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27 May 2025

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

Interim results and trading update

REACT Group plc (AIM: REAT), the leading specialist support services provider to the FM industry, announces its unaudited interim results for the six-month period ended 31 March 2025.

The Company's acquisition of 24h Aquaflow Services in October 2024 has generated a positive contribution to both revenue and EBITDA in the first five months following consolidation and, as a result, the Group has expanded in the first half of FY 2025.

Financial highlights

- Revenue increased by 14% to £12.1m (H1 2024: £10.6m) driven by the recent acquisition of 24hr Aquaflow Services.
 - First time five months' revenue contribution from 24hr Aquaflow Services of £2.8m.
- Repeat or recurring revenue greater than 85% (H1 2024: >85%).
- Gross profit increased by 35% to £3.9m (H1 2024: £2.9m).
- Gross profit margin strengthened by 490 basis points to 32.0% (H1 2024: 27.1%) as the Group benefitted from higher gross margins in 24hr Aquaflow Services.
- Adjusted EBITDA* increased by 12% to £1.43m (H1 2024: £1.28m).
 - First time five months' Adjusted EBITDA contribution from 24hr Aquaflow Services of £827k.
- Free cash flow of £204k (H1 2024: £923k), after exceptional items mainly relating to the acquisition of 24hr Aquaflow Services and corporation tax.
- Cash and cash equivalents as at 31 March 2025 of £2.8m (H1 2024: £1.5m).
 - Net debt of £1.9m as at 31 March 2025 includes £3.2m from the £3.5m new term loan drawn in the period to fund the acquisition of 24hr Aquaflow Services
- Basic (loss)/earnings per share of (1.18p) (H1 2024: 0.41p), reflecting an incremental increase in amortisation and depreciation as a direct result of the acquisition of 24hr Aquaflow Services.
- Adjusted EBITDA earnings per share of 6.07p (H1 2024: 6.02p).

Operational & strategic highlights

- Robust financial performance despite headwinds - first-half Group revenue grew 14% to £12.1m, with gross profit up 35% to £3.9m and Adjusted EBITDA increasing 12% to £1.4m and reflecting the contribution from 24hr Aquaflow Services acquired in late October 2024.
- Resilient revenue mix - >85% of revenue is recurring or repeat, providing stability while shifting toward higher-margin services to support long-term profitability.
- Strategic expansion - the integration of 24hr Aquaflow Services has strengthened cross-selling opportunities and unlocked new revenue streams, including a 12-month commercial drainage contract with a major FM-sector client in London.
- Driving operational efficiencies - the rollout of Project Sparkle, the Group's digital platform for commercial window cleaning, is underway. This initiative will streamline processes, enhance customer interaction, and create new cross-selling opportunities, ultimately improving operational efficiency and driving scalable revenue growth.
- Navigating market headwinds - rising employer national insurance and living wage costs are pressuring customers, affecting demand for specialist cleaning services. While the Group can pass on statutory cost increases, it has taken a collaborative approach, ensuring fair pricing and maintaining strong customer partnerships with minimal churn. Meanwhile, 24hr Aquaflow Services' strong performance has helped mitigate some of these pressures.

- Effective customer engagement strategy - REACT has proactively worked with customers to implement fair cost adjustments while ensuring service continuity. This flexible approach has helped preserve customer relationships but has had some impact on revenue and profitability.
- Balance sheet strength - £2.8m in cash and cash equivalents, providing financial stability and ample working capital headroom.

Current trading & outlook

- Despite market challenges, REACT remains focused on mid-market opportunities, where shorter decision cycles continue to drive cross-selling and upselling, reinforcing customer retention and long-term value creation.
- Deals that experienced delays in H1 2025 are now progressing, supporting re-emerging revenue growth which may benefit the second half of the current financial year.
- While challenges remain in specialist cleaning and soft FM services, 24hr Aquaflow Service' performance has helped offset some of these pressures, reinforcing our ability to adapt.
- In light of prevailing sector specific and global economic pressures extending business decision cycles, particularly for higher value contracts, the Board is adopting a cautious approach to conversion of new business in the second half of FY 2025 and results are now expected to be below market expectations.
- 24hr Aquaflow Services maintains strong momentum, with a steady flow of new opportunities.

