



3 September 2024  
AIM: JSG

**Johnson Service Group PLC**  
**('JSG' or 'the Group')**  
**Interim Results for the Six Months ended 30 June 2024**

***"Continuing strong organic growth and £20.6m acquisition of Empire Linen Services Limited.  
Confidence for the full year and for longer-term growth."***

**FINANCIAL HIGHLIGHTS**

	H1 2024	H1 2023	% increase	FY 2023
<b>Adjusted results<sup>1</sup></b>				
Revenue	<b>£244.1m</b>	£215.0m	13.5%	£465.3m
Adjusted operating profit	<b>£25.2m</b>	£19.0m	32.6%	£50.5m
Adjusted operating profit margin	<b>10.3%</b>	8.8%	-	10.9%
Adjusted EBITDA margin	<b>28.3%</b>	26.8%	-	28.3%
Adjusted profit before taxation	<b>£21.5m</b>	£16.4m	31.1%	£44.5m
Adjusted diluted earnings per share	<b>3.9p</b>	2.9p	34.5%	7.8p
<b>Statutory results</b>				
Operating profit	<b>£22.4m</b>	£16.1m	39.1%	£43.6m
Profit before taxation	<b>£18.7m</b>	£13.5m	38.5%	£37.6m
Diluted earnings per share	<b>3.3p</b>	2.3p	43.5%	6.4p
Dividend	<b>1.3p</b>	0.9p	44.4%	2.8p

- Bank Facility of £120.0 million extended to August 2027.
- Strong balance sheet and cash generation; capital available for further organic and inorganic investment.

**OPERATIONAL HIGHLIGHTS**

- Organic revenue up 5.7% compared to H1 2023.
- Increasing new sales activity and strengthening pipeline in both HORECA and Workwear.
- Energy costs reducing as a % of revenue; costs largely fixed for remainder of 2024.
- Margin improvement on track for target of 14% in 2026.
- New Crawley site expected to commence processing in Q4 2024.
- Enfield depot in operation to improve access to hotel customers in London and the South East.
- £20.6 million acquisition of Empire Linen Services Limited ('Empire') on 2 September 2024 expands our service offering to luxury hotels in London and the South East.
- Full year outturn, before the benefit from Empire, expected to be in line with current market expectations.

**Notes**

- 1 'Adjusted EBITDA' refers to operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items (defined as 'adjusted operating profit') plus the depreciation charge for property, plant and equipment, textile rental items and right of use assets plus software amortisation.
- 2 'Adjusted profit before taxation' refers to adjusted operating profit less total finance costs.
- 3 'Adjusted diluted earnings per share' refers to earnings per share calculated based upon adjusted profit after taxation.

**Peter Egan, Chief Executive Officer of Johnson Service Group PLC, commented:**

*"The Group is reporting a strong financial and operational performance for the period, having delivered a significant uplift in year-on-year profitability. This result is testament to the resilience of our business model, the strength of our relationships with our customers and suppliers and the hard work of our employees."*

*We remain focused on organic growth initiatives, optimising operational efficiencies through a combination of targeted capital investment and continuous improvement of our working practices whilst also continuing to expand*

our geographical coverage through the successful execution of earnings enhancing acquisitions, as demonstrated by the acquisition of Empire, announced today, which represents a further step in our strategy to expand the range and scale of services we offer.

Whilst continuing to closely manage variable costs, our team has ensured that customer retention has remained strong. We have had some significant independent and group sales wins during the second quarter of 2024 which will positively impact the remainder of the year and into 2025.

We expect to exit 2024 with strong progression towards previous levels of adjusted operating margin and adjusted operating profit for the year, before the benefit from Empire, in line with current market expectations."

#### **SELL-SIDE ANALYSTS' MEETING**

A presentation for sell-side analysts will be held today at 09:30, details of which will be distributed by Camarco. A copy of the presentation and recording of the meeting will be available on the Group's website ([www.jsq.com](http://www.jsq.com)) following the meeting.

#### **ENQUIRIES**

##### **Johnson Service Group PLC**

Peter Egan, CEO  
Yvonne Monaghan, CFO  
Tel: 020 3757 4992/4981 (on the day)  
Tel: 01928 704 600 (thereafter)

##### **Investec Bank plc (NOMAD)**

David Flin  
Carlton Nelson  
Virginia Bull  
Tel: 020 7597 5970

##### **Camarco (Financial PR)**

Ginny Pulbrook  
Letaba Rimell  
  
Tel: 020 3757 4992/4981

## **Financial And Operational Review**

#### **BASIS OF PREPARATION**

Throughout this statement, and consistent with prior years, a number of alternative performance measures ('APMs') are used to describe the Group's performance. APMs are not recognised under UK-adopted international accounting standards. Whilst the Board uses APMs to manage and assess the performance of the Group, and believes they are representative of ongoing trading, facilitate meaningful year-on-year comparisons, and hence provide useful information to stakeholders, it is cognisant that they do have limitations and should not be regarded as a complete picture of the Group's financial performance. APMs, which include adjusted operating profit, adjusted profit before taxation, adjusted EBITDA, adjusted EPS and net debt excluding IFRS 16 lease liabilities, are defined within note 1 (Basis of Preparation) and are reconciled to statutory reporting measures in notes 2, 5, 8 and 18.

#### **PERFORMANCE**

Organic revenue growth was 5.7% compared to the first half of 2023. Within Hotel, Restaurant and Catering ('HORECA'), and despite the unseasonably poor weather in the second quarter, volumes have continued to increase, largely reflecting additional rooms being serviced, and are now following more predictable patterns which allows for improving operational efficiencies. Workwear remained stable during the first half of the year, trading in line with our expectations, and, encouragingly, some positive momentum on sales to both new and existing customers has started to materialise.

Cost pressures remain, particularly in relation to energy and, to a lesser extent, labour. Energy continued to be a significantly higher cost than has been experienced historically although we have proactively fixed prices for the coming months to obtain and manage some degree of certainty over cost of supply.

Adjusted operating profit margin increased by 150 basis points to 10.3% (June 2023: 8.8%), reflecting a 90 basis points reduction in energy costs to 9.4% of revenue (June 2023: 10.3%) and a 40 basis points reduction in labour costs to 44.7% of revenue (June 2023: 45.1%). As we continue to improve the recovery of these costs, through

increasing volumes, efficiencies and price increases, the Board remains of the opinion that the overall Group adjusted operating margin will reach at least 14.0% by 2026.

The additional costs incurred in respect of Crawley amounted to some £1.0 million in the first half and are expected to be some £3.5 million for the full year.

Overall, we are encouraged with the Group's performance as we plan to further expand capacity in each of our businesses.

## **ACQUISITION OF EMPIRE**

On 2 September 2024, we acquired the entire issued share capital of Empire Linen Services Limited ('Empire') for a consideration of £20.6 million on a debt free, cash free basis and subject to normalised working capital. Empire provides linen services to luxury hotels in London and the South East. Revenue and profit before tax for the year ended 30 June 2023, as shown in the unaudited statutory accounts, were £10.9 million and £0.9 million, respectively. The revenue and profit before tax as shown in the management accounts for the year ended 30 June 2024 were £13.9 million and £2.8 million, respectively. The business employs some 170 employees and operates from a 26,000 square foot leasehold site in Tottenham.

The transaction is expected to be immediately earnings enhancing and, in addition to collaboratively sharing best practice across the enlarged Group, will complement, and allow us to implement operational synergies with, the Regency business acquired in 2023.

## **FINANCIAL REVIEW**

### **Financial Results**

Revenue in the period increased by 13.5% to £244.1 million (June 2023: £215.0 million). Adjusted EBITDA was £69.2 million (June 2023: £57.7 million) giving an improved margin of 28.3% (June 2023: 26.8%). Adjusted operating profit increased by 32.6% to £25.2 million (June 2023: £19.0 million).

Total finance costs were £3.7 million (June 2023: £2.6 million) reflecting higher interest rates and borrowing over the period.

Adjusted profit before taxation increased by 31.1% to £21.5 million (June 2023: £16.4 million). Statutory profit before taxation, after amortisation of intangible assets (excluding software amortisation) of £2.8 million (June 2023: £2.6 million) and, in 2023, an exceptional charge of £0.3 million, was £18.7 million (June 2023: £13.5 million).

The tax rate on the adjusted profit before taxation, excluding exceptional items, amortisation of intangible assets (excluding software amortisation) was 24.7% (June 2023: 25.1%). The rate is below the headline UK corporation tax rate for the full year of 25%, due to the effect of expenses not deductible for taxation and short-term timing differences combined with the impact of the lower rate of 12.5% applied to profits generated in the Republic of Ireland ('ROI').

Adjusted diluted earnings per share was 3.9 pence (June 2023: 2.9 pence).

### **Dividend Reflecting Confidence in the Future**

An interim dividend of 1.3 pence per share (June 2023: 0.9 pence per share) will be paid on 1 November 2024 to those Shareholders on the register of members on 4 October 2024. The ex-dividend date is 3 October 2024. The increased dividend is in line with our progressive dividend policy to reduce dividend cover from our historical level of cover of 3 times in 2022 to 2.5 times in financial year 2024.

### **Cash Flow and Net Debt**

Free cash flow (calculated as net cash generated from operating activities, less net spend on textile rental items, less the capital element of leases) in the first half of the year was £24.5 million compared to £17.6 million in the first half of 2023. This improvement is largely reflective of the continuing improvement in trading performance.

Total net debt (excluding IFRS 16 liabilities) at 30 June 2024 was £74.1 million (December 2023: £61.7 million). The increase is largely attributed to significant capital investment in the business. After including the impact of IFRS 16, net debt at June 2024 was £117.7 million (December 2023: £104.9 million).

### **Bank Facility**

In May 2024, the Group extended the tenure of its existing £120.0 million revolving credit facility by 12 months such that it now expires in August 2027.

In addition to the above, the terms of the facility provide for an option to increase the facility by up to a further £15.0 million, subject to bank consent.

