other relevant services bought by the same customers, and potentially delivered b resource. At the very least, the Group will improve operational efficiency and scale with still, the Group will establish a platform on which its commercial IP can return significant Project Sparkle is in the final stages of testing before going live. The implementation w success, with full roll out expected by March 2025.

To support the operational effectiveness of the business and its growth ambitions, the moved its banking facilities to one consolidated relationship with HSBC.

Investment will continue over the course of this current financial year and into the next, and whilst the benefits will be most evident in future years, it does expect to see some positive effect in the near

The Group will continue to drive organic growth and, where relevant, augment this with selective accretive and/or strategic M&A activity.

The post-period acquisition of 24hr Aquaflow, announced on 28 October 2024, is an importan enhancing and highly accretive acquisition aimed at providing high-value services comple

management sector, especially valued at times of crises. Since acquisition, integration into the Group the business has been strong and it is expected to make a material contribution to Group profits going forward.

With markets challenged, there is an opportunity to be a leading consolidator, providing a great businesses that share the Group's core values. The Group has a healthy pipeline of early-stage alongside the Group's strict criteria with an emphasis on being earnings enhancing, accretive and cash generating.

The strategy for growth remains clear; the Group will continue to build a leading position across its growth, margin enhancement, improvements in operational efficiency and, if quality opportunities present themselves, strategic M&A.

¹ Adjusted EBITDA represents earnings before separately disclosed acquisition, impairment of intangibles, share-based payments and other interest, tax, depreciation and amortisation). This is a non-IFRS measure.

Mark Braund

Chair

29 January 2025

Chief Executive Officer's Report and Strategic Review

REACT has delivered a strong performance for the year ended 30 September 2024.

For the year ended 30 September 2024, Adjusted EBITDA¹ was £2,410,000, up 6.1% on the comparable period (2023: £2,272,000), and sales revenue was £20,749,000, up 6.0% on the strong prior year (2023: £19,566,000).

The Group achieved 6.0% organic sales revenue growth and 6.1% Adjusted EBITDA growth despite macroeconomic headwinds and a sector challenged by supply chain disruptions, inflation, and increased costs of materials and National Living Wage.

The underlying organic sales growth in our core business was more impressive at 11.0%. This was supported by a new contract in the rail sector secured during the COVID-19 period, which has since been modified and expanded, requiring the Group's specialist capabilities.

The business faced further challenges from some customers struggling in their end-markets and we supported these customers by temporarily agreeing to reduce cleaning frequencies of some less critical areas which impacted revenue and gross margin contribution.

Despite these headwinds, the Group continued to prosper achieving organic growth across each of our key performance indicators including revenue, gross margins, adjusted EBITDA and cash conversion. Consequently, we maintained our market share during the year.

All three of the Group's divisions performed well, collectively achieving organic growth and improving operating margin on a 80-basis points to 27.6% (2023: 26.8%), reflecting the value of our proposition and improved business mix.

Growth is driven by strong customer relationships underpinned by an exceptional customer experience. The Group's ability to retain customers and grow through effective cross-selling and upselling alongside a steady stream of new contract wins. Evidence of this is underpinned by multiple contract awards, many of which are small and medium-sized, but material contract wins announced during the year include:

- Renewal and expansion of contracted maintenance, cleaning and hygiene services within the higher education sector for a major university, valued at approximately £3.8m over three years. This represents a doubling in value of the original contract awarded three years ago.
- Renewal and expansion of a facilities management ('FM') soft services agreement with an NHS trust in the Midlands. This agreement has a minimum three-year term with an option to extend to five years and is valued at approximately £0.79m, over three years.
- Extension for a further two years of the Core Vendor agreement. This agreement was established three years ago with the UK operation of one of the world's largest FM companies.
- Upsell into an incremental new contract with a large FM customer, where the Group provides specialist services to a large public sector ministry spending approximately £0.5m per year.

These contract wins demonstrate REACT's continued success in securing new business and expanding its market share.

¹ Adjusted EBITDA represents earnings before separately disclosed acquisition, impairment of intangibles, share-based payments and other interest, tax, depreciation and amortisation). This is a non-IFRS measure.