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

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

"REACT has delivered a robust first-half performance, despite market headwinds impacting organic growth. Following the acquisition of 24hr Aquaflow Services, revenue increased 14% to £12.1m, with Adjusted EBITDA up 12%, reflecting the strength of our recurring revenue base and proactive cost management, while also enhancing our financial and operational infrastructure to support the business' continued scaling.

While economic pressures have materially affected some areas, the successful integration of 24hr Aquaflow Services has been a key growth driver, helping to offset some of the challenges in specialist cleaning. Looking ahead, we remain focused on strengthening pipeline momentum and capitalising on mid-market opportunities, where shorter decision cycles are supporting new business wins. Investments in Project Sparkle, customer engagement, and service optimisation continue to enhance efficiency, positioning REACT well for long-term, sustainable growth despite broader market challenges. The Board is taking a more cautious approach with respect to the expected outturn for the current financial year but firmly believes that REACT is well positioned to capitalise on an improvement in the economy."

Investor Presentation

REACT Group plc announces that Shaun Doak, Chief Executive Officer, Spencer Dredge, Chief Financial Officer and Mark Braund, Chair, will provide a live presentation relating to the half year results via Investor Meet Company on 29 May 2025, 12:30 BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 28 May 2025, 09:00 BST, or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet REACT GROUP PLC via:

<https://www.investormetcompany.com/react-group-plc/register-investor>

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

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About Us:

REACT Group plc is one of the UK's leading support services providers to the facility management (FM) sector, operating across four key service propositions:

- LaddersFree, one of the UK's largest commercial window cleaning businesses, delivering nationwide services.
- Fidelis Contract Services ("Fidelis"), a contract cleaning and soft facilities maintenance provider focused on long-term client partnerships.
- REACT, specialising in emergency and specialist cleaning solutions, offering both long-term framework agreements and rapid response services.
- 24hr Aquaflow Services, a recently acquired commercial drainage and plumbing business serving clients across London and the South East of England.

Strategic overview

REACT has delivered a robust first-half performance, navigating a challenging market with focus and adaptability. Aided by the acquisition of 24hr Aquaflow Services in October 2024, Group revenue increased 14% to £12.1m, with gross profit rising 35% to £3.9m and Adjusted EBITDA up 12% to £1.4m, driven by disciplined execution and the strength of our recurring revenue base, which now accounts for >85% of total revenues.

Macroeconomic pressures and a record comparative period in H1 2024 have influenced organic growth, but the successful integration of 24hr Aquaflow Services has unlocked new revenue streams and expanded cross-selling opportunities. This includes specialist cleaning projects supporting the drainage division and a 12-month commercial drainage contract with a major FM-sector client in London, servicing a landmark location. While challenges remain in specialist cleaning and soft FM services, 24hr Aquaflow Services' performance has helped offset some of these pressures, reinforcing the Group's ability to adapt.

At the same time, sales efforts across the Group have continued with encouraging success, despite longer decision cycles, particularly for high-value deals. Each division has achieved notable wins and strengthened customer relationships.

Alongside operational execution, the Group has continued investing in financial and infrastructure improvements to support long-term growth. Key priorities include strengthening the Finance team, advancing Project Sparkle, and enhancing customer engagement and service delivery.

Additionally, as outlined in our FY 2024 Annual Report & Accounts, the Group made a strategic decision to exit the periodic deep clean business in the rail sector following a shift in service expectations. During and immediately after COVID-19, heightened hygiene requirements drove high-value contracts, but as standards eased, pricing and margins declined to unsustainable levels. This exit from this division removed approximately £1.1m in revenue, which was included in H1 2024 but is now fully absent in H1 2025, impacting year-on-year comparisons. While this affects short-term results, it strengthens the Group's focus on sustainable, high-margin opportunities, ensuring resources are deployed where they drive long-term value.

Sales performance & market dynamics

Despite a slower market and extended decision cycles, particularly for higher-value deals, sales efforts have continued across all divisions, yielding solid results.

Soft FM services at Fidelis secured several upsell and cross-sell opportunities, including two large deals worth approximately £300k annually. Additionally, Fidelis closed four mid-sized contracts with new customers totalling around £100k annually and established breakthrough relationships with two new FM firms focused on void cleaning work in the housing association sector. The division also successfully navigated multiple long-term contract renewals, including three material agreements worth approximately £800k annually.

