Annual Report and

Financial Statements for the year ended 30 September 2024

For

REACT Group PLC

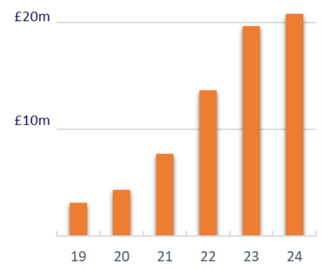
Company Number: 05454010

FINANCIAL HIGHLIGHTS

REVENUE

£20.7m REVENUE | 6% YOY GROWTH | 87% RECURRING

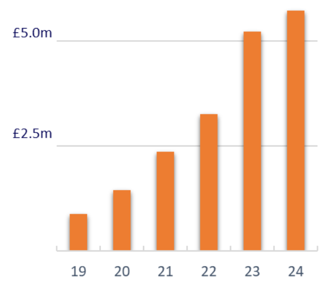
- **underlying organic growth >11%**
- pivot away from periodic heavy cleans in rail
- reduced cleaning frequencies to help some customers meet economic challenges



GROSS PROFIT

£5.7m GROSS PROFIT | 9% YOY GROWTH | 27.6% MARGIN

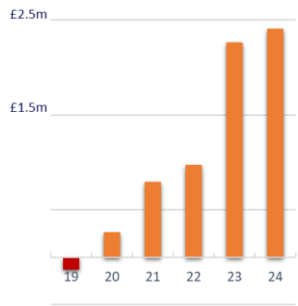
- **underlying organic growth >14%**
- margin up +80 basis points *('23: 26.8%)*



EBITDA[1]

£2.4m ADJ. EBITDA | 6% YOY GROWTH | £2.2m FCF

- **adjusted EPS up >10% at 11.18p** ***('23: 10.75p)***



[1] ***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.***

REACT Group PLC

Introduction

REACT Group is a leader in providing specialist support services to the facilities management sector, including contracted commercial cleaning, commercial window cleaning, specialist emergency decontamination work, drainage and plumbing. The Group operates across the UK, focused on markets with non-discretionary requirements, complex demands and/or nationwide fulfilment.

The Group has grown consistently over the last five years through strong organic growth enhanced by strategically important acquisitions, is scalable, benefits from a high proportion of contracted and recurring revenue, is profitable and highly cash generative.

The primary objective of the Group is to maintain and/or rapidly return its customers’ property to safe, clean, operational use and do this through specialist cleaning and/or emergency response to potentially harmful and/or disruptive incidents.

As a genuine provider of specialist services, the Group operates across a fragmented market where quality, geographical reach and range of service is often a challenge.

REACT has carved a distinct niche within this specialised market segment. Often, REACT is the sole provider capable of offering a comprehensive and dependable, single-source solution for the critical specialised service needs of clients across its markets.

The work the Group undertakes has tangible value; the cost of not being able to operate a train, open a hospital ward or school classroom, occupy any form of commercial or socially important property alongside the damage to well-invested brands in the consumer/retail landscape is often material, hence the specialist services REACT provide are valued and attract higher margins than regular specialist services.

The Group’s strategy is to continuously improve the value of its services to its customers and further strengthen the operational and financial model of its business, maintaining strong margins, the long-term contracted and recurring nature of its income and deliver robust cash conversion.

Executive Chair's Statement
For the year ended 30 September 2024

The Board is pleased to report that REACT Group has delivered growth in the year under review and continued to deliver material improvements in operational efficiencies and performance, profit contribution, as well as cash conversion. The Group's performance is outlined in the reports below by the Chief Executive and the Chief Financial Officer.

For the year ended 30 September 2024, sales revenue was £20,749,000, up 6.0% on the strong prior year (2023: £19,582,000). The underlying revenue growth is 11.0% when normalised against the core contract base, removing one anomaly that manifested during COVID-19 and continued until the middle of 2024.

Adjusted EBITDA[1] was £2,410,000, up 6.1% on the comparatively strong prior year, (2023: £2,272,000).

Despite strong macroeconomic headwinds the Group performance represents like-for-like organic growth of 6.0%, the fifth successive year the Group has reported solid organic growth. Additionally, the Group has continued to focus on quality of earnings; 87.0% of revenue is contracted and recurring, with gross margins improving a further 80-basis points to 27.6% (2023: 26.8%).

The business has consistently demonstrated its resilience and ability to create value through several years of challenging markets. These include the impact of COVID-19, the wars in Europe and the Middle East, the 'cost of living crises' and more recently the uncertainty brought about by the change of government and the Autumn Budget - all of which have impacted the sectors within which we operate. Despite these challenges, the Group continues to achieve growth in market share, drive earnings through operational efficiencies and cash conversion at scale.

The Group began a period of investment during the year to combine the portfolio of growing businesses into one unified business, streamlining key systems and processes thereby promoting its scale as an important consolidator of specialist and valued support services to the facilities management sector.

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

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

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

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

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

The post-period acquisition of 24hr Aquaflow, announced on 28 October 2024, is an important example of an earnings enhancing and highly accretive acquisition aimed at providing high-value services complementary to the facilities management sector, especially valued at times of crises. Since acquisition, integration into the Group has progressed well, trading has been strong and it is expected to make a material contribution to Group's profits going forward.

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

Executive Chairman's Statement (continued)
For the year ended 30 September 2024

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

Mark Braund
Chair
29 January 2025

[1] *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.*

Chief Executive Officer's Report and Strategic Review

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

For the year ended 30 September 2024, Adjusted EBITDA was £2,410,000, up 6.1% on the comparatively strong prior year, (2023: £2,272,000), and sales revenue was £20,749,000, up 6.0% on the strong prior year (2023: £19,582,000).

The Group achieved 6.0% organic sales revenue growth and 6.1% Adjusted EBITDA growth despite the well documented macroeconomic headwinds and a sector challenged by supply chain disruptions, inflation, and increases to both the Minimum, and National Living Wage.

The underlying organic sales growth in our core business was more impressive at 11.0%. This figure excludes a specific contract in the rail sector secured during the COVID-19 period, which has since been modified and downgraded, no longer requiring the Group's specialist capabilities.