The current margin on the facility is 1.45% over SONIA or the relevant EURIBOR rate, as applicable. Covenants remain unchanged and comprise a leverage covenant (total debt to EBITDA) of less than three times and interest cover of not less than four times. At 30 June 2024, the leverage ratio was 0.8 times. On a pro-forma basis, to include the approximate impact of Empire had it been acquired on that date, the leverage ratio would have been 0.9

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### **Return on Capital Employed ('ROCE')**

ROCE, calculated as rolling 12-month adjusted operating profit divided by the average of opening and closing Shareholders' equity, net debt and post-employment benefit obligations for the same 12-month period, increased to 14.8% (June 2023: 13.5%; December 2023: 13.9%).

### **Capital Structure**

Our Capital Allocation policy remains unchanged. The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth whilst also maintaining a strong balance sheet. We continue to see exciting opportunities to deploy capital organically and have a strong M&A pipeline. In the period since September 2022, we have completed share buyback programmes returning £35.5 million to Shareholders, invested in the opening of a new site in Crawley and undertaken significant capital investment in many of our other sites. The acquisition of Regency in February 2023, Celtic Linen in August 2023 and now Empire in September 2024 has further utilised over £53.0 million of available capital. Even after taking into consideration these investments and the payment of dividends, the Group will have significant headroom under its committed facilities and target leverage of 1-1.5 times by the end of 2024 to continue to pursue investment opportunities, both organic and inorganic, as they arise.

### **Defined Benefit Pension Scheme ('the Scheme')**

The recorded net surplus after tax for the Scheme, calculated in accordance with IAS 19, was £2.6 million at June 2024, compared to £nil at December 2023. The improvement in the position is due, in part, to a higher discount rate assumed on liabilities offset, to a lesser extent, by higher assumed inflation. The Scheme continues to have a significant portion of assets invested so as to hedge against movements in liabilities, thereby reducing overall volatility.

The triennial valuation of the Scheme, as at 30 September 2022, showed a small surplus on the Technical Provisions basis. We have agreed with the Trustee to cease deficit contributions to the Scheme at least until the results of the next triennial valuation, as we work towards a buy out of the Scheme in the medium term.

## **OPERATIONAL REVIEW**

### **Our Businesses**

The Group provides textile rental and related services to the Hotel, Restaurant and Catering ('HORECA') and Workwear sectors throughout the UK and Republic of Ireland.

Within our HORECA division, 'Johnsons Hotel Linen', our high-volume linen business, primarily serves group and independent large hotel customers, 'Johnsons Hotel, Restaurant and Catering Linen' provides premium linen services to restaurant, hospitality and corporate event customers whilst 'Regency' and, following its acquisition on 2 September 2024, 'Empire' provide bespoke linen to four- and five-star luxury hotels. Also, within HORECA, 'Celtic Linen' in the Republic of Ireland and 'Johnsons Belfast' in Northern Ireland serve both hospitality and healthcare customers.

Our Workwear division comprises solely of 'Johnsons Workwear', which predominantly provides workwear rental, protective wear and laundry services to UK corporates across all industry sectors.

### **Energy**

Energy costs (comprising gas, electricity and diesel) have been less volatile over the period and, although energy unit prices have gradually fallen, still remain at higher levels than historically. Costs for the first half of 2024 represented 9.4% of revenue and, encouragingly, were lower than the equivalent period in 2023 but remain higher than in 2019 (June 2023: 10.3%; June 2019: 6.5%). We anticipate a further reduction in this percentage in the second half such that the full year cost will be approximately 9.0% of revenue.

Our policy in the UK has always been to fix gas and electricity prices on a rolling basis, building a position so that the upcoming months are largely fixed. This provides certainty but also means that costs do not immediately reflect falls, or increases, in spot prices. We currently have, on average, some 90% of our anticipated electricity usage and some 87% of our anticipated gas usage fixed for the remainder of 2024. Looking ahead, approximately 62% of our anticipated electricity requirement is fixed for 2025 with around 30% for 2026. Similarly, we have fixed pricing in place for some 61% of our anticipated gas requirement in 2025 and some 25% for 2026. We will continue to follow our current policy as we go forward.

Whilst ongoing geopolitical events have resulted in current forward market rates being adverse to those set out in our AGM Statement, released on 1 May 2024, the weighted average price of our current fixed arrangements when combined with the current forward market rates for the remaining proportion of our anticipated energy usage remain broadly in line with those previously disclosed.

### **Labour**

Labour

In the six months to 30 June 2024, labour as a percentage of revenue reduced to 44.7%, compared to 45.1% in the six months to 30 June 2023, although this was still higher than the 43.2% in the six months to 30 June 2019. Notwithstanding the increase in the National Living Wage in January 2024 in ROI and in April 2024 in the UK, we are confident that labour, as a percentage of revenue, will remain stable for 2024.

### **HORECA Division**

Total revenue for the HORECA division increased significantly to £172.9 million from £143.9 million in 2023. Despite the unseasonably poor weather in the second quarter, organic growth was 8.5% reflecting both improved price per piece and increasing volume. Adjusted EBITDA was £48.1 million (June 2023: £36.3 million) giving an improved margin of 27.8% (June 2023: 25.2%). Adjusted operating profit was £18.4 million (June 2023: £10.9 million).

The Hotel, Restaurant and Catering Linen business has continued to invest to become more sustainable, improve processes and quality, and to continue a refurbishment programme in some of our employee welfare spaces to improve the employee experience at work.

A new continuous batch washer and driers in our Southall operation have resulted in increased productivity, and replacement ironers in Glasgow and Grantham are being installed to further enhance the capacity and efficiency of operations in those locations.

Our water recycling systems in Hayle and Shaftesbury continue to deliver reductions in water consumption and effluent production, with reduced net energy usage through heat recovery processes.

Our new location in Crawley, which is due to begin processing in the final quarter of 2024, will be one of the most sustainable and energy efficient laundries of scale in the UK and will allow for accelerated growth. We have undertaken an initial marketing campaign which has shown encouraging results in terms of new sales, with further campaigns planned.

Volumes in a number of holiday destinations, particularly in the South West, were slightly lower than expected in the first half but have seen some seasonal improvement during July and August. Our sales pipeline remains strong and we have had some significant independent and group sales wins during the second quarter of 2024 which will positively impact the remainder of the year and into 2025.

All of our sites will benefit from us agreeing to transfer and perform contracts previously operated by a chefs' wear provider with effect from 1 July 2024, adding annual revenue of some £4.5 million to the business.

Regency continues to make good ground in new business wins, having secured some 200 new rooms in the first half, including securing some key 5-star clients, both in areas they already serve as well as bringing the Regency brand into new geographical regions. We have introduced five upgraded, newly liveried, commercial vehicles into the fleet to further promote the brand. The £1.4 million capital investment into Regency's site has been completed to budget and the associated efficiency gains and increased capacity provides an exciting growth opportunity.

Trading performance and volumes within Hotel Linen for the first six months of 2024 were in line with our expectations. May volumes were particularly strong, partly due to the bank holidays, with the last week resulting in the highest volume ever delivered by our business.

Our service is reliable and professional with deliveries on time and in full, with good quality linen provided to all customers. Our customer service teams continue to make regular contact with customers via proactive telephone calls and pre-arranged visits, collating customer feedback via integrated systems. Our consistent service delivery and partnership approach are key strengths of our offering and contribute to us achieving successful business retention, organic growth and new business wins.

A significant number of capital investment programmes were undertaken during the first quarter to prepare for the year ahead. Major works included £3.5 million at our Bourne site to create additional capacity, new hoists, sorting conveyors and bulk detergent tanks installed in Cardiff and various works undertaken in Edinburgh to improve our wash systems. In addition, investments in various new standalone washing machines, dryers and other machinery to improve our carbon footprint are underway, as is the ongoing improvement of employee welfare facilities across the estate.

Chester and Reading successfully trialled a 'driving behaviour monitoring system' with encouraging results which will be rolled out across the business during the remainder of 2024. New vehicles, all fitted with camera systems including in cab monitoring, achieved target delivery dates and four new double deck units have joined the fleet to support the successful opening of our new depot in Enfield.

Employee retention and stability within our workforce are much improved, with competency-based pay being well received, initially in production and service and now throughout our engineering departments. Employee engagement initiatives are a regular part of our business operations reflecting our appreciation for their hard work

and support. Investment in training continues across all disciplines within our business and will be complemented by the installation of a new learning and development software platform enabling personnel to monitor their progress, receive reminders for training and assess further development opportunities.

Support from all departments contributes to the continued success of our business. Various projects to continue delivering innovation, both to our Hotel Linen operations and service delivery, are planned to underpin our objectives of being easy to do business with and the linen services provider of choice.

Trading in Ireland for the first half of the year has been in line with our expectations. The new business from hotel customers installed in Q4 2023 and the addition of 696 rooms in 2024 has more than offset the impact of recent bad weather on hotel bookings. Healthcare volumes remain stable, with a strong focus on consistent supply and accommodating the changing patterns of day procedures.

Customer retention remains strong and although the market is extremely competitive, our focus is on continued customer service and attention to detail.

Capital investment in the first half of the year has been in washing capacity, particularly with the installation of four new washer extractors, as table linen demand increases and we focus on a tailored service to our five-star customers. Our Belfast site has seen the delivery of four new vehicles, updating our fleet and allowing further development. We have also installed a new ironer in Belfast, focusing on the quality and processing efficiency of our duvet covers.

Our integration of the three sites in Belfast, Naas and Wexford is ongoing. We are currently reviewing all associated systems to establish consistency and implement benchmarking, sharing best practice ideas with the rest of the Group.

#### **Workwear Division**

Revenue for the Workwear division was £71.2 million (June 2023: £71.1 million). Adjusted EBITDA was £24.5 million (June 2023: £24.4 million) giving a margin of 34.4% (June 2023: 34.3%). Adjusted operating profit was £10.2 million (June 2023: £11.1 million), the year-on-year reduction largely reflective of some £1.0 million of additional rental stock depreciation incurred in respect of new customer installations and existing customer renewals.