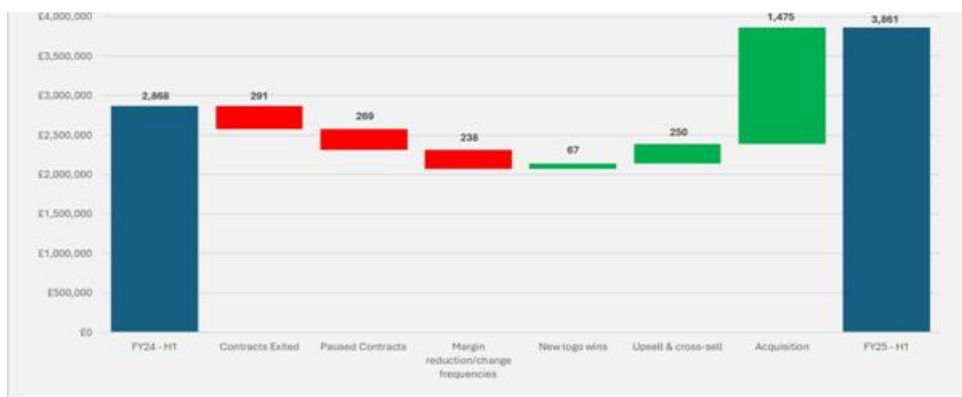
LaddersFree, the Group's nationwide commercial window cleaning business, has faced challenges due to market headwinds but has successfully retained customers impacted by cost pressures by adjusting service specifications and cleaning frequencies. Sales momentum remains solid, with 45 new customer acquisitions, predominantly in the SME segment, alongside two national contracts with well-known brands and 68 incremental new sites onboarded for existing customers.

REACT's specialist cleaning division experienced a slight slowdown in project work volumes, though this was offset by 18 new customer acquisitions during the period. These customers represent a mix of contracted and ad hoc work, contributing approximately £500k in annualised revenue.

Meanwhile, 24hr Aquaflow Services secured three new FM-sector clients, each presenting opportunities for significant revenue expansion. One of these customers has already signed a contract to service 167 sites for 'first-call' services, expected to generate approximately £100k per year based on historical trends. Additionally, 24hr Aquaflow Services recently secured a 12-month commercial drainage contract with a major FM-sector client, servicing a landmark London location. This contract reinforces REACT's ability to integrate and scale specialist services across its divisions.

The waterfall graph below provides a breakdown of gross profit contribution between H1 2024 and H1 2025, highlighting the key factors driving changes over the period.





Operational & strategic execution

Cross-selling and upselling remain central to the Group's strategy, strengthening customer relationships and driving additional value across all divisions.

The acquisition of 24hr Aquaflow Services in October 2024 has been a standout success in this regard, demonstrating REACT's ability to integrate niche facilities management operators while unlocking new revenue streams.

Beyond integration efforts, the Group has made targeted investments in financial and operational infrastructure to support continued growth. Strengthening the Finance team, improving customer engagement, and enhancing service delivery remain key priorities.

Meanwhile, Project Sparkle, the Group's digital platform for commercial window cleaning, is actively rolling out. Designed to enhance scalability, operational efficiency, and customer engagement, the platform will streamline operations and unlock new service opportunities. Once fully deployed, it will strengthen revenue growth across the business while improving long-term service capabilities.

Navigating market challenges

Many of the Group's customers continue to face economic pressures, including higher retail business rates, increased labour costs, and statutory changes like higher employer national insurance contributions and an increased living wage. These factors have created financial constraints, particularly in soft FM services, affecting demand and profitability.

In response, the Company has worked proactively with customers to establish fair agreements, allowing it to responsibly pass on statutory cost increases while maintaining service continuity. This approach helps customers balance their budgets effectively while ensuring essential operations continue, reinforcing REACT's role as a trusted partner.

To support customers through these challenges, the Group has adjusted service levels, including reducing cleaning frequencies where appropriate and, in some cases, temporarily pausing services to help customers manage costs without compromising standards. This reduction in activity levels inevitably impacted the revenues generated from these areas of the Group during the period and is expected to continue through the second half of the year, and into FY'26. The strong performance of 24hr Aquaflow Services has helped counteract some of these pressures, showing resilience in drainage and plumbing operations despite broader market challenges.

Cash flow, balance sheet & capital allocation

Cash generated from continuing operations totalled £0.7m, after settling £0.4m in corporation tax, £0.2m in exceptional items (primarily related to the 24hr Aquaflow Services acquisition), and adjusting for non-cash items, depreciation, and amortisation of £1.3m.