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

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

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

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

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

These contract wins demonstrate REACT Group's continued success in securing new business and expanding its service offerings.

Strategy

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

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

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

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

Simultaneously, the Company will continue to invest further in sales and marketing to unlock the huge potential of its target market. By leveraging the right tools and strategies, it will increase the opportunity to engage with prospective clients and drive market expansion.

Key Performance Indicators (KPIs)

Financial: The key financial indicators are as follows:

	2024	**2023**
	£000	**£000**
Revenue	£20,749	£19,582
Recurring revenue	87%	87%
Gross margin	27.6%	26.8%
Adjusted EBITDA	£2,410	£2,272
Adjusted EBITDA earnings per share	11.18p	10.75p
Cash and cash equivalents	£1,778	£2,120
Free cash flow	£2,265	£2,127

The Group prioritises key performance indicators (KPIs) to ensure value creation and comprehensive visibility into operational performance at all levels. These well-defined KPIs align employee behaviour with strategic objectives and facilitate effective performance monitoring.

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

1. Planned Services: delivering scheduled cleaning and maintenance services across diverse sectors, including healthcare, education, retail, industrial, and some public transport.

2. Emergency Response: providing 24/7/365 on-call services to address urgent client needs through formal contracts and framework agreements.

3. Project Services: addressing one-off situations outside of standard contracts.

On behalf of the Board, I extend a sincere ‘thank you’ to our customers and stakeholders for their valuable contributions throughout the year. Your open communication and collaborative spirit have been instrumental in enabling us to effectively address our customers' challenges and deliver compelling solutions.

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

Outlook

Despite the anticipated slow down across the festive period, the first few months of the year ended 30 September 2025 have delivered a trading performance in-line with management’s expectations for the Group.

The Board is mindful of the macroeconomic uncertainty in the markets in which the Group operates. It anticipates continued strong demand for the Group’s essential reactive and planned services, but the Board retain a more cautious view on the prospects for project and other discretionary work. The Group is focused on taking appropriate actions to mitigate subdued demand in certain end markets and increased operating costs due to the increase in National Insurance contributions and the National Living Wage.

The Group’s reactive services are naturally resilient, whilst its market-leading businesses and experienced management team have successfully navigated previous periods of challenge. There remains considerable opportunity ahead, in addition to acquiring quality assets, as management integrate the Group, develop cross selling and upselling initiatives and drive cost efficiencies.

Shaun D Doak

Chief Executive Officer
29 January 2025

Chief Financial Officer's Report

Revenue and profitability

It is pleasing to report another set of solid results for REACT Group, in a year where we have reported record first half year performance, and a second half of the year where we have had a change -of UK government and a resulting Budget, both of which has undoubtedly contributed to a slowing down of UK economic activity and output.

Revenue for the year ended 30 September 2024 was £20,749,000, up 6.0% on the prior year (2023: £19,582,000). Revenue performance was negatively impacted with the loss of a material client commitment in the second half of the year for a client in the rail sector. Revenue generated from this contract during the year was £1,224,158 (2023: £2,022,867).

This revenue performance generated a gross profit contribution of £5,725,000, up 9.0% on the prior year (2023: £5,239,000) with a gross margin of 27.6% (2023: 26.7%).

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

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

Reconciliation of Profit before Interest and Tax to Adjusted EBITDA

	2024 £'000	2023 £'000
Profit before Interest and Tax	287	251
Depreciation & Amortisation	1,781	1,809
EBITDA	2,138	2,060
Acquisition costs/restructuring costs	253	131
Share based payments	89	81
	342	212
Adjusted EBITDA	2,410	2,272
Adjusted EBITDA	2,410	2,272
Weighted average shares in issue	23,593,858	23,267,417
Adjusted EBITDA earnings per share	11.18p	10.75p

Earnings per share

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

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

Chief Financial Officer's Report (continued)

Intangible assets and goodwill

The Group has intangible assets of £7,840,000 (2023: £9,483,000) comprising of Goodwill £5,446,000 (2023: £5,446,000) and intangible assets £2,394,000 (2023: £4,037,000). Goodwill has been tested for impairment and management believe the current carrying value of goodwill is supported by the current financial projections, there was no impairment charge in the prior year. An amortisation charge of £1,643,000 (2023: £1,643,000) was recorded against intangible assets; these intangible assets acquired through business combinations are amortised over four years, the balance as at 30 September 2024 will be fully amortised in less than 18 months.

Cash flow

Cash and cash equivalents as at 30 September 2024 were £1,778,000 (2023: £1,640,000) and increased in the year by £138,000 (2023: £661,000) as a result of cash generated from operating activities in the year, offset by outflows from financing activities and investment activities. Cash and cash equivalents at 30 September 2024 were fully held at bank whereas the prior year £2,120,000 was held at bank with drawings from the invoice discount facility of £480,000.

Operating cash inflows in the year of £2,788,000 (2023: £2,444,000) resulted from trading, favourable movement in working capital of £640,000 (2023: £527,000) off-set by depreciation and amortisation charges £1,781,000 (2023: £1,809,000) and after paying corporate taxes of £9,000 (2023: £226,000).

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

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

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

Taxation

The Group has reported a small profit in the year which is after a recording a tax charge of £138,000 (2023: credit of £2,000). At the balance sheet date, the Group has a deferred tax asset of £58,000 (2023: £123,000), and deferred tax liability of £576,000 (2023: £908,0000) mainly as a result of tax associated with the intangible asset recognised on acquisitions of £562,000 (2023: £908,0000). Available historical losses and management fees available to the Group for tax purposes, that can be off-set against future taxable profits are approximately £200,000 (2023: £500,000).

Statement of financial position

The Group's balance sheet has strengthened with net assets at the year-end of £8,662,000 (2023: £8,495,000).

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

Share consolidation & capital reduction

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

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

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

Post Balance Sheet Events

Following the year end, the Group has acquired 100% of the issued share capital of 24hr Aquaflow Services Limited, 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 in its first full year, and along with broadening the Groups service offering as well as enlarging the Groups client base, we have already seen benefit through cross selling of wider group services.