Strategy

REACT has enhanced its range of services with the post-period acquisition of 24hr Aquaflow strength of soft FM services and nationwide specialist cleaning & window cleaning. The Group is positioned as a consolidator and the go-to provider of specialist support services to the facilities management sector.

These services are in high demand where confidence in the quality, frequency and speed of response is high from customers. It builds upon the Group's focus on high-value, high-margin services and continues to drive revenues that come from contracted and recurring income streams.

The Group remains committed to being a 'customer experience driven-growth business', by retaining its focus as it delivers services that meet and exceed expectations.

As highlighted in the Chairman's statement, the Board sees significant opportunity for the recently acquired platform to enable the Group to scale its nationwide commercial window cleaning business. This platform will also allow the Group to sell other relevant services to the same customers, improve operational efficiency, and create a significant enterprise value.

Simultaneously, the Company will continue to invest further in sales and marketing to unlock the full potential of the market. By leveraging the right tools and strategies, it will increase the opportunity to engage with new customers and drive market expansion.

Key Performance Indicators (KPIs)

The Group prioritises key performance indicators (KPIs) to ensure value creation and ensure consistent operational performance at all levels. These well-defined KPIs align employee behaviour with the Group's strategy and facilitate effective performance monitoring.

The Group's core service offerings encompass three key areas:

1. **Planned Services:** delivering scheduled cleaning and maintenance services across diverse sectors including healthcare, education, retail, industrial, and some public transport.
2. **Emergency Response:** providing 24/7/365 on-call services to address urgent client needs through contracts and framework agreements.
3. **Project Services:** addressing one-off situations outside of standard contracts.

On behalf of the Board, I extend a sincere 'thank you' to our customers and stakeholders for their support throughout the year. Your open communication and collaborative spirit have been instrumental in addressing our customers' challenges and deliver compelling solutions.

I also express my deepest appreciation to our dedicated colleagues across the Group. Their unwavering efforts, and resilience are the foundation of our success. I am confident that by continuing to work together, we can reach even greater heights in the years to come.

Outlook

Despite the anticipated slow down across the festive period, the first few months of FY25 have delivered results which is in-line with management expectations for the Group.

The Board is mindful of the macroeconomic uncertainty in the markets in which the Group operates. However, there is strong demand for the Group's essential reactive and planned services, but the Board retains a positive outlook for project and other discretionary work. The Group is focused on taking appropriate action to manage demand in certain end markets and increased operating costs due to the increase in National Insurance and National Living Wage.

The Group's reactive services are naturally resilient, whilst its market-leading businesses and experience have successfully navigated previous periods of challenge. There remains considerable opportunity to integrate the Group, develop cross selling and upselling initiatives and drive cost efficiencies.

Shaun D Doak
Chief Executive Officer
29 January 2025

Chief Financial Officer's Report

Revenue and profitability

It is pleasing to report another set of solid results for REACT, in a year where we have reported strong performance, and a second half of the year where we have had a change of UK government and a global economic environment which has undoubtedly contributed to a slowing down of UK economic activity and output.

Revenue for the year ended 30 September 2024 was £20,749,000, up 6.0% on the prior year (2023: £19,569,000). Performance was negatively impacted with the loss of a material client commitment in the second half of the year in the rail sector. Revenue generated from this contract during the year was £1,224,158 (2023: £2,024,158).

This revenue performance generated a gross profit contribution of £5,725,000, up 9.0% on the prior year (2023: £5,250,000) with a gross margin of 27.6% (2023: 26.7%).

Group overheads of £5,438,000 (2023: £4,988,000) increased 9.0% during the year. The increase in overheads of £450,000 was primarily due to additional employee expenses of £310,000, resulting from additional management, sales and operational employee hires of £250,000 and more generally higher employee costs due to inflationary pressures of £60,000. The remaining cost increases are largely attributed to changes in banking arrangements, the share consolidation and capital restructure and costs associated with various acquisition arrangements.

