



TRADING UPDATE

[REACT GROUP PLC](#)

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React Group PLC
25 April 2024

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

Trading Update

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 2024.

Highlights

- Revenues of £10.6m up 14% (2023: £9.3m)
- Gross Profit of £2.9m up 15% (2023: £2.5m)
- Adjusted EBITDA of £1.3m up 38% (2023: £0.9m)

Background

As announced in its full year results on 6 February 2024, momentum from FY23 had continued into the new financial year and that the first few months of FY24 had delivered a record trading performance for the Group. The Board is pleased to report that this trading pattern has continued with good sales growth across all three divisions of the business. As a result, revenues for the six-month period are expected to be approximately £10.6m (2023: £9.3m), achieving a gross profit of approximately £2.9m (2023: £2.5m) and an Adjusted EBITDA* of approximately £1.3m (2023: £0.9m).

As at 31 March 2024, the Group had cash resources (including cash equivalents) of £1.5m. This was despite outflows during the period in respect of deferred consideration of just over £1.0m, in connection with the acquisitions of both Fidelis and LaddersFree.

The Group continues to deliver strong recurring revenues in excess of 85% and the associated margin improvement is reflected in an enhanced revenue mix with higher margin repeat business and operational synergies across the Group.

Contract wins

The Company has continued its drive on new business with three recently announced material contracts totalling over £1.3m annually. The contracts include a £0.8m three-year renewal and expansion of a Facilities Management ('FM') soft services agreement with an NHS trust in the Midlands, with an option to extend to five years. The Company has also extended for a further two years an established Core Vendor agreement with the UK operation of one of the world's largest FM companies. The Company was also awarded a new £0.5m agreement with a leading UK FM business to provide a single point of service delivery for emergency decontamination services to its customers, some of whom are well known, recognisable brands.

Shaun Doak, Chief Executive Officer of REACT, commented: "We are very pleased with the performance of the Group in a year of considerable investment and which sees continued sales momentum across a higher margin business. In addition to the material contracts, the Group continues to be awarded numerous small and medium sized wins which highlights its cross-selling capability. The pipeline for the remainder of the year remains robust which provides the Board with a high degree of confidence in achieving full year market expectations**."

**Adjusted EBITDA represents earnings before separately disclosed acquisition and other restructuring costs (as well as before interest, tax, depreciation and amortisation). This is a non-IFRS measure.*

***Current consensus FY24 Revenue & Adjusted EBITDA market expectations of £21.25m & £2.5m respectively*

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About Us:

REACT Group plc is the UK's leading specialist and contract cleaning business and operates with three divisions: LaddersFree, one of the largest commercial window cleaning businesses in the UK; Fidelis Contract Services ("Fidelis"), a contract cleaning and facilities maintenance business; and REACT business, which primarily provides a solution to emergency and specialist cleaning situations, both through long-term framework agreements and on an ad-hoc basis.

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