The acquisition brings with it an impressive management capability, the directors of 24hr Aquaflow joining the senior management team for the REACT Group and committing to continue in their existing roles for the coming years. The most recent set of accounts to 30 April 2024 for 24hr Aquaflow reported revenues of £6,086,000, gross profit of £3,380,000 representing a gross margin of 56% delivering an adjusted EBITDA of £1,169,000 The business has experienced impressive annual revenue growth of 29.0% and we look forward to continuing this growth story within the REACT group of businesses.

24hr Aquaflow was acquired for an initial consideration of £4,977,667, payable £4,000,000 in cash and £500,000 through the issue of new ordinary shares as equity consideration and deferred consideration of £476,667. A further £2,383,333 of contingent consideration is payable subject to 24hr Aquaflow meeting certain performance conditions over a two year earn out period. The acquisition has a total capped consideration of £7,360,000 should the performance conditions be fully met.

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

Spencer Dredge
Chief Financial Officer
29 January 2025

Corporate Governance Statement

The Board strongly believes in the value and importance of good corporate governance and its accountability to all of REACT's stakeholders, including shareholders, staff, customers and suppliers. In the statement below, we explain our approach to governance, and how the Board operates. The Chairman's role is to lead the Board, with ultimate responsibility for overseeing the Company's approach to corporate governance.

REACT has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code for Small and Mid-Size Quoted Companies.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each.

Board Composition and Compliance

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent. The board composition changed during the year, Andrea Pankhurst stepped down from the board as CFO in February 2024 replaced by Spencer Dredge. Robert Gilbert and Michael Joyce continued as non-executive directors and both are considered by the Board to be independent. Mark Braund continued as Executive Chairman and Shaun Doak also continued as CEO throughout the year, as well as fulfilling roles as directors of all three wholly-owned trading companies.

On 12th December 2023, the Board announced that Andrea Pankhurst was to step down from her role as Chief Financial Officer in February 2024, replaced by Spencer Dredge. Spencer has been working in the business on a transformation project and been able to integrate with the team whilst the audit and the annual report & accounts has been completed. As a result, Spencer picks up his new responsibilities having spent time in the business and begins with a rolling start. Andrea remains with the business in a part-time functional role, providing the Group with keys skills and retained knowledge as we transition to the next phase of our development.

Board Evaluation

Performance of the directors is reviewed informally by the Chairman on an ongoing basis and action taken to address any issues arising as appropriate.

Shareholder Engagement

Shareholders are encouraged to attend the Annual General Meetings on either a virtual or in-person basis and are provided with contact details for the Company on all announcements made via RNS.

The Company provides shareholders with direct access to the Annual General Meeting and live investor presentations via the Investor Meet Company, a digital platform that provides free, direct access to each event.

The Board also has ultimate responsibility for reviewing and approving the Annual Report and Accounts and confirms that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The following paragraphs set out REACT 's compliance with the 10 principles of the QCA Code.

Principle 1: "Establish a strategy and business model which promotes long-term value for shareholders"

The REACT Group is a leader in the specialist cleaning, decontamination, and hygiene sector, including contracted commercial cleaning, commercial window cleaning and specialist emergency decontamination work.

The Group carries out specialist cleaning across the UK focused on markets with non-discretionary requirements, complex demands and/or nationwide fulfilment.

The Group has grown consistently over the last five years through continuous annual organic growth augmented by strategic acquisitions; Fidelis in March 2021, a soft services facilities management business, LaddersFree in May 2022, one of the UK's largest nationwide commercial window cleaning businesses and most recently 24hr Aquaflow in October 2024, a commercial drainage and plumbing business. The consolidated business now benefits from a high proportion of contracted and recurring revenue, is profitable and cash generative.

Our primary objective is to maintain and/or rapidly return our customers' property to safe, clean, operational use and do this through regular specialist cleaning and/or emergency response to potentially harmful incidents.

As a genuine specialist, REACT operates across a fragmented market where quality, geographical reach and range of service is often a challenge.

The Group has created an increasingly unique proposition in this niche-orientated sub-sector of the market; REACT are often the only business capable of delivering a consistent, reliable, single-source solution to a number of key specialist service demands required by customers across the UK.

The work our specialists undertake has tangible value; the cost of not being able to operate a train, open a hospital ward or school classroom, occupy any form of commercial or socially important property alongside the damage to well-invested brands in the consumer/retail landscape is often material, hence the work REACT performs is valued and operates at higher margins than regular cleaning.

Our strategy is to continuously improve the value of our services to our customers and further strengthen the operational and financial model of our business, maintaining strong margins, the long-term recurring nature of our income and deliver robust cash conversion.

Principle 2: "Seek to understand and meet shareholder needs and expectations"

The Board believes it is important to provide shareholders with clear and transparent information on the Group's activities, strategy and financial position. Responsibility for investor relations rests with the Chairman whose contact details are provided on the website; shareholders are also encouraged to attend Annual General Meetings on either a virtual or in-person basis, and time is set aside specifically to allow questions from attending members to be addressed by the Board.

A range of corporate information (including all REACT Group announcements) is also available to shareholders, investors and the public on our website.

The Company provides shareholders with direct access to the Annual General Meeting and live investor presentations via the Investor Meet Company, a digital platform that provides free, direct access to each event. These sessions also include a Q&A element.

The Company's broker arranges meetings with the Company's institutional and other larger shareholders at appropriate intervals during the year.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code.

Singer Capital Markets Advisory LLP has fulfilled the combined role of Nominated Adviser and Broker throughout the year. In addition, during the year the Company appointed a second broker Dowgate Capital Limited.

Principle 3: "Take into account wider stakeholder and social responsibilities and their implications for long term-success"

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards its employees, customers and suppliers and to take into account, where practicable, the social, environmental and economic impact of its activities on its stakeholders.

Accordingly, we have a detailed Corporate Social Responsibility Policy in place which outlines our commitment to our social responsibilities. We also undertake regular business risk assessments in accordance with the ISO9001:2015 and ISO14001:2015 accreditations, to assess and manage the risks associated with the operational aspects of the business including the environmental impact. Under the ISO 2015 Standards we also have to identify other 'Interested Parties' who may be affected by daily operation of the organisation, and document and regularly review how we manage those relationships.