Cash flows from financing activities reached £4.1m, which includes drawing a new 4-year £3.5m bank loan and raising £1.1m from a share placing, offset by loan repayments of £0.3m and interest and lease liability payments of £0.1m each.

At period-end, cash and cash equivalents stood at £2.8m, reinforcing the Group's strong liquidity position. Free cash flow for the period was £0.2m, after settling £0.2m in exceptional items, £0.4m in corporation taxes, and £0.3m in capital investments.

At period-end, net debt £1.9m is made up of bank debt £3.9m, finance leases £0.8m and cash and cash equivalents £2.8m. Bank debt includes £3.2m from the £3.5m new term loan drawn in the period to fund the acquisition of 24hr Aquaflow Services.

People & talent strategy

Investing in our people, technology, and operational foundations remains central to our long-term growth strategy. Strengthened financial and management reporting has improved decision-making, while tailored training programs continue to develop internal talent and enhance performance.

The Group has also expanded its sales and marketing capabilities, making targeted investments in business development that will drive future growth.

The Board extends its sincere appreciation to all employees for their dedication, professionalism, and contributions to REACT's success.

Outlook & strategic direction

The Board is mindful of the difficult operating environment with rising costs, inflationary pressures, and evolving regulations affecting businesses across the FM sector. Despite these challenges, REACT has demonstrated resilience, underpinned by strong recurring revenues and a customer-centric approach that fosters long-term partnerships.

Encouragingly, demand for integrated service solutions is growing, with mid-market opportunities offering shorter decision cycles and driving new contract wins, particularly through cross-selling and upselling strategies.

The successful integration of 24hr AquafLOW Services has strengthened the Group's capabilities, unlocking new revenue streams and reinforcing its position as a trusted provider.

Looking ahead, the Board remains confident in its ability to navigate market challenges. Strategic investments in operational efficiencies, digital transformation, and customer engagement including the rollout of Project Sparkle will enhance service delivery and support future growth. As conditions improve, REACT is well-positioned to accelerate growth, leveraging our expanded capabilities to deliver sustainable, long-term value for customers and shareholders alike.

The Board is taking a more cautious approach with respect to the expected outturn for the current financial year but firmly believes that REACT is well positioned to capitalise on an improvement in the economy.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 March 2025

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	6 months ended 31 March 2025	6 months ended 31 March 2024	Year ended 30 September 2024
Note	£'000	£'000	£'000
Continuing Operations			
Revenue	12,083	10,566	20,749
Cost of Sales	<u>(8,222)</u>	<u>(7,698)</u>	<u>(15,024)</u>
Gross Profit	3,861	2,868	5,725
Administrative expenses	(3,977)	(2,560)	(5,438)
Adjusted EBITDA*	1,433	1,281	2,410
Depreciation	(193)	(77)	(138)
Amortisation	(1,060)	(821)	(1,643)
Exceptional items	(220)	(56)	(253)
Share-based payments	<u>(76)</u>	<u>(19)</u>	<u>(89)</u>
Operating (loss)/profit	<u>(116)</u>	<u>308</u>	<u>287</u>
Finance cost	(109)	(78)	(131)
Taxation	<u>(55)</u>	<u>(143)</u>	<u>(138)</u>
(Loss)/profit for the period	<u>(280)</u>	<u>87</u>	<u>18</u>
Other comprehensive Income	-	-	-
(Loss)/profit for the financial period attributable to equity holders of the company	<u>(280)</u>	<u>87</u>	<u>18</u>

Basic, diluted earnings and adjusted EBITDA per share 4

Basic (loss)/earnings per share	<u>(1.18)p</u>	<u>0.41p</u>	<u>0.08p</u>
Diluted (loss)/earnings per share	<u>(1.18)p</u>	<u>0.37p</u>	<u>0.08p</u>
Adjusted basic EBITDA per share	<u>6.07p</u>	<u>6.02p</u>	<u>11.18p</u>
Adjusted diluted EBITDA earnings per share	<u>5.53p</u>	<u>5.50p</u>	<u>10.22p</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	As at 31 March 2025	As at 31 March 2024	As at 30 September 2024
	£'000	£'000	£'000
Assets			
Non-current assets			
Intangibles - Goodwill	9,921	5,533	5,446
Intangibles - Other	3,635	3,216	2,394
Property, plant and equipment	2,222	2,227	2,137