The solid trading performance has resulted in an Adjusted EBITDA of £2,410,000, up 6.0% on the prior year (2023: £2,272,000). Adjusted EBITDA is a non-IFRS measure, calculated by taking operating profit before interest and amortisation and excludes separately disclosed acquisition and other costs along with share-based payments. We believe that Adjusted EBITDA and adjusted measures of earnings per share provide shareholders with a clear representation of the underlying earnings arising from the Group's core business.

Reconciliation of Profit before Interest and Tax to Adjusted EBITDA

	2024	
	£'000	
Profit before Interest and Tax	287	
Depreciation & Amortisation	1,781	
EBITDA	<u>2,138</u>	
Acquisition costs/restructuring costs	253	
Share based payments	89	
	<u>342</u>	
Adjusted EBITDA	<u><u>2,410</u></u>	
Adjusted EBITDA	2,410	
Weighted average shares in issue	23,593,858	23,200,000
Adjusted EBITDA earnings per share	<u>11.18p</u>	<u>10.43p</u>

Earnings per share

The basic profit per share from continuing operations was 0.08p (2023:0.24p).

The adjusted EBITDA per share which excludes interest, tax, depreciation and amortisation along with share-based payments was 11.18p (2023:10.75p).

Intangible assets and goodwill

The Group has intangible assets of £7,840,000 (2023: £9,483,000) comprising of Goodwill £5,440,000 and intangible assets £2,394,000 (2023: £4,037,000). Goodwill has been tested for impairment and the current carrying value of goodwill is supported by the current financial projections, there was no impairment charge in the prior year. An amortisation charge of £1,643,000 (2023: £1,643,000) was recorded against intangible assets acquired through business combinations are amortised over four years, the balance as at 30 September 2024 is fully amortised in less than 18 months.

Cash flow

Cash and cash equivalents as at 30 September 2024 were £1,778,000 (2023: £1,640,000) and £138,000 (2023: £661,000) as a result of cash generated from operating activities in the year, financing activities and investment activities. Cash and cash equivalents at 30 September 2024 whereas the prior year £2,120,000 was held at bank with drawings from the invoice discount facility

Operating cash inflows in the year of £2,788,000 (2023: £2,444,000) resulted from trading, favourable capital of £640,000 (2023: £527,000) off-set by depreciation and amortisation charges £1,781,000 after paying corporate taxes of £9,000 (2023: £226,000).

The net cash outflow from financing activities of £233,000 (2023: £360,000) resulted from the repayment of £138,000 (2023: £181,000) and interest payments of £113,000 (2023: £203,000) offset by cash generated from the issue of £60,000 following an exercise of employee share warrants (2023: £24,000).

Cash outflows from investing activities of £2,417,000 (2023: £1,423,000) mainly resulted from payments made in the year of £2,007,000 (2023: £1,309,000) and investments made in fixed assets of £410,000 (2023: £119,000). Deferred consideration payments made during the year were against the prior years, Fidelis of £175,000 and LaddersFree for £1,832,000.

Based on current financial projections, the Group has sufficient available cash resources to support its operations.

Taxation

The Group has reported a small profit in the year which is after a recording a tax charge of £138,000. At the balance sheet date, the Group has a deferred tax asset of £58,000 (2023: £123,000), an intangible asset of £576,000 (2023: £908,000) mainly as a result of tax associated with the intangible asset recognition of £562,000 (2023: £908,000). Available historical losses and management fees available to the Group can be off-set against future taxable profits are approximately £200,000 (2023: £500,000).

Statement of financial position

The Group's balance sheet has strengthened with net assets at the year-end of £8,662,000 (2023: £8,400,000).

The loan was drawn down in May 2022, therefore the loan has 2.75 years of the five-year term to arrangements.

Share consolidation & capital reduction

The share consolidation and capital reduction were approved by shareholders at the annual general meeting held on 28 March 2024.

The 50:1 share consolidation became effective in the second half of the year on the 2 April 2024, the share structure and all employee share options. For the purposes of calculating the earnings per share, the comparative period have been prepared on the basis that the share consolidation was effective for all periods presented.

Following the Court hearing on 30 April 2024, the Company has effected a capital reduction by effecting the Share Premium account of £10,909,617 and Capital Redemption Reserve account of £3,336,916 a reserve equal to the balance of both.