The Board also takes its responsibilities with regard to health and safety and working practices very seriously and ensures that the Company complies with all the necessary legislation, and that employees are given appropriate training for the work that they have to undertake.

Principle 4: "Embed effective risk management, considering both opportunities and threats, throughout the organisation"

Responsibility for the management of risk in the business rests with the Board. The Company's business is subject to a number of risks and uncertainties and the Board continually considers how to identify and mitigate the key business risks that could impact upon performance. The principal risks and uncertainties facing the Group and how they are being addressed are as follows:

Dependence on key customers

REACT generates a material proportion of its revenues and gross profit contribution from a finite number of customers, however since the acquisitions of Fidelis, LaddersFree and more recently 24hr Aquaflow, the mix has continued to improve and as a result, we have continued to reduce this dependency. The number of active customers across the Group remains in excess of 1,000.

As our business has grown, we have positioned ourselves to be a leading service solutions provider to the facilities management industry, with particular success with FM customers, education, industry and retail. Expanding our reach and contracted business with existing customers is a key part of our strategy. We have been successful in doing this during the period, and we plan on expanding on this success with the acquisition of 24hr Aquaflow which has a complimentary client base of predominantly FM clients.

There is still more to do to reduce reliance on key customers and the Group remains focused on further developing the business it carries out with more of its customers to provide a better spread and balance of business and thereby reduce the dependency on a limited number of customers.

Attraction and retention of key management and employees

The successful operation of the Group will depend upon the performance and expertise of its management and employees. Having previously restructured and refocused the business we made a small number of targeted hires.

We have successfully integrated the team from LaddersFree into the overall operating strategy for the Group, this has provided a larger platform from which we are evolving and, in some cases, expanding key roles in the business and are working through development plans for others. We enter the new financial year with a solid team aiming to continuously improve.

Relevant key performance indicators (KPIs) are in place to communicate priorities and expectations and also to provide a transparent process of review.

A strong customer-centric, team-orientated, 'can-do' culture is also beginning to emerge, one we believe is attractive to recruiting and retaining key talent within the business.

Impact of Brexit

The Group has a significant number of employees who come from the EU and as they were employed prior to 31 December 2020, are legally able to continue working for the Group. As the Group expands, it will continue to recruit from a variety of nationalities, however it will also have to recruit with certain restrictions as most roles are not deemed as 'skilled' occupations which means that the Group will not have the ability to gain employer sponsored visas for these roles. We have put measures in place to ensure that our recruitment practices, vetting and verification of the right to work in the UK, are stringent and to ensure the Group remains compliant with all relevant legislation. The Group will continue to monitor the diversity of its workforce with the continuing aim for it to be reflective of the ethnic diversity of regions it operates in.

Corporate Governance Statement (continued)

Health and safety

Given the nature of the business our operators are often working in challenging conditions. As a consequence, the Group takes its responsibilities with regard to the health and safety of its employees very seriously. Working practices are continually kept under review to ensure that they remain appropriate for our business and that the high standards expected are maintained throughout the Group.

Future funding requirements

Since April 2020, REACT has had an invoice discounting facility in place and this facility provides flexibility for the Group to deal with normal business working capital fluctuations. Post year end, the Group entered into a new loan arrangement with HSBC, the new £3.5m 4-year term loan has been fully drawn down to fund the initial consideration for the acquisition of 24hr Aquaflow services limited. Based on the trading outlook for the next 12 months, it is not anticipated that any further funding will be required. However, the Board will continue to regularly monitor the Group's performance and its overall cash position.

The directors also constantly monitor the financial risks and uncertainties facing the Group with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. The Group's financial instruments primarily comprise cash balances and receivables and payables that arise directly from its operations. The main risks the Group faces are liquidity risk and capital risk. The board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below.

Interest risk

The Group is exposed to interest risk in relation to its invoice discounting Facility and its two separate bank loans.

Credit risk

The Group is exposed to credit risk as services are invoiced as soon as practicable after completion. This risk is mitigated as most large customers have been customers for several years and have good credit ratings. The board has also put procedures in place to ensure all services are invoiced promptly and payments received in a timely manner.

Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in meeting the obligations associated with financial liabilities. The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the Group's short term and long-term funding risks management requirements.

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Principle 5: "Maintain the board as a well-functioning, balanced team led by the chair"

The members of the board have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

During the year ended 30 September 2024, the Board continued to benefit from the ongoing support of its two independent non-executive Directors; Rob Gilbert, with his sales and marketing experience and Michael Joyce with senior financial expertise. Mark Braund, Shaun Doak continued in their roles of Executive Chairman and CEO respectively throughout the year. Andrea Pankhurst CFO stepped down from the Board following the announcement of the Group's annual FY23 results and Spencer Dredge was appointed as CFO.

Corporate Governance Statement (continued)

Details of the individual Directors and their biographies are set out on the Company's website *www.reactplc.co.uk*. The Directors evaluate the balance of skills, knowledge and experience on the Board when defining the role and capabilities required for new appointments.

The Board is responsible for management of the business, setting the strategic direction and policies. The Board meets regularly to attend to any issues which require the attention of the Board and oversees the financial position of the Company monitoring the business and affairs on behalf of the Shareholders, to whom the Directors are accountable. The Board also addresses issues relating to internal control and the Company's approach to risk management.

During the year ended 30 September 2024 the Board held 7 scheduled meetings. The primary duty of the Board is to act in the best interests of the Company, its shareholders and its stakeholders at all times.

Audit Committee
The Audit Committee meets at least once a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of REACT Group PLC. This committee consists of Michael Joyce non-executive Director (who chairs the committee) and Mark Braund, Executive Chairman.

Remuneration Committee
The Remuneration Committee meets at least once a year. The committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of REACT Group PLC. This committee consists of non-executive Director, Michael Joyce (who chairs the committee), Rob Gilbert, non-executive director and Mark Braund, Executive Chairman.

Nominations Committee
The Nominations Committee assists the Board in meeting its responsibilities for ensuring that the Board retains an appropriate balance of skills to support the strategic objectives of the Group, has a formal, rigorous and transparent approach to the appointment of Directors and maintains an effective framework for succession planning. This committee consists of non-executive Director, Michael Joyce (who chairs the committee), Rob Gilbert, non-executive director and Mark Braund, Executive Chairman.