Our strategic shift in the call centre, focusing on targeted outbound calls, has significantly improved our conversion ratio. This enhancement has increased the efficiency of our sales teams, keeping the sales pipeline robust and ensuring high activity across all industry sectors. The marketing and sales team continue to focus on the new-to-rental market ensuring a steady flow of new customers experiencing our services. New-to-rental customers represented 25% of our total new sales sold in the period. The development of our new website, which is due to be launched in the second half of the year, is on track and will further enhance the introduction of our services to new-to-rental customers.

Our continuing commitment to enhancing customer service is evident in the latest customer survey result of 86.2%, up from 82.9% achieved in early 2023. This positive shift can be attributed to the dedicated effort by our service teams in addition to investment in customer service training programs. Customer retention for the 12 months to June 2024 was 92.4% and is trending positively for the full year, testament to our local and national service teams who continue to build strong relationships with our customers. In conjunction with our survey partners, a new web portal for our management and service teams has been developed. The portal, which went live in June, allows us to react quickly and positively with customers.

A significant £4.0 million capital investment project has started in our Manchester site. The new system is expected to be fully operational later this month and will fully automate the production process, adding an extra 40% of capacity to the site. New washer extractors and folders have been installed in several sites across the country, notably in Letchworth, providing an additional 10% capacity in the South East to support future growth.

Working in collaboration with our suppliers, several initiatives have been implemented to improve our wash processes, reducing the use of energy, water, and detergents. Additionally, we are committed to enhancing energy efficiency by installing upgraded burners and optimising power correction factor units, which improve the effective use of both gas and electricity. This commitment not only reduces energy waste but also contributes to a more sustainable future by minimising our carbon footprint.

Our ongoing fleet replacement programme will see almost 40 commercial vehicles replaced this year, maintaining service reliability to our customers whilst at the same time reducing carbon emissions. As part of this programme, we have introduced our first small electric vehicle into our commercial fleet, specifically for customer installations and small deliveries. A second electric vehicle will soon follow.

#### **EMPLOYEES**

Our employees are key to the continuing success of our business. The Board would like to thank them for their support, hard work and significant contribution to the progress of the business over the last six months. The teamwork, dedication and determination demonstrated in order to deliver a professional and on time service to our customers is a credit to each and every one of them. The Board also welcomes the employees of Empire into the

customers is a credit to each and every one of them. The Board also welcomes the employees of Empire into the Johnsons family.

Employee engagement and training are a key focus in the development of our team and in further improving service levels. The focus on training and development has allowed a number of our employees to progress to more senior roles within the business.

#### **CHANGE OF REMUNERATION COMMITTEE CHAIR**

As separately announced today, the Board has resolved to appoint Kirsty Homer as Chair of the Remuneration Committee and designated Non-Executive Director for Workforce Engagement in succession to Nick Gregg, with effect from 1 November 2024. Nick will remain in his role as an independent Non-Executive Director until 31 December 2024 whereupon he will retire from the Board, having served nine years as an independent Non-Executive Director.

#### **SUSTAINABILITY**

We are committed to developing our responsible business agenda and continue to make excellent progress with embedding our sustainability programme across the Group and establishing the standards to which others aspire.

Key highlights of the programme so far this year include:

- We have recently published our third Sustainability Report, which can be found on our website at [www.jsq.com](http://www.jsq.com).
- We have further developed our non-financial data capture, recording and reporting processes, implemented a new internal assurance process and are finalising plans to obtain third-party limited assurance from an independent auditor over certain of our non-financial data.
- Enhanced employee engagement activity remains ongoing, supporting our communities through our "Local Communities Initiative" and an employee volunteering programme in partnership with Neighbourly, which we are renewing for a second year, Group wide.
- In alignment with our approach towards a circular economy, we have successfully transitioned to a single waste management provider for the majority of our UK operations. Within Workwear, we have also fully transitioned to a single provider for end-of-life textile management whilst within HORECA we are exploring new technologies and partnerships to help develop innovative solutions for textile recycling.
- Our Workwear division has successfully sourced and trialled a washable and reusable bag that meets our standards for durability and functionality which, from June 2024, is being rolled out to eliminate single use plastic bags for our industrial use garments.
- We continue to increase the percentage of sustainable content in our product offerings by working with suppliers on recycled materials and biopolymers. We are currently developing a Sustainable Content roadmap to outline how we intend to achieve this goal.
- We have seen improvements in our external Sustainability ratings, including our submission to CDP Climate Change, where we achieved a "B-" rating. In Water Security, we maintained a "C" rating. Our Sustainability ESG Risk rating is "Low," and we received a score of 16.7, representing significant improvement.

#### **FORTHCOMING INVESTOR ACTIVITIES**

We are committed to clearly communicating our strategy and activities to our stakeholders, in order that they receive a balanced and complete view of our performance. As previously stated, a recording of the sell-side analysts' meeting, which will be held today at 09:30, will be made available on the Group's website ([www.jsq.com](http://www.jsq.com)) following the conclusion of the meeting. Furthermore, the Board currently anticipates that a London-based investor event, to update the market on the future growth and financial plans for the Group, will now be held in the first half of 2025. Further details will be announced in due course.

#### **OUTLOOK**

The Board is pleased with the further progress made by the Group in the first half of the year and with the results reported today.

During the first six months, we have completed the £16.0 million investment in a new site in Crawley to accelerate growth and give greater access to London and the South East for our HORECA business, have opened a depot in Enfield for our Hotel Linen operation and continued to improve efficiency and capacity at several other locations through ongoing investment. We continue to believe that investing in our estate will give us an advantage in the market in delivering unrivalled service to our customers in the most efficient way.

Our investment in a leading linen business in the Republic of Ireland in 2023, which itself is a growing market, represents a significant step in our strategy to expand the range and scale of services we offer and with our Northern Ireland business, can now service the whole of the island of Ireland. As announced today, we have also acquired Empire which, combined with Regency acquired in 2023, gives us further opportunity to expand our servicing of luxury hotels in London and the South East.

We expect to exit 2024 with strong progression towards previous levels of adjusted operating margin and adjusted operating profit for the year, before the benefit from Empire, in line with current market expectations. The Board remains confident that, as energy costs stabilise to lower levels and as operational efficiencies are further improved, divisional margins will continue to return towards those achieved in 2019, with an overall Group adjusted operating margin of at least 14.0% being achieved in 2026.

## RESPONSIBILITY STATEMENT

The condensed consolidated interim financial statements comply with the Disclosure Guidance and Transparency Rules ('DTR') of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report. The condensed consolidated interim financial statements are the responsibility of, and have been approved by, the Directors.

The Directors confirm that to the best of their knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the United Kingdom;
- this interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the year); and
- this interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The Directors of Johnson Service Group PLC are listed in the Johnson Service Group PLC Annual Report for 2023 and remain unchanged. Details of the Directors are available on the Johnson Service Group PLC website: [www.jsg.com](http://www.jsg.com)

By order of the Board

*Peter Egan*  
Chief Executive Officer  
3 September 2024

*Yvonne Monaghan*  
Chief Financial Officer  
3 September 2024

## Forward Looking Statements

Certain statements in these condensed consolidated interim financial statements constitute forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Group's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in these condensed consolidated interim financial statements. As a result, you are cautioned not to place reliance on such forward-looking statements. Nothing in this document should be construed as a profit forecast.

## Consolidated Income Statement

		Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
	Note			
Revenue	2	244.1	215.0	465.3
Impairment loss on trade receivables		(0.5)	(0.5)	(1.7)
All other costs		(221.2)	(198.4)	(420.0)
Operating profit	2	22.4	16.1	43.6
Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items		25.2	19.0	50.5
Amortisation of intangible assets (excluding software amortisation)		(2.8)	(2.6)	(5.3)



Exceptional items	3	-	(0.3)	(1.6)
<b>Operating profit</b>	<b>2</b>	<b>22.4</b>	<b>16.1</b>	<b>43.6</b>
Finance cost	4	(3.7)	(2.6)	(6.0)
<b>Profit before taxation</b>		<b>18.7</b>	<b>13.5</b>	<b>37.6</b>
Taxation charge	7	(4.9)	(3.5)	(10.4)
<b>Profit for the period from continuing operations</b>		<b>13.8</b>	<b>10.0</b>	<b>27.2</b>
<b>Profit for the period from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>0.1</b>
<b>Profit for the period attributable to equity holders</b>		<b>13.8</b>	<b>10.0</b>	<b>27.3</b>

<b>Earnings per share</b>	<b>8</b>			
<b>Basic earnings per share</b>		<b>3.3p</b>	2.3p	6.4p
<b>Diluted earnings per share</b>		<b>3.3p</b>	2.3p	6.4p

See note 8 for Adjusted basic earnings per share and Adjusted diluted earnings per share.

## Consolidated Statement of Comprehensive Income

	Note	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
<b>Profit for the period</b>		<b>13.8</b>	<b>10.0</b>	<b>27.3</b>
<b>Items that will not be subsequently reclassified to profit or loss</b>				
- Re-measurement and experience gains on post-employment benefit obligations	14	3.5	1.6	8.8
Taxation in respect of re-measurement and experience gains		(0.9)	(0.4)	(2.2)
<b>Items that may be subsequently reclassified to profit or loss</b>				
- Cash flow hedges (net of taxation) - fair value gains / (losses)		0.3	(0.8)	(0.5)
- transfers to administrative expenses		0.1	0.3	0.4
Net gain / (loss) on hedge of a net investment		0.6	-	(0.3)
Exchange differences on translation of foreign operations		(0.5)	-	0.3
<b>Other comprehensive income for the period</b>		<b>3.1</b>	<b>0.7</b>	<b>6.5</b>
<b>Total comprehensive income for the period</b>		<b>16.9</b>	<b>10.7</b>	<b>33.8</b>

The notes on pages 17 to 32 form an integral part of these condensed consolidated interim financial statements.

## Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Hedge Reserve £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2023	43.9	16.8	1.6	1.2	(0.5)	221.6	284.6
Profit for the period	-	-	-	-	-	10.0	10.0
Other comprehensive (loss) / income	-	-	-	-	(0.5)	1.2	0.7
Total comprehensive (loss) / income for the period	-	-	-	-	(0.5)	11.2	10.7
Share options (value of employee services)	-	-	-	-	-	0.3	0.3
Share buybacks	(1.7)	-	-	1.7	-	(19.7)	(19.7)
Dividend paid	-	-	-	-	-	(6.8)	(6.8)
Transactions with Shareholders recognised directly in Shareholders' equity	(1.7)	-	-	1.7	-	(26.2)	(26.2)
Balance at 30 June 2023	42.2	16.8	1.6	2.9	(1.0)	206.6	269.1
Profit for the period	-	-	-	-	-	17.3	17.3
Other comprehensive income	-	-	-	-	0.4	5.4	5.8
Total comprehensive income for the period	-	-	-	-	0.4	22.7	23.1
Share options (value of employee services)	-	-	-	-	-	0.7	0.7
Share buybacks	(0.8)	-	-	0.8	-	(10.1)	(10.1)
Deferred tax on share options	-	-	-	-	-	0.1	0.1
Dividend paid	-	-	-	-	-	(3.8)	(3.8)
Transactions with Shareholders							

recognised directly in Shareholders' equity	(0.8)	-	-	0.8	-	(13.1)	(13.1)
Balance at 31 December 2023	41.4	16.8	1.6	3.7	(0.6)	216.2	279.1
Profit for the period	-	-	-	-	-	13.8	13.8
Other comprehensive income	-	-	-	-	0.4	2.7	3.1
Total comprehensive income for the period	-	-	-	-	0.4	16.5	16.9
Share options (value of employee services)	-	-	-	-	-	0.6	0.6
Dividend paid	-	-	-	-	-	(7.9)	(7.9)
Transactions with Shareholders recognised directly in Shareholders' equity	-	-	-	-	-	(7.3)	(7.3)
<b>Balance at 30 June 2024</b>	<b>41.4</b>	<b>16.8</b>	<b>1.6</b>	<b>3.7</b>	<b>(0.2)</b>	<b>225.4</b>	<b>288.7</b>

The Group has an Employee Benefit Trust (EBT) to administer share plans and to acquire shares, using funds contributed by the Group, to meet commitments to employee share schemes. As at 30 June 2024, the EBT held 9,024 shares (June 2023: 9,024 shares; December 2023: 9,024 shares).

## Consolidated Balance Sheet

		As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
	Note			
<b>Non-current assets</b>				
Goodwill	9	144.2	137.0	144.4
Intangible assets	10	15.8	9.5	19.1
Property, plant and equipment	11	154.5	122.4	134.5
Right-of-use assets	12	40.0	40.5	40.0
Textile rental items	13	70.3	67.3	71.9
Trade and other receivables		0.4	0.3	0.4
Post-employment benefit assets	14	3.5	-	-
		<b>428.7</b>	<b>377.0</b>	<b>410.3</b>
<b>Current assets</b>				
Inventories		2.5	2.2	1.9
Trade and other receivables		85.4	74.2	83.3
Reimbursement assets		2.8	4.5	3.9
Current income tax assets		-	1.4	-
Cash and cash equivalents		10.0	6.0	9.6
		<b>100.7</b>	<b>88.3</b>	<b>98.7</b>
<b>Current liabilities</b>				
Trade and other payables		87.6	85.0	92.8
Borrowings		3.1	6.7	8.3
Current income tax liabilities		0.8	-	0.5
Lease liabilities		5.8	5.1	5.5
Derivative financial liabilities		0.2	1.4	0.6
Provisions		3.5	5.1	4.9
		<b>101.0</b>	<b>103.3</b>	<b>112.6</b>
<b>Non-current liabilities</b>				
Post-employment benefit obligations	14	0.3	7.8	0.3
Deferred income tax liabilities		19.5	5.9	15.0
Trade and other payables		0.2	0.6	0.3
Borrowings		81.0	39.8	63.0
Lease liabilities		37.8	38.1	37.7
Derivative financial liabilities		-	-	0.2
Provisions		0.9	0.7	0.8
		<b>139.7</b>	<b>92.9</b>	<b>117.3</b>
<b>NET ASSETS</b>		<b>288.7</b>	<b>269.1</b>	<b>279.1</b>
<b>Capital and reserves attributable to the Company's Shareholders</b>				
Share capital	15	41.4	42.2	41.4
Share premium		16.8	16.8	16.8
Merger reserve		1.6	1.6	1.6
Capital redemption reserve		3.7	2.9	3.7
Hedge reserve		(0.2)	(1.0)	(0.6)
Retained earnings		225.4	206.6	216.2
<b>Total equity</b>		<b>288.7</b>	<b>269.1</b>	<b>279.1</b>

The notes on pages 17 to 32 form an integral part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements on pages 13 to 32 were approved by the Board of Directors on 3 September 2024 and signed on its behalf by:

Yvonne Monaghan  
Chief Financial Officer

## Consolidated Statement of Cash Flows

	Note	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
<b>Cash flows from operating activities</b>				
Profit for the period		13.8	10.0	27.3
Adjustments for:				
Taxation charge - continuing	7	4.9	3.5	10.4
Finance cost		3.7	2.6	6.0
Depreciation		43.7	38.5	80.6
Amortisation		3.1	2.8	5.7
Profit on disposal of property, plant and equipment		-	(0.1)	(0.1)
(Increase) / decrease in inventories		(0.6)	(0.4)	0.4
Increase in trade and other receivables		(8.2)	(12.9)	(10.2)
Increase in trade and other payables		1.5	10.7	9.5
Deficit recovery payments in respect of post-employment benefit obligations		-	(0.9)	(1.6)
Share-based payments		0.6	0.3	1.0
Decrease in provisions		(0.2)	(0.1)	(0.3)
Cash generated from operations		62.3	54.0	128.7
Interest paid		(3.8)	(2.3)	(5.7)
Taxation paid		(1.1)	(1.6)	(1.6)
<b>Net cash generated from operating activities</b>		<b>57.4</b>	<b>50.1</b>	<b>121.4</b>
<b>Cash flows from investing activities</b>				
Acquisition of business (including net of cash acquired)		-	(5.0)	(29.7)
Purchase of property, plant and equipment		(29.8)	(12.9)	(31.1)
Proceeds from sale of property, plant and equipment		0.1	0.2	0.2
Purchase of textile rental items		(30.8)	(31.1)	(61.9)
Proceeds received in respect of special charges		1.2	1.5	3.3
<b>Net cash used in investing activities</b>		<b>(59.3)</b>	<b>(47.3)</b>	<b>(119.2)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		37.0	52.0	100.6
Repayments of borrowings		(18.5)	(27.2)	(54.6)
Capital element of leases		(3.3)	(2.9)	(7.6)
Share buyback		-	(19.8)	(29.9)
Dividends paid to company shareholders		(7.9)	(6.8)	(10.6)
<b>Net cash generated from / (used in) financing activities</b>		<b>7.3</b>	<b>(4.7)</b>	<b>(2.1)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5.4</b>	<b>(1.9)</b>	<b>0.1</b>
Cash and cash equivalents at beginning of the period		0.9	0.8	0.8
<b>Cash and cash equivalents at end of the period</b>	18	<b>6.3</b>	<b>(1.1)</b>	<b>0.9</b>
Cash and cash equivalents comprise:				
Cash		10.0	6.0	9.6
Overdraft		(3.7)	(7.1)	(8.7)
<b>Cash and cash equivalents at end of the period</b>		<b>6.3</b>	<b>(1.1)</b>	<b>0.9</b>

The notes on pages 17 to 32 form an integral part of these condensed consolidated interim financial statements.

## Notes to the Condensed Consolidated Interim Financial Statements

Johnson Service Group PLC (the 'Company') and its subsidiaries (together 'the Group') provide textile rental and related services across the United Kingdom ('UK') and the Republic of Ireland ('ROI').

The Company is incorporated and domiciled in the UK, its registered number is 523335 and the address of its registered office is Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH. The Company is a public limited company and has its primary listing on the AIM division of the London Stock Exchange.

The condensed consolidated interim financial statements were authorised for issue by the Board on 3 September 2024.

## 1 BASIS OF PREPARATION

### Overview

These condensed consolidated interim financial statements of the Group are for the half year ended 30 June 2024. They have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom.

The condensed consolidated interim financial statements have not been reviewed or audited, nor do they comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and do not include all of the information or disclosures required in the annual financial statements and should therefore be read in conjunction with the Group's 2023 Annual Report and Accounts, which was prepared in accordance with UK-adopted international accounting standards.

Financial information for the year ended 31 December 2023 included herein is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

Other than as described below, financial information for the half year ended 30 June 2023 included herein is derived from the condensed consolidated interim financial statements for that period.

### Accounting Policies, Presentation and Computation

The condensed consolidated interim financial statements have been prepared applying the accounting policies, presentation and methods of computation applied by the Group in the preparation of the published consolidated financial statements for the year ended 31 December 2023.

#### (a) Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings before exceptional items. Taxation on exceptional items is accrued as the exceptional items are recognised. Prior year adjustments in respect of taxation are recognised when it becomes probable that such adjustment is needed.

#### (b) Seasonality of operations

Seasonality or cyclicity could affect all of the businesses to varying extents however, the Directors do not consider such seasonality or cyclicity to be significant in the context of the condensed consolidated interim financial statements.

#### (c) Critical accounting estimates and assumptions

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### Going Concern

#### Background and Summary

After careful assessment, the Directors have adopted the going concern basis in preparing these condensed consolidated interim financial statements. The process and key judgments in coming to this conclusion are set out below.

The Group's business activities, together with details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the Financial and Operating Review.

#### Going Concern Assessment

##### *Cash Flows, Covenants and Stress Testing*

For the purposes of the going concern assessment, the Directors have prepared monthly cash flow projections for the period to 31 December 2025 (the assessment period). The Directors consider 18 months to be a reasonable period for the going concern assessment as it enables them to consider the potential impact of macroeconomic and geopolitical factors over an extended period. The cash flow projections show that the Group has significant headroom against its committed facilities and can meet its financial covenant obligations.