Post balance sheet events

Following the year end, the Group has acquired 100% of the issued share capital of 24hr Aquaflow, a successful commercial drainage and plumbing business headquartered in Essex providing services in London and the South East of England. The acquisition is expected to be immediately earnings accretive, broadening the Group's service offering as well as enlarging the Group's client base, we anticipate that this will enable cross selling of wider group services.

The acquisition brings with it an impressive management capability, the directors of 24hr Aquaflow management team for the REACT and committing to continue in their existing roles for the coming year. Accounts to 30 April 2024 for 24hr Aquaflow reported revenues of £6,086,000, gross profit of £1,169,000, gross margin of 56% delivering an adjusted EBITDA of £1,169,000. The business has experienced an annual revenue growth of 29.0% and we look forward to continuing this growth story within the REACT.

24hr Aquaflow was acquired for an initial consideration of £4,977,667, payable as £4,000,000 cash and the balance by issue of new ordinary shares and equity consideration and deferred consideration of £476,667. A further £476,667 of contingent consideration is payable subject to 24hr Aquaflow meeting certain performance conditions over a 12-month period. The acquisition has a total capped consideration of £7,360,000 should the performance conditions be met.

To fund the business combination, the Group has entered into a new loan arrangement with HSBC at 3.0% above the bank of England base rate, repayable over a four-year period. As a result of this arrangement, the Group now has two separate term loans from HSBC. The new loan arrangement is subject to the following: debt service, net debt to EBITDA and EBITDA interest cover.

Spencer Dredge
Chief Financial Officer
29 January 2025

Consolidated Statement of Comprehensive Income
For the year ended 30 September 2024

	Note	2024 £'000	
Continuing Operations			
Revenue	2	20,749	
Cost of sales		(15,024)	
Gross profit		<u>5,725</u>	<u> </u>
Administrative expenses		(5,438)	
<hr/>			
<i>Adjusted EBITDA*</i>		2,410	
<i>Depreciation</i>		(138)	
<i>Amortisation</i>		(1,643)	
<i>Exceptional items</i>		(253)	
<i>Share-based payments</i>		(89)	
<hr/>			
Operating profit		<u>287</u>	<u> </u>
Finance charge		(131)	
Taxation	3	(138)	
Profit for the year		<u>18</u>	<u> </u>
Other comprehensive Income		-	
Total comprehensive profit for the year attributable to the equity holders of the company		<u><u>18</u></u>	<u><u> </u></u>
<hr/>			
Basic and diluted earnings per share - pence	4		
Basic profit per share		<u>0.08p</u>	<u> </u>
Diluted profit per share		<u>0.08p</u>	<u> </u>

Consolidated Statement of Financial Position
As at 30 September 2024

ASSETS	£'000
Non-current assets	
Intangible assets - Goodwill	5,446
Intangible assets - Other	2,394
Property, plant & equipment	427
Right-of-use assets	95
Deferred tax asset	58
	<u>8,420</u>
Current assets	
Stock	3
Trade and other receivables	3,720
Cash and cash equivalents	1,778
	<u>5,501</u>
TOTAL ASSETS	<u><u>13,921</u></u>
EQUITY	
Shareholders' Equity	
Called-up equity share capital	2,694
Share premium account	10
Reverse acquisition reserve	(5,726)
Capital redemption reserve	-
Merger relief reserve	1,328
Share-based payments	214
Accumulated surplus/(deficit)	10,142
Total Equity	<u><u>8,662</u></u>
LIABILITIES	
Current liabilities	
Trade and other payables	3,240
Loans and other borrowings	235
Lease liabilities within one year	48
Deferred consideration	-
Corporation tax	659
	<u>4,182</u>
Non-current liabilities	
Loans and other borrowings	452
Lease liabilities after one year	49
Deferred tax liability	576
	<u>1,077</u>
TOTAL LIABILITIES	<u><u>5,259</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>13,921</u></u>