Principle 6: "Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities"
The Board currently comprises a part-time Executive Chairman, two independent non-executive Directors, as well as two full-time executive directors, being the CEO and CFO. The skills and experience of the Board are set out on the company website.

The Board is kept abreast of developments of governance and AIM regulations. The Company's lawyers provide updates on governance issues and the Company's NOMAD provides AIM Rules training to new directors as well as apprising the Board as a whole of updates and guidance published regarding the AIM rules and other regulatory matters.

All Directors have access to the Company's NOMAD, registrars, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

The Company is mindful of the issue of gender balance although Board appointments are made with the primary aim of ensuring that the candidate offers the required skills, knowledge and experience.

Corporate Governance Statement (continued)

Principle 7: "Evaluate board performance based on clear and relevant objectives, seeking continuous improvement"

Performance of the Directors is reviewed informally by the Chair on an ongoing basis and action taken to address any issues arising as appropriate.

The Board meets formally at least 6 times a year with ad hoc Board meetings as the business demands. There is a strong flow of communication between the Directors. The Agenda is set with the consultation of all Directors, with consideration being given to both standing Agenda items and the strategic and operational needs of the business. Papers are circulated in advance of the meetings, giving Directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up.

The composition of the Board continues to be monitored, in particular the balance of executive and non-executive Directors. The Board as a whole is mindful of the need for considering succession planning.

The Directors have a wide knowledge of the business and requirements of Directors' fiduciary duties. Further training and development will be considered as the business and Board evolves.

The Directors have access to the Company's NOMAD and auditors as and when required. They are also able, at the Company's expense, to obtain advice from external bodies if required.

Principle 8: "Promote a corporate culture that is based on ethical values and behaviours"

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise Shareholder value. The Company maintains and regularly reviews a staff handbook that includes clear guidance on what is expected of every employee of the company. As noted above the Company also has detailed Corporate Social Responsibility Policy in place which outlines our commitment to our social responsibilities and provides guidance for employees.

The Board takes its responsibilities with regard to health and safety and working practices very seriously and ensures that the Company complies with all the necessary legislation, and that employees are given appropriate training for the work that they have to undertake.

Issues of bribery and corruption are taken seriously, the Company has a zero-tolerance approach to bribery and corruption and has an anti-bribery and corruption policy in place to protect the Company, its employees and those third parties to which the business engages with. The policy is provided to staff upon joining the business and training is currently being provided to ensure that all employees within the business are aware of the importance of preventing bribery and corruption. There are strong financial controls across the business to ensure on going monitoring and early detection.

A whistleblowing policy is in place, which enables staff to raise any concerns in confidence.

Principle 9: "Maintain governance structures and processes that are fit for purpose and support good decision making by the board"

The Board provides strategic leadership for the Group and is continuously improving and evolving its corporate governance framework. The purpose is to ensure the delivery of long-term Shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans.

The Executive Chairman has overall responsibility for corporate governance and in promoting high standards throughout the business as well as the management of the day to day operations. It is the role of the independent non-executive Directors to contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinising the performance of management, providing constructive challenge to the Executive management and ensuring that the Group is operating within the governance and risk framework approved by the Board. They also review and challenge the financial information produced by the executive management.

The matters reserved for the board are:

- Setting long-term objectives and commercial strategy;
- Approving annual operating and capital expenditure budgets;
- Changing the share capital or corporate structure of the Group;
- Approving half year and full year results and reports;
- Approving major investments and contracts;
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars; and
- Approving changes to the board structure.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor compliance against this Code on an annual basis and revise its governance framework as appropriate as the Group evolves. Details of the Audit Committee and the Remuneration Committee are detailed in relation to Principle 5 above.

Principle 10: "Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders"

See investor relations activities described above in relation to Principle 2.

Mark Braund
Executive Chairman
29 January 2025

Directors' Report
For the year ended 30 September 2024

The Directors present their report and the audited financial statements of the Group for the year to 30 September 2024.

PRINCIPAL ACTIVITY

The principal activity of the Group is specialist cleaning, decontamination, and hygiene, including contracted commercial cleaning, commercial window cleaning and specialist emergency decontamination work. The Group carries out specialist cleaning across the UK focused on markets with non-discretionary requirements, complex demands and/or nationwide fulfilment.

BUSINESS REVIEW AND RESULTS FOR THE YEAR

In accordance with section 414C(11) of the Companies Act 2006 the Group chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the Group in the Executive Chairman's Statement (page 3-4) and the Chief Executive Officer's Report and Strategic Review (pages 5-7) and the Chief Financial Officer's Report (pages 8-10). No dividend is payable in respect of the year (2023: £Nil).

DIRECTORS

The Directors who served the company during the year and up to the date of this report were as follows:

M A Braund
S D Doak
A E Pankhurst – resigned 6 February 2024
S N Dredge – appointed 6 February2024
R J Gilbert
M R S Joyce

Details of Directors' remuneration is set out in Note 4 to the accounts.

The Directors of the Group (at 30 September 2024) held the following beneficial interests in the shares, share options and share warrants of REACT Group PLC at 30 September 2024.

DIRECTORS' BENEFICIAL INTERESTS AS AT 30 SEPTEMBER 2024

	Issued Share Capital		Share Options	
	Ordinary shares of 12.5p each	Percentage Held	Ordinary shares of 12.5p each	Options Exercise price
M A Braund	442,469	2.05%	511,679	£0.125
S D Doak	3,011	0.01%	373,866 341,679	£0.15 £0.125
S N Dredge	-	-	440,000	£0.125
R J Gilbert	4,303	0.02%	16,616	£0.15
M R S Joyce	100,000	0.46%	16,616	£0.15

Since the year end, there have been no changes to the Directors or their beneficial interests. However, as a result of the new shares issues from both the placing and equity issued as consideration for the acquisition of 24hr Aquaflow post yearend, the Directors beneficial interests percentage held has changed, for details see the table below.