Property, plant and equipment	323	231	421
Right-of-use assets	793	56	95
Deferred tax asset	56	143	58
	<u>15,328</u>	<u>9,185</u>	<u>8,420</u>
Current assets			
Stock	3	3	3
Trade and other receivables	4,825	4,660	3,720
Cash and cash equivalents	<u>2,830</u>	<u>1,518</u>	<u>1,778</u>
	<u>7,658</u>	<u>6,181</u>	<u>5,501</u>
Total assets	<u><u>22,986</u></u>	<u><u>15,366</u></u>	<u><u>13,921</u></u>
Equity			
Shareholders' Equity			
Called-up equity share capital	2,955	2,669	2,694
Share premium account	1,259	10,915	10
Reverse acquisition reserve	(5,726)	(5,726)	(5,726)
Capital redemption reserve	-	3,337	-
Merger relief reserve	1,328	1,328	1,328
Share based payments	290	144	214
Accumulated surplus/(deficit)	9,862	(4,036)	10,142
Total Equity	<u>9,968</u>	<u>8,631</u>	<u>8,662</u>
Liabilities			
Current liabilities			
Trade and other payables	3,460	3,679	3,240
Loans and other borrowings	1,182	188	235
Lease liabilities within one year	676	30	48
Deferred consideration	953	907	-
Corporation tax	<u>944</u>	<u>541</u>	<u>659</u>
	<u>7,215</u>	<u>5,345</u>	<u>4,182</u>
Non-current liabilities			
Loans and other borrowings	2,739	585	452
Lease liabilities after one year	143	23	49
Deferred consideration	1,907	-	-
Deferred tax liability	<u>1,014</u>	<u>782</u>	<u>576</u>
	<u>5,803</u>	<u>1,390</u>	<u>1,077</u>
Total liabilities	<u>13,018</u>	<u>6,735</u>	<u>5,259</u>
Total Liabilities and Equity	<u><u>22,986</u></u>	<u><u>15,366</u></u>	<u><u>13,921</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2025

	<i>Unaudited 6 months ended 31 March 2025 £'000</i>	<i>Unaudited 6 months ended 31 March 2024 £'000</i>	<i>Audited Year ended 30 September 2024 £'000</i>
Net cash inflow from operations	667	1,147	2,788
Cash flows from financing activities			
Proceeds of share issue	1,115	30	60
Expenses of share issue	(105)	-	-
Lease liability payments	(77)	(26)	(42)
Bank loans	3,218	(80)	(138)
Interest paid	<u>(109)</u>	<u>(78)</u>	<u>(113)</u>
Net cash generated/(outflow) from financing activities	<u>4,042</u>	<u>(154)</u>	<u>(233)</u>
Cash flows from investing activities			
Capital expenditure	(277)	(120)	(410)
Acquisition of subsidiary, net of cash acquired	<u>(3,380)</u>	<u>(1,023)</u>	<u>(2,007)</u>
Net cash outflow from investing activities	<u>(3,657)</u>	<u>(1,143)</u>	<u>(2,417)</u>
Net increase/(decrease) in cash, cash equivalents and overdrafts	1,052	(150)	138
Cash, cash equivalents and overdrafts at beginning of period	<u>1,778</u>	<u>1,640</u>	<u>1,640</u>
Cash, cash equivalents and overdrafts at end of period	<u><u>2,830</u></u>	<u><u>1,490</u></u>	<u><u>1,778</u></u>

Analysis of cash, cash equivalents and overdrafts:

Cash at bank and in hand	2,830	1,518	1,778
Overdrafts	<u>-</u>	<u>(28)</u>	<u>-</u>
	<u><u>2,830</u></u>	<u><u>1,490</u></u>	<u><u>1,778</u></u>

Reconciliation of profit for the period to cash outflow from operations

	Unaudited 6 months ended 31 March 2025 £'000	Unaudited 6 months ended 31 March 2024 £'000	Audited Year ended 30 September 2024 £'000
(Loss)/profit for the period	(280)	87	18
Decrease in stocks	-	4	4
Increase in receivables	127	(254)	741
Increase in payables	(234)	181	(105)
Depreciation and amortisation charges	1,253	898	1,781
Finance costs	109	78	131
Tax charge	55	143	138
Share based payment	76	19	89
Tax paid	(439)	(9)	(9)
Net cash inflow from operations	667	1,147	2,788