**Consolidated Statement of Changes in Equity
For the year ended 30 September 2024**

	Share capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Capital Redemption Reserve £'000	Reverse Acquisition Reserve £'000	Share- Based Payments £'000
At 1 October 2022	2,624	10,905	1,328	3,337	(5,726)	44
Issue of shares	20	5	-	-	-	-
Share-based payments	-	-	-	-	-	81
Profit for the year	-	-	-	-	-	-
At 30 September 2023	<u>2,644</u>	<u>10,910</u>	<u>1,328</u>	<u>3,337</u>	<u>(5,726)</u>	<u>125</u>
Issue of shares	50	10	-	-	-	-
Share-based payments	-	-	-	-	-	89
Capital reduction	-	(10,910)	-	(3,337)	-	-
Profit for the year	-	-	-	-	-	-
At 30 September 2024	<u>2,694</u>	<u>10</u>	<u>1,328</u>	<u>-</u>	<u>(5,726)</u>	<u>214</u>

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the amount subscribed for shares in excess of the nominal value, net of issue costs.

Merger relief reserve arises from the 100% acquisition of REACT SC Holdings Limited and REACT Specialist Limited in August 2015 whereby the excess of the fair value of the issued ordinary share capital over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

Accumulated surplus/(deficit) represents the cumulative profits/(losses) of the Group attributable to the reporting company.

Reverse acquisition reserve is the effect on equity of the reverse acquisition of REACT Specialist Limited.

The capital redemption reserve represents the value of deferred shares cancelled as a result of a share redemption.

The share-based payments reserve represents the cumulative expense in relation to the fair value of share-based payments in respect of warrants granted.

Following the Court hearing on the 30 April 2024, the Company effected a capital reduction by crediting the share premium account of £10,909,617 and capital redemption reserve account of £3,336,911 with the amount of the capital reduction and debiting the share premium and capital redemption reserve equal to the balance of both.

Consolidated Statement of Cash Flows For the year ended 30 September 2024

	2024	
	£'000	
Cash flows from operating activities		
Cash generated by operations	2,788	
Net cash inflow from operating activities	<u>2,788</u>	<u> </u>
Cash flows from financing activities		
Proceeds of share issue	60	
Lease liability payments	(42)	
Bank loans	(138)	
Interest paid	(113)	
Net cash outflow from financing activities	<u>(233)</u>	<u> </u>
Cash flows from investing activities		
Disposal of fixed assets	-	
Capital expenditure	(410)	
Acquisition of subsidiary	(2,007)	
Net cash outflow from investing activities	<u>(2,417)</u>	<u> </u>
Increase in cash, cash equivalents and overdrafts	138	
Cash, cash equivalents and overdrafts at beginning of year	1,640	
Cash, cash equivalents and overdrafts at end of year	<u>1,778</u>	<u> </u>

Notes to the Consolidated Statement of Cash Flows
For the year ended 30 September 2024

Reconciliation of profit for the year to cash inflow from operations

	2024	
	£'000	
Profit after taxation	18	
Decrease in stocks	4	
Decrease/(Increase) in trade and other receivables	741	
(Decrease)/Increase in trade and other payables	(105)	
Depreciation and amortisation charges	1,781	
Finance cost	131	
Tax charge/(credit)	138	
Loss/(profit) on disposal of fixed assets	-	
Share based payment	89	
Tax paid	(9)	
Net cash inflow from operations	<u>2,788</u>	<u> </u>

Cash and cash equivalents and overdrafts

	2024	
	£'000	
Cash at bank and in hand	1,778	
Invoice Discounting	-	
	<u>1,778</u>	<u> </u>

1. General Information

Basis of preparation of financial statements

While the financial information included in this annual financial results announcement has been prepared in accordance with the recognition and measurement principles of International Accounting Standards in conformity with the Companies Act 2008, this announcement does not contain sufficient information to comply therewith.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 30 September 2024 or 2023 but is derived from those accounts. Statutory accounts for the year ended 30 September 2023 have been delivered to the Registrar of Companies and those for the year ended 30 September 2024 will be delivered to the Registrar of Companies at the Company's annual general meeting.

The auditors have reported on those accounts; their reports were unqualified and did not include any reservations or matters to which the auditors drew attention by way of emphasis without qualifying their reports.

Their reports for the year end 30 September 2024 and 30 September 2023 did not contain statements under section 474(1) of the Companies Act 2006.