Directors' Report
For the year ended 30 September 2024 (continued)

DIRECTORS' BENEFICIAL INTERESTS AS AT 29 January 2025

	Issued Share Capital		Share Options	
	Ordinary shares of 12.5p each	Percentage Held	Ordinary shares of 12.5p each	Options Exercise price
M A Braund	442,469	1.87%	511,679	£0.125
S D Doak	3,011	0.01%	373,866 341,679	£0.15 £0.125
S N Dredge	-	-	440,000	£0.125
R J Gilbert	4,303	0.02%	16,616	£0.15
M R S Joyce	100,000	0.42%	16,616	£0.15

INDEMNITY OF OFFICERS

The Group purchases Directors' and Officers' insurance against their costs in defending themselves in legal proceedings taken against them in that capacity, and in respect of damages resulting from the unsuccessful defence of any proceedings.

SIGNIFICANT SHAREHOLDINGS

Significant shareholdings as at 30 September 2024 and 29 January 2025 were as follows:

	30 September 2024	***29 January 2025***
Octopus Investments Nominees Limited	15.39%	18.3%
Dowgate Capital	9.48%	12.51%
Canaccord Genuity Group Inc	9.45%	7.58%
Harwood Capital Management Group	9.05%	10.58%
Helium Rising Stars	9.27%	5.56%
Premier Milton Group	7.10%	0%

FINANCIAL INSTRUMENTS

The Group's exposure to financial risk is set out in note 23 to the accounts.

PUBLICATION OF ACCOUNTS ON GROUP WEBSITE

Financial statements are published on the Group's website. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibilities also extend to the financial statements contained therein.

Directors' Report
For the year ended 30 September 2024 (continued)

GOING CONCERN

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have, as required by the AIM Rules for Companies of the London Stock Exchange, elected to prepare financial statements in accordance with UK Adopted International Financial Reporting Standards (IFRS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of the information.

AUDITOR

Dains Audit Limited have expressed their willingness to continue in office as auditors and will be proposed for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

On behalf of the Board
Spencer Dredge
29 January 2025

Independent Auditor's Report to The Members of REACT Group PLC For the year ended 30 September 2024

Opinion

We have audited the financial statements of REACT Group Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2024 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, notes to the consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement of cash flows, notes to the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

As part of designing our audit approach, we obtained an understanding of the Group and its environment, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as complexity of operations and the degree of estimation and judgement in the financial results.

The Group financial statements are a consolidation of five reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of REACT Group plc, REACT Specialist Cleaning Limited, Fidelis Contract Services Ltd, LaddersFree Ltd and REACT SC Holdings Limited reporting units, which were individually financially significant and accounted for 100% of the Group's total revenue and assets.

Independent Auditor's Report to The Members of REACT Group PLC
For the year ended 30 September 2024 (continued)

Our approach to the audit (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our scope addressed this matter
Impairment of goodwill and other intangible assets The group has goodwill, other intangibles, property plant and equipment and right of use assets of £7,840,000. In accordance with accounting standards, goodwill is not amortised, but is subject to an annual impairment review through assessment of the value in use. The determination of the value in use to which the goodwill and intangible assets are allocated involves management judgement and estimates including the discount rate and both short and long term growth rates. We therefore have determined the risk of impairment as a key audit matter.	We tested the judgements made by management in undertaking the impairment tests which included identifying the cash generating units, assessing the reasonableness of the discount rate used, comparing the forecasts to information used to assess going concern and challenging the robustness of the key assumptions including those around revenue growth. We engaged our own internal valuation experts, working with them to confirm the appropriateness of the calculation of the discount rates. We also performed our own sensitivity analysis on managements impairment model to consider the impact of other plausible scenarios and we considered whether the related disclosures set out in the notes to the financial statements were adequate and appropriate. Nothing has come to our attention that suggests that the impairment conclusions reached by management are not appropriate.
Revenue recognition There is a rebuttable presumption that revenue recognition gives rise to a risk of material misstatement. We therefore have determined revenue recognition as a key audit matter.	We assessed the Group's revenue accounting policy as disclosed in note 2 to the financial statements to ensure revenue is recognised at the point when the satisfaction of performance obligations is fulfilled. We documented and evaluated the revenue processes within the Group to ensure that the capture of revenue data is accurate and within the correct accounting period. We specifically tested the completeness of revenue, tracing a sample of customer orders to invoice. Nothing has come to our attention to suggest that revenue is not recognised appropriately.

Independent Auditor's Report to The Members of REACT Group PLC For the year ended 30 September 2024 (continued)

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We apply the concept of materiality, both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£415,000 (30 September 2023: £387,000).	£207,000 (30 September 2023: £208,000).
How we determined it	Based on 2% (30 September 2023: 2%) of annualised Group revenue	Based on 2% of Company gross assets
Rationale for benchmark applied	We believe that revenue is the primary measure used by shareholders in assessing the performance of the Group. Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of unrecorded and undetected misstatements exceeds materiality for the financial statements as a whole. Having considered the control environment, we have set performance materiality at 85% of materiality.	We believe that gross asset value is the primary measure used by shareholders in assessing the performance of the Company. Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of unrecorded and undetected misstatements exceeds materiality for the financial statements as a whole. Having considered the control environment, we have set performance materiality at 85% of materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £91,000 and £290,000.
We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £21,000 (Group audit) (30 September 2023: £19,500) and £10,400 (Company audit) (30 September 2023: £10,400) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to The Members of REACT Group PLC
For the year ended 30 September 2024 (continued)

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

To evaluate the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting, we completed the following audit procedures:

- obtained an understanding of the relevant controls relating to the Group's budgeting and forecasting process;
- challenged the key assumptions underpinning the Group's forecasts; and
- assessed the appropriateness of the Group's disclosure concerning the adopting of the going concern basis of accounting.

The Directors' forecasts demonstrate that the Group can continue to trade for a period of at least 12 months from the date of approval of the financial statements.