The Group has also performed a reverse stress test against the base monthly cash flow projections referred to above in order to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. The interest cover covenant would be breached in the event that adjusted operating profit reduced to approximately 40% of 2023 levels. The Directors do not consider this scenario to be likely.

As a further stress test, the Group considered the impact of increasing interest rates. The Directors do not consider the magnitude of the increase in interest rates that would be required in order for a covenant to be breached to be plausible.

Each of the stress tests assume no mitigating actions are taken. Mitigating actions available to the Group, should they be required, include reductions in discretionary capital expenditure and ceasing dividend payments.

## **1 BASIS OF PREPARATION (continued)**

### *Liquidity*

The Group has access to a committed Revolving Credit Facility of £120.0 million (the 'Facility') which matures in August 2027. The terms of the Facility provide an option to increase the Facility by up to a further £15.0 million, with bank consent. The Facility is considerably in excess of our anticipated borrowings and provides ample liquidity for current commitments.

### **Going Concern Statement**

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group, the Directors have a reasonable expectation that the Group has adequate resources for its operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 31 December 2025. Accordingly, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

### **Alternative Performance Measures (APMs)**

#### *Overview of APMs*

Throughout this Interim Statement, and consistent with prior years, we refer to a number of APMs. APMs are used by the Group to provide further clarity and transparency of the Group's financial performance. The APMs are used internally by management to monitor business performance, budgeting and forecasting, and for determining Directors' remuneration and that of other management throughout the business. The APMs, which are not recognised under UK-adopted international accounting standards, are:

- 'adjusted operating profit', which refers to continuing operating profit/(loss) before amortisation of intangible assets (excluding software amortisation), and exceptional items;
- 'adjusted profit before taxation', which refers to adjusted operating profit less finance cost;
- 'adjusted EBITDA', which refers to adjusted operating profit plus the depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation;
- 'adjusted diluted EPS', which refers to EPS calculated based on adjusted profit after taxation; and
- 'net debt excluding IFRS 16 lease liabilities'

The Board considers that the above APMs, all of which exclude the effects of non-recurring items or non-operating events, provide useful information for stakeholders on the underlying trends and performance of the Group and facilitate meaningful year on year comparisons.

#### *Limitations of APMs*

The Board is cognisant that APMs do have limitations and should not be regarded as a complete picture of the Group's financial performance. Limitations of APMs may include, inter alia:

- similarly named measures may not be comparable across companies;
- profit-related APMs may exclude significant, sometimes recurring, business transactions (e.g. restructuring charges and acquisition-related costs) that impact financial performance and cash flows; and
- adjusted operating profit, adjusted profit before taxation, adjusted EBITDA, adjusted EPS and adjusted EPS excluding super-depreciation all exclude the amortisation of intangibles acquired in business combinations, but do not similarly exclude the related revenue.

#### *Reconciliation of APMs to Statutory Performance Measures*

Reconciliations between the above APMs and statutory performance measures are reconciled within this Interim Statement as follows:

- Adjusted operating profit - note 2
- Adjusted profit before taxation - note 5
- Adjusted EBITDA - note 5
- Adjusted EPS - note 8
- Net debt excluding IFRS 16 lease liabilities - note 18

## 2 SEGMENT ANALYSIS

Segment information is presented based on the Group's management and internal reporting structure as at 30 June 2024.

The chief operating decision-maker (CODM) has been identified as the Executive Directors. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM determines the operating segments based on these reports and on the internal reporting structure.

For reporting purposes, the CODM considered the aggregation criteria set out within IFRS 8, 'Operating Segments', which allows for two or more operating segments to be combined as a single reporting segment if:

- 1) aggregation provides financial statement users with information that allows them to evaluate the business and the environment in which it operates; and
- 2) they have similar economic characteristics (for example, where similar long-term average gross margins would be expected) and are similar in each of the following respects:
  - the nature of the products and services;
  - the nature of the production processes;
  - the type or class of customer for their products and services;
  - the methods used to distribute their products or provide their services; and
  - the nature of the regulatory environment (i.e. banking, insurance or public utilities), if applicable.

The CODM deems it appropriate to present two reporting segments (in addition to 'Discontinued Operations' and 'All Other Segments'), being:

- 1) Hotel, Restaurant and Catering ('HORECA'): comprising of our Johnsons Hotel, Restaurant and Catering Linen, Johnsons Hotel Linen, Regency and Ireland businesses, each of which are a separate operating segment.
- 2) Workwear: comprising of our Workwear business only; and

The CODMs rationale for aggregating the Johnsons Hotel, Restaurant and Catering Linen, Johnsons Hotel Linen, Regency and Ireland operating segments into a single reporting segment is set out below:

- the gross margins of each operating segment are within a similar range, with the long-term average margin expected to further align;
- the nature of the customers, products and production processes of each operating segment are very similar;
- the nature of the regulatory environment is the same due to the similar nature of products, processes and customers involved; and
- distribution is via exactly the same method across each operating segment.

The CODM assesses the performance of the reporting segments based on a measure of operating profit, both including and excluding the effects of non-recurring items from the reporting segments, such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring or non-operating event. Interest income and expenditure are not included in the result for each reporting segment that is reviewed by the CODM. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, for example rental income received by Johnson Group Properties PLC (the property holding company of the Group) is credited back, where appropriate, to the paying company for the purpose of segmental reporting. There have been no changes in measurement methods used compared to the prior year.

Other information provided to the CODM is measured in a manner consistent with that in the financial statements. Segment assets exclude deferred income tax assets, post-employment benefit assets, derivative financial assets, current income tax assets and cash and cash equivalents, all of which are managed on a central basis. Segment liabilities include lease liabilities but exclude current income tax liabilities, bank borrowings, derivative financial liabilities, post-employment benefit obligations and deferred income tax liabilities, all of which are managed on a central basis. These balances are part of the reconciliation to total assets and liabilities.

## 2 SEGMENT ANALYSIS (continued)

The reporting segment results for the half year ended 30 June 2024, together with comparative figures, are as follows:

Half year to 30 June 2024

	HORECA £m	Workwear £m	Segments £m	Total £m
<b>Revenue</b>				
Rendering of services	172.9	69.5	-	242.4
Sale of goods	-	1.7	-	1.7
<b>Total revenue</b>	<b>172.9</b>	<b>71.2</b>	<b>-</b>	<b>244.1</b>
<b>Operating profit / (loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items</b>	<b>18.4</b>	<b>10.2</b>	<b>(3.4)</b>	<b>25.2</b>
Amortisation of intangible assets (excluding software amortisation)	(2.6)	(0.2)	-	(2.8)
<b>Operating profit / (loss)</b>	<b>15.8</b>	<b>10.0</b>	<b>(3.4)</b>	<b>22.4</b>
Finance cost				(3.7)
<b>Profit before taxation</b>				<b>18.7</b>
Taxation charge				(4.9)
<b>Profit for the period attributable to equity holders</b>				<b>13.8</b>

All of the above revenues are generated in the United Kingdom, with the exception of £16.9 million generated within the Republic of Ireland.

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Balance sheet information</b>				
Segment assets	362.6	152.0	1.3	515.9
Unallocated assets:				
Post-employment benefit assets				3.5
Cash and cash equivalents				10.0
<b>Total assets</b>				<b>529.4</b>
Segment liabilities	(93.7)	(36.6)	(5.5)	(135.8)
Unallocated liabilities:				
Bank borrowings				(84.1)
Derivative financial liabilities				(0.2)
Post-employment benefit obligations				(0.3)
Current income tax liabilities				(0.8)
Deferred income tax liabilities				(19.5)
<b>Total liabilities</b>				<b>(240.7)</b>

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Other information</b>				
Non-current asset additions				
- Property, plant and equipment	27.4	3.7	-	31.1
- Right of use assets (including reassessment / modification)	3.3	0.3	-	3.6
- Textile rental items	17.3	11.7	-	29.0
Depreciation and amortisation expense				
- Property, plant and equipment	8.0	2.8	-	10.8
- Right of use assets	2.4	1.2	-	3.6
- Textile rental items	19.2	10.1	-	29.3
- Capitalised software	0.1	0.2	-	0.3
- Customer contracts and brands	2.6	0.2	-	2.8

With the exception of non-current assets of £11.6 million (June 2023: £nil; December 2023: £11.3 million) which were located in the Republic of Ireland, all non-current assets of the Group reside in the Group's country of domicile, the United Kingdom.

## 2 SEGMENT ANALYSIS (continued)

Half year to 30 June 2023

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Revenue</b>				
Rendering of services	143.9	69.2	-	213.1
Sale of goods	-	1.9	-	1.9
<b>Total revenue</b>	<b>143.9</b>	<b>71.1</b>	<b>-</b>	<b>215.0</b>
<b>Operating profit / (loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items</b>	<b>10.9</b>	<b>11.1</b>	<b>(3.0)</b>	<b>19.0</b>
Amortisation of intangible assets (excluding software amortisation)	(2.4)	(0.2)	-	(2.6)
Exceptional items	(0.3)	-	-	(0.3)
<b>Operating profit / (loss)</b>	<b>8.2</b>	<b>10.9</b>	<b>(3.0)</b>	<b>16.1</b>
Finance cost				(2.6)
<b>Profit before taxation</b>				<b>13.5</b>
Taxation charge				(3.5)
<b>Profit for the period attributable to equity holders</b>				<b>10.0</b>

All of the above revenues are generated in the United Kingdom, with the exception of £0.3 million generated within the Republic of Ireland.