Consolidated Statement of Changes in Equity

For the six months ended 31 March 2025

	Share Capital	Share Premium	Merger Relief Reserve	Capital Redemption Reserve	Reverse Acquisition Reserve	Share Based Payments Reserve	Accumulated surplus/(deficit)	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2024	2,694	10	1,328	-	(5,726)	214	10,142	8,662
Issue of shares	261	1,249	-	-	-	-	-	1,510
Share based payments	-	-	-	-	-	76	-	76
Loss for the period	-	-	-	-	-	-	(280)	(280)
At 31 March 2025	2,955	1,259	1,328	-	(5,726)	290	9,862	9,968
At 1 October 2023	2,644	10,910	1,328	3,337	(5,726)	125	(4,123)	8,495
Issue of shares	25	5	-	-	-	-	-	30
Share based payments	-	-	-	-	-	19	-	19
Profit for the period	-	-	-	-	-	-	87	87
At 31 March 2024	2,669	10,915	1,328	3,337	(5,726)	144	(4,036)	8,631
As 1 October 2023	2,644	10,910	1,328	3,337	(5,726)	125	(4,123)	8,495
Issue of shares	50	10	-	-	-	-	-	60
Share based payments	-	-	-	-	-	89	-	89
Capital reduction	-	(10,910)	-	(3,337)	-	-	14,247	-
Profit for the period	-	-	-	-	-	-	18	18
At 30 September 2024	2,694	10	1,328	-	(5,726)	214	10,142	8,662

Notes to the interim financial statements

1. Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom and on a historical basis, using the accounting policies which are consistent with those set out in the Group's annual report and accounts for the year ended 30 September 2024. The interim financial information for the six months ended 31 March 2025, which complies with IAS 34 'Interim Financial Reporting' were approved by the Board of Directors on 26 May 2025.

The unaudited interim financial information for the six months ended 31 March 2025 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 30 September 2024 are extracted from the statutory financial statements which have been

the year ended 30 September 2021 are extracted from the statutory financial statements which have been filed with the Registrar of Companies and contain an unqualified audit report and did not contain statements under Section 498 to 502 of the Companies Act 2006. As disclosed in note 4, for the purposes of calculating earnings per share, these interim accounts and comparative periods are presented on the basis that the share consolidation was effective for all reporting periods.

2. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, being that of specialist cleaning and decontamination services. Although the Group operates in only one geographic segment, which is the UK, it has also analysed the sources of its business into the segments of Contract Maintenance, Contract Reactive, Ad Hoc work and the Group overhead.

Unaudited 6 months ended 31-Mar-25					
	Contract Maintenance £'000	Contract Reactive £'000	Ad Hoc Work £'000	Plc/Holdings £'000	Total £'000
Revenue	8,524	1,928	1,631	-	12,083
Cost of sales	(5,316)	(1,004)	(1,117)	-	(7,437)
Direct costs	(498)	(170)	(117)	-	(785)
Gross profit	2,710	754	397	-	3,861
Administrative Expenses	(1,495)	(433)	(260)	(1,789)	(3,977)
Operating (Loss)/profit	1,215	321	137	(1,789)	(116)
Adjusted EBITDA	1,367	367	147	(448)	1,433
Total Assets	5,804	1,620	900	14,662	22,986
Total Liabilities	(3,672)	(856)	(654)	(7,836)	(13,018)

Unaudited 6 months ended 31-Mar-24					
	Contract Maintenance £'000	Contract Reactive £'000	Ad Hoc Work £'000	Plc/Holdings £'000	Total £'000
Revenue	8,031	1,439	1,096	-	10,566
Cost of sales	(5,511)	(886)	(778)	-	(7,175)
Direct costs	(267)	(215)	(41)	-	(523)
Gross profit	2,253	338	277	-	2,868
Administrative Expenses	(914)	(201)	(164)	(1,281)	(2,560)
Operating profit/(Loss)	1,339	137	113	(1,281)	308
Adjusted EBITDA	1,384	144	121	(368)	1,281
Total Assets	4,846	976	770	8,774	15,366
Total Liabilities	(3,193)	(442)	(425)	(2,675)	(6,735)