We have reviewed the disclosures prepared by the Directors set out in Note 2 to the financial statements and consider them to be appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to The Members of REACT Group PLC
For the year ended 30 September 2024 (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and experience of the specialist cleaning sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

Independent Auditor's Report to The Members of REACT Group PLC
For the year ended 30 September 2024 (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 to the financial statements were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Hargate FCA (Senior Statutory Auditor)
For and on behalf of Dains Audit Limited, Statutory Auditor and Chartered Accountants
Birmingham
29 January 2025

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

	Notes	2024 £'000	2023 £'000
Continuing Operations			
Revenue	**3**	20,749	19,582
Cost of sales		(15,024)	(14,343)
Gross profit		5,725	5,239
Administrative expenses	**5**	(5,438)	(4,988)
*Adjusted EBITDA**		2,410	2,272
Depreciation		(138)	(166)
Amortisation		(1,643)	(1,643)
Exceptional items		(253)	(131)
Share-based payments		(89)	(81)
Operating profit		287	251
Finance charge	**6**	(131)	(203)
Taxation	**7**	(138)	2
Profit for the year		18	50
Other comprehensive Income		-	-
Total comprehensive profit for the year attributable to the equity holders of the company		**18**	**50**
Basic and diluted earnings per share - pence	**8**		
Basic profit per share		0.08p	0.24p
Diluted profit per share		0.08p	0.21p

The notes on pages 36 to 58 form part of these financial statements

Consolidated Statement of Financial Position
As at 30 September 2024

	Notes	2024	2023
ASSETS		**£'000**	**£'000**
Non-current assets			
Intangible assets – Goodwill	**10**	5,446	5,446
Intangible assets – Other	**10**	2,394	4,037
Property, plant & equipment	**11**	427	172
Right-of-use assets	**11**	95	78
Deferred tax asset	**18**	58	123
		8,420	9,856
Current assets			
Stock		3	7
Trade and other receivables	**13**	3,720	4,425
Cash and cash equivalents	**15**	1,778	2,120
		5,501	6,552
TOTAL ASSETS		13,921	16,408
EQUITY			
Shareholders' Equity			
Called-up equity share capital	**16**	2,694	2,644
Share premium account		10	10,910
Reverse acquisition reserve		(5,726)	(5,726)
Capital redemption reserve		-	3,337
Merger relief reserve		1,328	1,328
Share-based payments		214	125
Accumulated surplus/(deficit)		10,142	(4,123)
Total Equity		8,662	8,495
LIABILITIES			
Current liabilities	**17**		
Trade and other payables		3,240	3,601
Loans and other borrowings		235	641
Lease liabilities within one year		48	40
Deferred consideration		-	1,758
Corporation tax		659	262
		4,182	6,302
Non-current liabilities	**17**		
Loans and other borrowings		452	665
Lease liabilities after one year		49	38
Deferred tax liability	**18**	576	908
		1,077	1,611
TOTAL LIABILITIES		5,259	7,913
TOTAL EQUITY AND LIABILITIES		13,921	16,408

These financial statements were approved and authorised for issue by the Board of Directors on 29 January 2025 and were signed on its behalf by:

Spencer Dredge
Director
Company Registration no. 05454010

The notes on pages 36 to 58 form part of these financial statements

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

	Share capital	Share Premium	Merger Relief Reserve	Capital Redemption Reserve	Reverse Acquisition Reserve	Share-Based Payments	Accumulated Surplus/(deficit)	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2022	2,624	10,905	1,328	3,337	(5,726)	44	(4,173)	8,339
Issue of shares	20	5	-	-	-	-	-	25
Share-based payments	-	-	-	-	-	81	-	81
Profit for the year	-	-	-	-	-	-	50	50
At 30 September 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 year			-	-	-	-	18	18
At 30 September 2024	2,694	10	1,328	-	(5,726)	214	10,142	8,662

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

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

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

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

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

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

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

Following the Court hearing on the 30 April 2024, the Company affected a capital reduction by effectively cancelling both the share premium account of £10,909,617 and capital redemption reserve account of £3,336,916, enabling a distributable reserve equal to the balance of both.

The notes on pages 36 to 58 form part of these financial statements

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

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated by operations	**1**	2,788	2,444
Net cash inflow from operating activities		2,788	2,444
Cash flows from financing activities			
Proceeds of share issue		60	24
Lease liability payments		(42)	-
Bank loans		(138)	(181)
Interest paid		(113)	(203)
Net cash outflow from financing activities		(233)	(360)
Cash flows from investing activities			
Disposal of fixed assets		-	5
Capital expenditure		(410)	(119)
Acquisition of subsidiary		(2,007)	(1,309)
Net cash outflow from investing activities		(2,417)	(1,423)
Increase in cash, cash equivalents and overdrafts		138	661
Cash, cash equivalents and overdrafts at beginning of year		1,640	979
Cash, cash equivalents and overdrafts at end of year	**2**	1,778	1,640

REACT Group PLC

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

1. Reconciliation of profit for the year to cash inflow from operations

	2024 £'000	2023 £'000
Profit after taxation	18	50
Decrease in stocks	4	4
Decrease/(Increase) in trade and other receivables	741	(50)
(Decrease)/Increase in trade and other payables	(105)	573
Depreciation and amortisation charges	1,781	1,809
Finance cost	131	203
Tax charge/(credit)	138	(2)
Loss/(profit) on disposal of fixed assets	-	2
Share based payment	89	81
Tax paid	(9)	(226)
Net cash inflow from operations	2,788	2,444

2. Cash and cash equivalents and overdrafts

	2024 £'000	2023 £'000
Cash at bank and in hand	1,778	2,120
Invoice Discounting	-	(480)
	1,778	1,640

Company Statement of Financial Position
As at 30 September 2024

	Notes	2024	2023
ASSETS		**£'000**	**£'000**
Non-current assets			
Investments	**12**	1,560	174
Property, plant and equipment	**11**	1	17
Right-of-use assets	**11**	8	17
Deferred tax asset	**18**	54	137
		1,623	345
CURRENT ASSETS			
Trade and other receivables	**13**	9,162	10,214
Cash and cash equivalents	**15**	1,004	2
		10,166	10,216
TOTAL ASSETS		11,789	10,561
EQUITY			
Shareholders' Equity			
Called up share capital	**16**	2,694	2,644
Share premium		10	10,910
Merger relief reserve		1,328	1,328
Capital redemption reserve		-	3,337
Share-based payments		214	125
Accumulated surplus/(deficit)		5,746	(8,800)
Total Equity		9,992	9,544
LIABILITIES			
CURRENT LIABILITIES	**17**		
Trade and other payables		1,102	174
Loans and other borrowings		235	161
Lease liabilities within one year		8	9
		1,345	344
Non-current liabilities			
Lease liabilities after one year	**17**	-	8
Loans and other borrowings		452	665
TOTAL LIABILITITES		1,797	1,017
TOTAL EQUITY AND LIABILITIES		11,789	10,561