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Balance sheet information</b>				
Segment assets	327.2	129.2	1.5	457.9
Unallocated assets:				
Post-employment benefit assets				4.4
Cash and cash equivalents				10.0
<b>Total assets</b>				<b>472.3</b>
Segment liabilities	(93.7)	(36.6)	(5.5)	(135.8)
Unallocated liabilities:				
Bank borrowings				(84.1)
Derivative financial liabilities				(0.2)
Post-employment benefit obligations				(0.3)
Current income tax liabilities				(0.8)
Deferred income tax liabilities				(19.5)
<b>Total liabilities</b>				<b>(240.7)</b>

Unallocated assets:	Current income tax assets				1.4
	Cash and cash equivalents				6.0
<b>Total assets</b>					<b>465.3</b>
Segment liabilities		(90.0)	(40.0)	(4.6)	(134.6)
Unallocated liabilities:	Bank borrowings				(46.5)
	Derivative financial liabilities				(1.4)
	Post-employment benefit obligations				(7.8)
	Deferred income tax liabilities				(5.9)
<b>Total liabilities</b>					<b>(196.2)</b>

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Other information</b>				
Non-current asset additions				
- Property, plant and equipment	10.0	2.1	-	12.1
- Right of use assets (including reassessment / modification)	8.6	1.7	0.1	10.4
- Textile rental items	17.6	12.1	-	29.7
Depreciation and amortisation expense				
- Property, plant and equipment	7.3	2.9	-	10.2
- Right of use assets	1.9	1.2	-	3.1
- Textile rental items	16.1	9.1	-	25.2
- Capitalised software	0.1	0.1	-	0.2
- Customer contracts and brands	2.4	0.2	-	2.6

All non-current assets of the Group reside in the Group's country of domicile, the United Kingdom.

## 2 SEGMENT ANALYSIS (continued)

Year ended 31 December 2023	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Revenue</b>				
Rendering of services	322.6	138.9	-	461.5
Sale of goods	0.1	3.7	-	3.8
<b>Total revenue</b>	<b>322.7</b>	<b>142.6</b>	<b>-</b>	<b>465.3</b>
<b>Operating profit / (loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items</b>	<b>36.0</b>	<b>21.4</b>	<b>(6.9)</b>	<b>50.5</b>
Amortisation of intangible assets (excluding software amortisation)	(4.9)	(0.4)	-	(5.3)
Exceptional items	(1.6)	-	-	(1.6)
<b>Operating profit / (loss)</b>	<b>29.5</b>	<b>21.0</b>	<b>(6.9)</b>	<b>43.6</b>
Finance cost				(6.0)
<b>Profit before taxation</b>				<b>37.6</b>
Taxation charge				(10.4)
<b>Profit for the period from continuing operations</b>				<b>27.2</b>
<b>Profit for the period from discontinued operations</b>				<b>0.1</b>
<b>Profit for the period attributable to equity holders</b>				<b>27.3</b>

All of the above revenues are generated in the United Kingdom, with the exception of £11.0 million generated within the Republic of Ireland.

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Balance sheet information</b>				
Segment assets	345.9	152.1	1.4	499.4
Unallocated assets:				
Cash and cash equivalents				9.6
<b>Total assets</b>				<b>509.0</b>
Segment liabilities	(95.2)	(43.5)	(3.3)	(142.0)
Unallocated liabilities:				
Bank borrowings				(71.3)
Derivative financial liabilities				(0.8)
Post-employment benefit obligations			(0.3)	
Current income tax liabilities			(0.5)	
Deferred income tax liabilities				(15.0)
<b>Total liabilities</b>				<b>(229.9)</b>

	HORECA £m	Workwear £m	All Other Segments £m	Total £m
<b>Other information</b>				
Non-current asset additions				
- Property, plant and equipment	20.8	6.1	-	26.9
- Right of use assets (including reassessment / modifications)	10.6	2.7	0.1	13.4
- Textile rental items	37.5	23.5	-	61.0



Depreciation, impairment and amortisation expense				
- Property, plant and equipment	15.1	5.9	-	21.0
- Right of use assets depreciation	4.0	2.5	0.1	6.6
- Textile rental items depreciation	34.5	18.5	-	53.0
- Capitalised software	0.1	0.3	-	0.4
- Customer contracts	4.9	0.4	-	5.3

With the exception of non-current assets of £11.3 million (2022: £nil) which were located in the Republic of Ireland, all non-current assets of the Group reside in the Group's country of domicile, the United Kingdom.

### 3 EXCEPTIONAL ITEMS

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Costs in relation to business acquisition activity	-	0.3	1.6
Total exceptional items	-	0.3	1.6

#### Prior year exceptional items

In the year ended 31 December 2023, professional fees of £1.4 million (June 2023: £0.3 million) were incurred relating to the acquisitions of Regency and Celtic Linen, of which £1.2 million were paid in the year. A further £0.2 million was incurred and paid in respect of other business acquisition related activities.

### 4 FINANCE COST

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Interest payable on bank loans and overdrafts	2.4	1.3	3.1
Amortisation of bank facility fees	0.2	0.1	0.3
Finance costs on IFRS 16 lease liabilities	1.1	1.0	2.1
Notional interest on post-employment benefit obligations	-	0.2	0.5
Finance cost	3.7	2.6	6.0

### 5 ALTERNATIVE PERFORMANCE MEASURES (APMs)

#### Adjusted profit before and after taxation (continuing)

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Profit before taxation (continuing)	18.7	13.5	37.6
Amortisation of intangible assets (excluding software amortisation)	2.8	2.6	5.3
Exceptional items	-	0.3	1.6
Adjusted profit before taxation (continuing)	21.5	16.4	44.5
Taxation thereon	(5.3)	(4.1)	(11.5)
Adjusted profit after taxation (continuing)	16.2	12.3	33.0

#### Adjusted EBITDA

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items	25.2	19.0	50.5
Software amortisation	0.3	0.2	0.4
Property, plant and equipment depreciation	10.8	10.2	21.0
Right of use asset depreciation	3.6	3.1	6.6
Textile rental items depreciation	29.3	25.2	53.0
Adjusted EBITDA	69.2	57.7	131.5

## 6 DIVIDENDS

	Half year to 30 June 2024	Half year to 30 June 2023	Year ended 31 December 2023
<b>Dividend per share (pence)</b>			
2024 Interim dividend proposed	1.3	-	-
2023 Interim dividend proposed and paid	-	0.9	0.9
2023 Final dividend proposed and paid	-	-	1.9
	<b>1.3</b>	<b>0.9</b>	<b>2.8</b>

	Half year to 30 June 2024	Half year to 30 June 2023	Year ended 31 December 2023
<b>Shareholders' funds committed (£m)</b>			
2024 Interim dividend proposed	5.4	-	-
2023 Interim dividend proposed and paid	-	3.8	3.8
2023 Final dividend proposed and paid	-	-	7.9

On 10 May 2024, a final dividend in respect of the year ended 31 December 2023 of 1.9 pence per share was paid to Shareholders, utilising £7.9 million of Shareholders' funds.

The Directors are proposing an interim dividend in respect of the year ended 31 December 2024 of 1.3 pence per Ordinary share which, based on the number of shares in issue as at the date of this report, will reduce Shareholders' funds by £5.4 million. The dividend will be paid on 1 November 2024 to Shareholders on the register of members at the close of business on 4 October 2024. The trustee of the EBT has waived the entitlement to receive dividends on the Ordinary shares held by the trust. Given the intention of the Directors to launch a second share buyback programme later this month, it is anticipated that the actual distribution will be less than the amount stated above.

In accordance with IAS 10, there is no payable recognised at 30 June 2024 in respect of this proposed dividend.

## 7 TAXATION

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
<b>Current tax</b>			
UK corporation tax charge for the period	1.3	-	1.7
Current tax charge for the period	<b>1.3</b>	<b>-</b>	<b>1.7</b>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	3.6	3.5	8.4
Adjustment in relation to previous years	-	-	0.3
Deferred tax charge for the period	<b>3.6</b>	<b>3.5</b>	<b>8.7</b>
Total charge for taxation included in the Consolidated Income Statement for continuing operations	<b>4.9</b>	<b>3.5</b>	<b>10.4</b>

Taxation in relation to the amortisation of intangible assets (excluding software amortisation) has reduced the charge for taxation on continuing operations in the half year to 30 June 2024 by £0.4 million (June 2023: £0.6 million; December 2023: £1.0 million). Taxation in relation to exceptional items has decreased the charge for taxation on continuing operations by £nil (June 2023: £nil; December 2023: £0.1 million).

During the half year to 30 June 2024, a £0.2 million charge relating to deferred taxation (June 2023: £0.2 million; December 2023: £2.3 million) has been recognised in other comprehensive income.

### *Reconciliation of effective tax rate*

Taxation on non-exceptional items for the half year to 30 June 2024 is calculated based on the estimated average annual effective tax rate of 24.7% (June 2023: 25.1%; December 2023: 25.8%). This compares to the UK weighted average tax rate at the balance sheet date of 25.0% (June 2023: 23.5%; December 2023: 23.5%). The effective tax rate is impacted by a number of factors, including expenses not deductible for taxation, non-UK taxable profits and short-term timing differences, with first year capital allowances in the period reflecting the full expensing relief announced in the Chancellor's Spring Budget, impacting upon the estimated pattern of reversal of the Group's deferred tax assets and liabilities.

The UK corporation tax rate, which was substantively enacted as part of Finance Bill 2021 on 24 May 2021, is a main rate of 25% with effect from 1 April 2023. Deferred income taxes at the balance sheet date have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. Accordingly, an average deferred income tax rate of 25.0% has been used to measure all deferred tax balances as at 30 June 2024 (June 2023: 25.0%; December 2023: 25.0%).