The consolidated financial statements are drawn up in sterling. The functional currency of REACT C

The level of rounding for the financial statements is the nearest thousand pounds.

2. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, with the focus on specialist cleaning, decontamination and hygiene sector, contracted commercial window cleaning and specialist emergency decontamination work. Although the Group is a UK geographic segment, which is the UK, it has also analysed the sources of its business into Contract Maintenance, Contract Reactive or Ad Hoc work.

	2024			
	Contract Maintenance £000	Contract Reactive £000	Ad Hoc £000	Plc/Holdings Ltd £000
Revenue	15,450	2,629	2,670	-
Cost of sales	(10,297)	(1,899)	(1,818)	-
Direct costs	(699)	(156)	(155)	-
Gross profit	4,454	574	697	-
Administrative Expenses	(1,994)	(330)	(409)	(2,705)
Operating Profit/(loss) for the year	2,460	244	288	(2,705)
Adjusted EBITDA	2,575	278	322	(765)
Total Assets	4,079	441	661	8,740
Total Liabilities	(3,061)	(286)	(450)	(1,462)
	2023			
	Contract Maintenance £000	Contract Reactive £000	Ad Hoc £000	Plc/Holdings Ltd £000
Revenue	14,321	2,751	2,510	-
Cost of sales	(9,927)	(1,805)	(1,674)	-
Direct costs	(548)	(194)	(195)	-
Gross profit	3,846	752	641	-
Administrative Expenses	(1,655)	(464)	(453)	(2,417)
Operating Profit/(loss) for the year	2,191	288	188	(2,417)
Adjusted EBITDA	2,286	315	224	(553)
Total Assets	4,827	1,088	1,014	9,479
Total Liabilities	(2,764)	(685)	(609)	(3,855)

3. Taxation

	2024 £'000
Current tax	(507)
Adjustment: prior periods	102

	(405)
Deferred tax	267
Tax (charge)/credit	(138)

Analysis of tax expense:

	202
	£'000
Profit on ordinary activities before income tax	15
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 25% (2023: 22.01%)	3
Effects of:	
Expenses not deductible for tax	13
Adjustments relating to previous periods	(28)
Other timing differences	(3)
Corporation tax charge/(credit)	13

The Group has estimated excess management expenses carried forward of approximately £200,000 tax losses have resulted in a deferred tax asset of approximately £58,000 (2023: £123,000) which year as the positive trading outlook for the Group means that there is likely to be sufficient future tax remaining losses.

4. Earnings per Share (basic and adjusted)

The calculations of earnings per share (basic and adjusted) are based on the net profit and adjusted E interest, tax, depreciation, amortisation of acquired intangible assets, exceptional items and share-based payments. The per share calculation is based on the new capital structure resulting from the 50:1 share consolidation in April 2024. The comparative periods earnings per share have been calculated on the same basis.

For diluted earnings per share, the weighted average number of shares is adjusted to assume potential ordinary shares.

	2024
	£'000
Profit/Loss for the financial period	18
Finance cost	131
Taxation	138
Operating profit	287
Adjustments:	
Depreciation	138
Amortisation	1,643
Exceptional items	253
Share based payments	89
Adjusted EBITDA	2,410

Number

Weighted average shares in issue for basic earnings per share	21,551,761
Weighted average dilutive share options and warrants	2,042,097
Average number of shares used for dilutive earnings per share	23,593,858
	pence
Basic profit/(loss) per share	0.08p
Diluted profit/(loss) per share	0.08p
Adjusted EBITDA earnings per share	11.18p
Adjusted diluted EBITDA earnings per share	10.22p

5. Post Balance sheet event

On 25 October 2024, the Group acquired 100% of the issued share capital and voting rights of Aquaflow Limited, a commercial drainage and plumbing business headquartered in Essex providing services in London and the South East of England.

Aquaflow was acquired for an initial consideration of £4,976,667, payable as £4,000,000 cash and £976,667 of new ordinary shares and equity consideration and deferred consideration of £476,667. A further consideration is payable subject to Aquaflow meeting certain performance conditions over a two year period. The acquisition has a total capped consideration of £7,360,000 should the performance conditions be fully met.

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