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Update on acquisition of Fidelis

REACT GROUP PLC

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REACT Group plc

("REACT" or the "Group")

Update on acquisition of Fidelis Contract Services Ltd

REACT (AIM: REATL), the leading specialist cleaning, hygiene, and decontamination company, is pleased to announce an update in respect of the acquisition of Fidelis Contract Services Ltd ("**Fidelis**"), details of which were announced on 29 March 2021.

The acquisition of Fidelis has been immediately earnings enhancing for REACT and has been an important step in the Group's stated growth strategy. The Board of REACT is delighted with the smooth integration of the business into the Group with the two management teams working well together to deliver quality services to customers.

REACT is pleased to announce that, based on unaudited management accounts prepared by Fidelis for the year ended 31 March 2021 ("**FY 2021**"), Fidelis has generated revenue of £4.87 million, up 48% on the prior year (FY 2020: £3.30m), gross profit up 45% at £1.23 million (FY 2020: £0.85m) and EBITDA up 112% at £0.56 million (FY 2020: £0.27 million).

As such, the Board of REACT anticipates £500,000 of the first deferred consideration will be payable in cash to the vendors of Fidelis in October 2021. The Board also anticipates a further £200,000 will be due in respect of the first deferred consideration, with payment scheduled in four equal instalments between 30 September 2022 and 29 March 2024. REACT is well positioned to make these payments from within its existing resources.

The Fidelis financials and the deferred consideration figures remain subject to, *inter alia*, completion of audit and finalisation of the completion accounts. As such, the first deferred consideration payments remain subject to potential change but are capped at a total of £700,000. It is anticipated that the audit and completion accounts will be finalised in July 2021 to enable the first deferred payment to be made in October 2021.

As the acquisition of Fidelis completed on 26 March 2021, the performance of Fidelis will not have any impact on REACT's results for six months ended 31 March 2021, to be announced by 30 June 2021. The Board of REACT is pleased with the performance of Fidelis in the short period since being part of the Group and, as such, the Board continues to be confident of the positive impact Fidelis will have on the Group for the remainder of the current financial year and beyond.

As previously announced, the total consideration payable for Fidelis was based on 4.75 times EBITDA in the financial year ending 31 March 2022 ("**FY 2022**") capped at £4.75m (on a cash free, debt free basis with normalised working capital).

Further details on the terms and the structure of the acquisition are detailed in the announcement released by REACT on 29 March 2021.

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