## 8 EARNINGS PER SHARE

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Profit for the period attributable to Shareholders	13.8	10.0	27.2
Amortisation of intangible assets from continuing operations (net of taxation)	2.4	2.0	4.3
Exceptional items from continuing operations (net of taxation)	-	0.3	1.5
Adjusted profit from continuing operations attributable to Shareholders	16.2	12.3	33.0
Profit from discontinued operations attributable to Shareholders	-	-	0.1
Total adjusted profit from all operations attributable to Shareholders	16.2	12.3	33.1
	<b>Number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of Ordinary shares	414,433,764	429,246,079	424,327,473
Potentially dilutive Ordinary shares	368,547	95,000	406,218
Diluted number of Ordinary shares	414,802,311	429,341,079	424,733,691
	<b>Pence per share</b>	<b>Pence per share</b>	<b>Pence per share</b>
<b>Basic earnings per share</b>			
From continuing operations	3.3p	2.3p	6.4p
From discontinued operations	-	-	-
From total operations	3.3p	2.3p	6.4p
Adjustment for amortisation of intangibles assets (continuing)	0.6p	0.5p	1.0p
Adjustment for exceptional items (continuing)	-	0.1p	0.4p
Adjusted basic earnings per share (continuing)	3.9p	2.9p	7.8p
Adjusted basic earnings per share from total operations	3.9p	2.9p	7.8p
<b>Diluted earnings per share</b>			
From continuing operations	3.3p	2.3p	6.4p
From total operations	3.3p	2.3p	6.4p
Adjustments for amortisation of intangibles assets (continuing)	0.6p	0.5p	1.0p
Adjustment for exceptional items (continuing)	-	0.1p	0.4p
Adjusted diluted earnings per share (continuing)	3.9p	2.9p	7.8p
Adjusted diluted earnings per share from total operations	3.9p	2.9p	7.8p

Basic earnings per share is calculated using the weighted average number of Ordinary shares in issue during the period, excluding those held by the Employee Benefit Trust, based on the profit for the period attributable to Shareholders.

Adjusted earnings per share figures are given to exclude the effects of amortisation of intangible assets (excluding software amortisation) and exceptional items, all net of taxation, and are considered to show the underlying performance of the Group.

For diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary shares. The Company has potentially dilutive Ordinary shares arising from share options granted to employees. Options are dilutive under the SAYE scheme, where the exercise price together with the future IFRS 2 charge of the option is less than the average market price of the Company's Ordinary shares during the period. Options under the LTIP schemes, as defined by IFRS 2, are contingently issuable shares and are therefore only included within the calculation of diluted earnings per share if the performance conditions, as set out in the Directors' Remuneration Report within the 2023 Annual Report and Accounts, are satisfied at the end of the reporting period, irrespective of whether this is the end of the vesting period or not.

Potentially dilutive Ordinary shares are dilutive at the point, from a continuing operations level, when their conversion to Ordinary shares would decrease earnings per share or increase loss per share. For the periods ended 30 June 2024 and 30 June 2023, and the year ended 31 December 2023, potentially dilutive Ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases the earnings per share from continuing operations.

There were no events occurring after the balance sheet date that would have changed significantly the number of Ordinary shares or potentially dilutive Ordinary shares outstanding at the balance sheet date if those transactions had occurred before the end of the reporting period.

9 **GOODWILL**

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	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
<b>Cost</b>			
Brought forward	145.8	135.2	135.2
Impact of foreign exchange translation	(0.2)	-	0.1
Business combinations (note 16)	-	3.2	10.5
	<b>145.6</b>	<b>138.4</b>	<b>145.8</b>
<b>Impairment</b>			
Brought forward	1.4	1.4	1.4
Impairment	-	-	-
	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>
<b>Closing</b>	<b>144.2</b>	<b>137.0</b>	<b>144.4</b>

In accordance with UK-adopted international accounting standards, goodwill is not amortised, but instead is tested annually for impairment, or upon the existence of indicators of impairment per IAS 36, and carried at cost less accumulated impairment losses.

Management have reviewed the indicators of impairment per IAS 36 and do not believe that any have been triggered since 31 December 2023 and, as such, no impairment review has been carried out as at 30 June 2024. In line with the requirements of IAS 36, a full impairment review will be performed during the second half of the year.

10 **INTANGIBLE ASSETS**

*Capitalised software*

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening net book value	1.2	1.6	1.6
Amortisation	(0.3)	(0.2)	(0.4)
Closing net book value	<b>0.9</b>	<b>1.4</b>	<b>1.2</b>

*Other intangible assets*

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening net book value	17.9	9.3	9.3
Business combinations (note 16)	-	1.4	13.8
Foreign exchange differences	(0.2)	-	0.1
Amortisation	(2.8)	(2.6)	(5.3)
Closing net book value	<b>14.9</b>	<b>8.1</b>	<b>17.9</b>
<b>Total</b>	<b>15.8</b>	<b>9.5</b>	<b>19.1</b>

Other intangibles assets comprise of customer contracts and relationships and brands.

## 11 PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening net book value	134.5	119.6	119.6
Foreign exchange differences	(0.2)	-	-
Additions	31.1	12.1	26.9
Business combinations (note 16)	-	1.0	6.4
Transfers from right of use assets	-	-	2.7
Depreciation	(10.8)	(10.2)	(21.0)
Disposals	(0.1)	(0.1)	(0.1)
Closing net book value	154.5	122.4	134.5

The transfer of assets from right of use assets represents the reclassification of the cost of assets from right of use assets where the lease was repaid in the year and the asset is now owned.

## CAPITAL COMMITMENTS

Orders placed for future capital expenditure contracted but not provided for in the financial statements are shown below:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Software	0.1	-	-
Property, plant and equipment	9.6	23.4	27.2

## 12 RIGHT OF USE ASSETS

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening net book value	40.0	31.7	31.7
Additions	1.9	10.4	9.7
Business combinations (note 16)	-	1.5	4.2
Reassessment/modifications of assets previously recognised	1.7	-	3.7
Transfers to property, plant and equipment	-	-	(2.7)
Depreciation	(3.6)	(3.1)	(6.6)
Closing net book value	40.0	40.5	40.0

## 13 TEXTILE RENTAL ITEMS

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening net book value	71.9	63.8	63.8
Foreign exchange differences	(0.1)	-	-
Additions	29.0	29.7	61.0
Business combinations (note 16)	-	0.5	3.4
Depreciation	(29.3)	(25.2)	(53.0)
Special charges	(1.2)	(1.5)	(3.3)
Closing net book value	70.3	67.3	71.9

## 14 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group has applied the requirements of IAS 19, 'Employee Benefits' to its employee pension schemes and post-employment healthcare benefits.

We have agreed with the Trustee of the defined benefit scheme to cease deficit contributions until at least the results of the next triennial valuation. Accordingly, in the half year to 30 June 2024, no deficit recovery payments were paid by the Group to the defined benefit scheme (June 2023: £0.9 million; December 2023: £1.6 million).

Following discussions with the Group's appointed actuary, a re-measurement gain of £3.5 million has been recognised in the half year to 30 June 2024. The improvement in the position is mainly driven by an increase in the discount rate assumption from 31 December 2023 (due to increases in corporate bond yields) and a decrease in the commutation and early retirement factors.

The post-employment benefit asset / (obligation) and associated deferred income tax (liability) / asset thereon are shown below:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Post-employment benefit asset / (obligation)	3.2	(7.8)	(0.3)
Deferred income tax (liability) / asset thereon	(0.8)	1.9	0.1
	<b>2.4</b>	<b>(5.9)</b>	<b>(0.2)</b>

The reconciliation of the opening gross post-employment benefit obligation to the closing gross post-employment benefit asset / (obligation) is shown below:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Opening post-employment benefit obligation	(0.3)	(10.2)	(10.2)
Notional interest	-	(0.2)	(0.5)
Deficit recovery payments	-	0.9	1.6
Re-measurement and experience gains	3.5	1.6	8.8
Utilisation of healthcare provision	-	0.1	-
Closing post-employment benefit surplus / (obligation)	<b>3.2</b>	<b>(7.8)</b>	<b>(0.3)</b>

Post-employment benefit assets / (obligations) are comprised of the following balance sheet amounts:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Post-employment benefit assets (Non-current assets)	3.5	-	-
Post-employment benefit obligations (Non-current liabilities)	(0.3)	(7.8)	(0.3)
	<b>3.2</b>	<b>(7.8)</b>	<b>(0.3)</b>

## 15 SHARE CAPITAL

Issued share capital is as follows:

	Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
Share capital at the start of the period	41.4	43.9	43.9
Share buybacks	-	(1.7)	(2.5)
Share capital at the end of the period	<b>41.4</b>	<b>42.2</b>	<b>41.4</b>

Full details of the buybacks completed in the year to 31 December 2023 are shown in the 2023 Annual Report and Accounts.

## 16 BUSINESS COMBINATIONS

There have been no business combinations in the half year to 30 June 2024.

During 2023, the Group acquired 100% of the share capital of Regency Laundry Limited ('Regency') for a net consideration of £5.3 million (being gross consideration of £5.75 million on a debt free, cash free basis, subject to a level of normalised working capital) plus associated fees.

The Group also acquired 100% of the share capital of Harkglade Limited, together with its trading subsidiaries Celtic Linen Limited and Millbrook Linen Limited (together, 'Celtic Linen'), for a net consideration of £25.2 million (being a gross consideration of £27.1 million on a debt free, cash free basis, subject to a locked box mechanism and a normalised level of working capital) plus associated fees.

Full details of the acquisitions are provided in the 2023 Annual Report and Accounts.

## 17 BORROWINGS

At 30 June 2024, borrowings were secured and drawn down under a committed facility dated 8 August 2022. The facility comprises a £120.0 million rolling credit facility (including an overdraft) which runs to August 2027, and an option, subject to bank consent, to increase the facility by up to an additional £15.0 million.

Individual tranches are drawn down, in Sterling or Euros, for periods of up to six months at SONIA or Euribor rates of interest respectively, prevailing at the time of drawdown, plus the credit adjustment spread and the applicable margin. The margin on the facility ranges between 1.45% and 2.45% and was 1.45% at 30 June 2024. Margin is determined on the achievement of leverage ratios.

The secured bank loans are stated net of unamortised issue costs of £0.7 million (30 June 2023: £0.6 million; 31 December 2023: £0.6 million) of which £0.4 million is included within current borrowings (30 June 2023: £0.4 million; 31 December 2023: £0.4 million) and £0.3 million is included within non-current borrowings (30 June 2023: £0.2 million; 31 December 2023: £0.2 million). Details of the security are provided in note 21 to the Condensed Consolidated Interim Financial Statements.

The Group has three net overdraft facilities for £5.0 million, £3.0 million and €1.5 million (£1.3 million) with its three principal bankers.