Audited 12 months ended 30-Sep-24					
	Contract Maintenance £'000	Contract Reactive £'000	Ad Hoc Work £'000	Plc/Holdings £'000	Total £'000
Revenue	15,450	2,629	2,670	-	20,749
Cost of sales	(10,297)	(1,899)	(1,818)	-	(14,014)
Direct costs	(699)	(156)	(155)	-	(1,010)
Gross profit	4,454	574	697	-	5,725
Administrative Expenses	(1,994)	(330)	(409)	(2,705)	(5,438)
Operating Profit/(Loss)	2,460	244	288	(2,705)	287
Adjusted EBITDA	2,575	278	322	(765)	2,410
Total Assets	4,079	441	661	8,740	13,921
Total Liabilities	(3,061)	(286)	(450)	(1,462)	(5,259)

3. Business combinations

On 25 October 2024, the Group acquired 100% of the issued share capital and voting rights of 24hr AquafLOW Services Limited ('24hr AquafLOW Services'), a successful commercial drainage and plumbing business

headquartered in Essex providing services to customers based in London and the South East of England. The acquisition is expected to be earnings enhancing and accretive, and along with broadening the Groups service offering as well as enlarging the Groups client base, we anticipate the combination will enable cross selling of wider group services.

24 hr Aquaflow Services was acquired for an initial consideration of £5.08m, payable as £4.1m in cash and £0.5m through the issue of new ordinary shares as equity consideration and deferred consideration of 0.48m. A further £2.38m of contingent consideration is payable subject to 24hr Aquaflow Services meeting certain performance conditions over a two year earn out period. The acquisition has a total capped consideration of £7.5m should the performance conditions be fully met.

The fair value of the acquired customer list and customer contracts has been assessed as at the point of acquisition. The fair value of the contingent consideration arrangement was estimated calculating the present value of the future expected cash flows.

Acquisition costs of £0.2m are not included as part of the consideration transferred and are recognised as an expense in the Consolidated Statement of Comprehensive Income.

a) Subsidiaries acquired

Name	24hr Aquaflow Services Limited
Principal activity	Commercial Drainage and Plumbing
Date of acquisition	25 October 2024
Proportion of voting equity interests Acquired	100%
Consideration	£7.476m

b) Consideration	£'000
Cash	4,116
Equity issued	500
Deferred consideration arrangement (included in Other Creditors)	2,860
Total consideration transferred	<u>7,476</u>

c) Assets and liabilities recognised on the date of acquisition	£'000
Non-current assets	3,291
Current assets	1,968
Non-current liabilities	(1,725)
Current liabilities	(533)
Net assets acquired	<u>3,001</u>

d) Goodwill arising on acquisition	£'000
Consideration transferred	7,476
Fair value of identifiable net assets acquired	(3,001)
Goodwill acquired	<u>4,475</u>

e) Net cash outflow on acquisition	£'000
Consideration paid in cash	4,116
Less: cash balances acquired	(736)
	<u>3,380</u>

4. Earnings per Share (basic and adjusted)

The calculations of earnings per share (basic and adjusted) are based on the net profit/(loss) and adjusted EBITDA per share before; interest, tax, depreciation, amortisation of acquired intangible assets, exceptional items and share-based payments. Aligned to IFRS reporting standards, the earnings per share calculation is based on the new capital structure post the 50:1 share consolidation, the effective date of the consolidation was 2 April 2024. The comparative periods earnings per share are also based on the new capital structure.

	Unaudited 6 months ended 31 March 2025 £'000	Unaudited 6 months ended 31 March 2024 £'000	Audited Year ended 30 September 2024 £'000
Basic earnings per share	(0.00)	0.00	1.00

(Loss)/profit for the financial period	(280)	8 /	18
Finance cost	109	78	131
Taxation	55	143	138
Operating (loss)/profit	(116)	308	287
Adjustments:			
Depreciation	193	77	138
Amortisation	1,060	821	1,643
Exceptionals	220	56	253
Share based payments	76	19	89
Adjusted EBITDA	1,433	1,281	2,410
	Number	Number	Number
Weighted average shares in issue for basic earnings per share	23,619,251	21,264,446	21,551,761
Weighted average dilutive share options and warrants	2,312,823	2,041,701	2,042,097
Average number of shares used for dilutive earnings per share	25,932,074	23,306,147	23,593,858
	pence	pence	pence
Basic (loss)/profit per share	(1.18)p	0.41p	0.08p
Diluted (loss)/profit per share	(1.18)p	0.37p	0.08p
Adjusted EBITDA earnings per share	6.07p	6.02p	11.18p
Adjusted diluted EBITDA earnings per share	5.53p	5.50p	10.22p

Copies of this Interim Report are available on the Company's website www.reactsc.co.uk/react-group-plc

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