Amounts drawn under the revolving credit facility have been classified as either current or non-current depending upon when the loan is expected to be repaid.

## 18 ANALYSIS OF NET DEBT

Net debt is calculated as total borrowings net of unamortised bank facility fees, less cash and cash equivalents. Non-cash changes represent the effects of the recognition and subsequent amortisation of fees relating to the bank facility, changing maturity profiles, debt acquired as part of an acquisition and the recognition of lease liabilities entered into during the period.

	At 1 January 2024 £m	Cash Flow £m	Non-cash Changes £m	Foreign Exchange Adjustments £m	At 30 June 2024 £m
June 2024					
Debt due within one year	0.4	0.3	(0.3)	-	0.4
Debt due after more than one year	(63.0)	(18.5)	0.1	0.6	(80.8)
Lease liabilities	(43.2)	3.3	(3.7)	-	(43.6)
Total debt and lease liabilities	(105.8)	(15.9)	(3.3)	0.6	(124.4)

Total debt and lease financing	(105.8)	(14.9)	(3.9)	0.6	(124.0)
Cash and cash equivalents	0.9	5.4	-	-	6.3
Net debt	(104.9)	(9.5)	(3.9)	0.6	(117.7)

	At 1 January 2023 £m	Cash Flow £m	Non-cash Changes £m	Foreign Exchange Adjustments £m	At 30 June 2023 £m
<b>June 2023</b>					
Debt due within one year	0.2	0.3	(0.1)	-	0.4
Debt due after more than one year	(14.7)	(24.9)	(0.2)	-	(39.8)
Lease liabilities	(34.3)	2.9	(11.8)	-	(43.2)
Total debt and lease financing	(48.8)	(21.7)	(12.1)	-	(82.6)
Cash and cash equivalents	0.8	(1.9)	-	-	(1.1)
Net debt	(48.0)	(23.6)	(12.1)	-	(83.7)
	At 1 January 2023 £m	Cash Flow £m	Non-cash Changes £m	Foreign Exchange Adjustments £m	At 31 December 2023 £m
<b>December 2023</b>					
Debt due within one year	0.2	2.0	(1.8)	-	0.4
Debt due after more than one year	(14.7)	(47.6)	(0.3)	(0.4)	(63.0)
Lease liabilities	(34.3)	7.6	(16.5)	-	(43.2)
Total debt and lease financing	(48.8)	(38.0)	(18.6)	(0.4)	(105.8)
Cash and cash equivalents	0.8	0.1	-	-	0.9
Net debt	(48.0)	(37.9)	(18.6)	(0.4)	(104.9)

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Net debt	(117.7)	(83.7)	(104.9)
Add back: IFRS 16 lease liabilities	43.6	43.2	43.2
Net debt excluding IFRS 16 lease liabilities	(74.1)	(40.5)	(61.7)

## 18 ANALYSIS OF NET DEBT (continued)

The cash and cash equivalents figures are comprised of the following balance sheet amounts:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Cash (Current assets)	10.0	6.0	9.6
Overdraft (Borrowings, Current liabilities)	(3.7)	(7.1)	(8.7)
	6.3	(1.1)	0.9

Lease liabilities are comprised of the following balance sheet amounts:

	As at 30 June 2024 £m	As at 30 June 2023 £m	As at 31 December 2023 £m
Amounts due within one year (Lease liabilities, Current liabilities)	(5.8)	(5.1)	(5.5)
Amounts due after more than one year (Lease liabilities, Non-current liabilities)	(37.8)	(38.1)	(37.7)
	(43.6)	(43.2)	(43.2)

## 19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Half year to 30 June 2024 £m	Half year to 30 June 2023 £m	Year ended 31 December 2023 £m
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Increase / (decrease) in cash in the period	5.4	(1.9)	0.1
Increase in debt and lease financing	(14.9)	(21.7)	(38.0)
Change in net debt resulting from cash flows	(9.5)	(23.6)	(37.9)
Debt acquired through business combinations (note 16)	-	(1.8)	(5.1)
Lease liabilities recognised during the period	(3.7)	(10.2)	(13.2)
Non-cash movement in unamortised bank facility fees	(0.2)	(0.1)	(0.3)
Foreign exchange adjustments	0.6	-	(0.4)
Movement in net debt during the period	(12.8)	(35.7)	(56.9)
Opening net debt	(104.9)	(48.0)	(48.0)
Closing net debt	(117.7)	(83.7)	(104.9)

## 20 RELATED PARTY TRANSACTIONS

Transactions during the period between the Company and its subsidiaries, which are related parties, have been conducted on an arms length basis and eliminated on consolidation. Full details of the Group's other related party relationships, transactions and balances are given in the Group's Annual Report and Accounts for the year ended 31 December 2023. There have been no material changes in these relationships in the half year to 30 June 2024 or up to the date of this Report.

## 21 CONTINGENT LIABILITIES

The Group operates from a number of sites across the UK and the Republic of Ireland. Some of the sites have operated as laundry sites for many years and historic environmental liabilities may exist. Such liabilities are not expected to give rise to any significant loss.

The Group has granted its Bankers and Trustee of the Pension Scheme (the 'Trustee') security over the assets of the Group. The priority of security is as follows:

- first ranking security for £28.0 million to the Trustee ranking pari passu with up to £155.0 million of bank liabilities; and
- second ranking security for the balance of any remaining liabilities to the Trustee ranking pari passu with any remaining bank liabilities.

During the period of ownership of the Facilities Management division the Company had given guarantees over the performance of contracts entered into by the division. As part of the disposal of the division the purchaser has agreed to pursue the release or transfer of obligations under the Parent Company guarantees and this is in process. The sale and purchase agreement contains an indemnity from the purchaser to cover any loss in the event a claim is made prior to release. In the period until release the purchaser is to make a payment to the Company of £0.2 million per annum, reduced pro rata as guarantees are released. Such liabilities are not expected to give rise to any significant loss.

## 22 EVENTS AFTER THE REPORTING PERIOD

On 2 September 2024, the Group acquired the entire issued share capital of Empire Linen Services Limited ('Empire') for a consideration of £20.6 million on a debt free, cash free, basis and subject to normalised working capital.

Empire provides linen services to luxury hotels in London and the South East. Revenue and profit before tax for the year ended 30 June 2023, as shown in the unaudited statutory accounts, were £10.9 million and £0.9 million, respectively. The revenue and profit before tax as shown in the management accounts for the year ended 30 June 2024 were £13.9 million and £2.8 million, respectively. The business employs some 170 employees and operates from a 26,000 square foot leasehold site in Tottenham.

There have been no other events that require disclosure in accordance with IAS10, 'Events after the balance sheet date'.

## 23 PRINCIPAL RISKS AND UNCERTAINTIES

### *Approach to Risk Management*

The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee coordinates and reviews the effectiveness of the Group's risk management process.

Risks are reviewed by all of our businesses on an ongoing basis and are measured against a defined set of likelihood and impact criteria. This is captured in consistent reporting formats enabling the Audit Committee to review and consolidate risk information and summarise the principal risks and uncertainties facing the Group. Wherever possible, action is taken to mitigate, to an acceptable level, the potential impact of identified principal risks and uncertainties.

The Board formally reviews the most significant risks facing the Group at its March and August meetings, or more frequently should new matters arise. Throughout 2024 to date, the overall risk environment remained largely unchanged from that reported within the Group's 2023 Annual Report.

#### *Risk Appetite*

The Board interprets appetite for risk as the level of risk that the Group is willing to take in order to meet its strategic goals. The Board communicates its approach to, and appetite for, risk to the business through the strategy planning process and the internal risk governance and control frameworks. In determining its risk appetite, the Board recognises that a prudent and robust approach to risk assessment and mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has greatly contributed to the success of the Group is not inhibited. Both the Board and the Audit Committee remain satisfied that the Group's internal risk control framework continues to provide the necessary element of flexibility without compromising the integrity of risk management and internal control systems.

#### *Emerging Risks*

The Board has established processes for identifying emerging risks, and horizon scanning for risks that may arise over the medium to long term. Emerging and potential changes to the Group's risk profile are identified through the Group's risk governance frameworks and processes, and through direct feedback from management, including changing operating conditions, market and consumer trends. During the first half of the year, the Board, in conjunction with management, considered the potential impact on the Group of a change in government. Whilst no immediate actions have been identified to date, the Board will continue to monitor developments.

#### *Principal Risks and Uncertainties*

The principal risks and uncertainties affecting the Group are summarised below:

- |  |                                     |
|--|-------------------------------------|
| ▪ Economic and Political Conditions                  | ▪ Pandemic or Other National Crisis |
| ▪ Cost Inflation                                     | ▪ Health & Safety                   |
| ▪ Failure of Strategy                                | ▪ Compliance and Fraud              |
| ▪ Recruitment, Retention and Motivation of Employees | ▪ Insufficient Processing Capacity  |
| ▪ Loss of a Processing Facility                      | ▪ Customer Sales and Retention      |
| ▪ Competition and Disruption                         | ▪ Climate Change and Energy Costs   |
| ▪ Information Systems and Technology                 |                                     |

Full details of the above risks, together with details on how the Board takes action to mitigate each risk, were provided in our 2023 Annual Report. These risks and uncertainties do not comprise all of the risks that the Group may face and are not necessarily listed in any order of priority. Additional risks and uncertainties not presently known to the Board, or deemed to be less material, may also have an adverse effect on the Group.

In accordance with the provisions of the UK Corporate Governance Code, the Board has taken into consideration the principal risks and uncertainties in the context of determining whether to adopt the going concern basis of preparation and when assessing the future prospects of the Group.

## **24 PUBLISHED FINANCIAL STATEMENTS**

There is no regulatory requirement to send out half-yearly reports to all Shareholders or to advertise the content in a national newspaper. In order to reduce costs, the Company has taken advantage of this reporting regime and no longer publishes half-yearly reports for individual circulation to Shareholders. Information that would normally be included in a half-yearly report is made available on the Company's website at [www.jsq.com](http://www.jsq.com)

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