These financial statements were approved and authorised for issue by the Board of Directors on 29 January 2025 and were signed on its behalf by:

Spencer Dredge
Director
Company Registration no. 05454010

The notes on pages 36 to 58 form part of these financial statements

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

	Called up Share capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Capital redemption reserve £'000	Share-based payments reserve £'000	Accumulated surplus/(deficit) £'000	Total equity £'000
At 1 October 2022	2,624	10,905	1,328	3,337	44	(8,764)	9,474
Issue of shares	20	5	-	-	-	-	25
Share-based payments	-	-	-	-	81	-	81
Loss for the year	-	-	-	-	-	(36)	(36)
At 30 September 2023	2,644	10,910	1,328	3,337	125	(8,800)	9,544
Issue of shares	50	10	-	-	-	-	60
Share-based payments	-	-	-	-	89	-	89
Capital reduction	-	(10,910)	-	(3,337)	-	14,247	-
Profit for the year	-	-	-	-	-	299	299
At 30 September 2024	2,694	10	1,328	-	214	5,746	9,992

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

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

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

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

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

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

Following the Court hearing on the 30 April 2024, the Company affected a capital reduction by effectively cancelling both the share premium account of £10,909,617 and capital redemption reserves account of £3,336,916, enabling a distributable reserve equal to the balance of both.

The notes on pages 36 to 58 form part of these financial statements

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

	Notes	2024 £'000	2023 £'000
Net cash generated by operations	1	1,160	202
Cash flows from financing activities			
Proceeds of share issue		60	25
Lease liability payments		(9)	-
Loan		(138)	(144)
Finance costs		(70)	(85)
Net cash outflow from financing activities		(157)	(204)
Cash flows from investing activities			
Capital expenditure		(1)	-
Net cash outflow from investing activities		(1)	-
Increase/(Decrease) in cash and equivalents		1,002	(2)
Cash and cash equivalents at beginning of year		2	4
Cash and cash equivalents at end of year	2	1,004	2

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

1. Reconciliation of Loss for the year to cash inflow from operations

	2024	2023
	£'000	£'000
Profit/(loss) for the year	299	(36)
Decrease/(Increase) in trade and other receivables	1,134	(25)
Increase in trade and other payables	845	47
Depreciation and amortisation charges	26	34
Finance costs	70	86
Tax charge	83	15
Share-based payment	89	81
Write back on impaired investment	(1,386)	-
Net cash inflow from operations	1,160	202

2. Cash and cash equivalents

	2024	2023
	£'000	£'000
Cash at bank and in hand	1,004	2

Notes to the Financial Statements
For the year ended 30 September 2024

1. General Information

Basis of preparation and consolidation

The Company is a public company, limited by shares, based in the United Kingdom and incorporated in England and Wales. Details of the registered office, the officers and advisors to the Company are presented on the Company Information page at the start of this report.

The consolidated financial statements present the results of the company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The functional and presentational currency of the Group is pounds sterling. The figures presented have been rounded to the nearest one thousand pounds.

The equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, REACT Group PLC, including the equity instruments issued in order to effect reverse acquisition accounting. The merger relief reserve represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings. The relief is only available to the issuing company securing at least a 90% equity holding in the acquired undertaking in pursuance of an arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided by the issue of equity shares in the other company.

2. Accounting Policies

Statement of compliance

The consolidated financial statements of REACT Group PLC have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The principal accounting policies are summarised below. They have all been applied consistently throughout the year under review.

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

2. Accounting Policies (continued)

New, amended standards, interpretations not adopted by the Group

At the date of authorization of these financial statements, the following standards and interpretations relevant to the Group, but which have not been applied the financial statements, were in issue but were not yet effective:

IFRS standards effective from 1 January 2024 onwards
IAS1 Amendment: Non-current liabilities with covenants
IFRS16 Amendment: Lease liability in a sale and leaseback
IAS7 and IFRS7 Amendment: Supplier finance arrangements

IFRS standards effective from 1 January 2025 onwards
IAS Amendment: Lack of exchangeability

The adoption of the above-mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group or Company's financial statements.

Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue in the accounting period in which its services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenues exclude intra-group sales and value added taxes and represent net invoice value less estimated rebates, returns and settlement discounts. The net invoice value is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied.

Taxation

The tax expense/(credit) represents the sum of the tax currently payable and deferred tax.

(i) Current tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules using tax rates enacted or substantially enacted by the statement of financial position date. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Notes to the Financial Statements
For the year ended 30 September 2024

2. Accounting Policies (continued)

(ii) Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carrying forward or unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Investments

Investments in subsidiaries are held at cost less any impairment.

Financial assets and liabilities

The Group classifies its financial assets at inception into three measurement categories; 'amortised cost', 'fair value through other comprehensive income' ('FVOCI') and 'fair value through profit and loss' ('FVTPL'). The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the group establishes fair value by using appropriate valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2. Accounting Policies (continued)

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all of the risks and rewards of ownership. In transaction in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The group derecognises a financial liability when its contractual obligation is discharged, cancelled or expired.

Impairment
The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and balances drawn on the invoice discounting facility.

Leases
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where a right-of-use-asset is recognised, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its asset specific risk adjusted incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the statement of financial position

2. Accounting Policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stock can be sold in the normal course of business. Provision is made where necessary for obsolete, slow moving and defective stock.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and other receivables are measured at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts. Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated in amortised cost, except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Capital management

Capital is made up of stated capital, premium and retained earnings. The objective of the Group’s capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The Group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend

2. Accounting Policies (continued)

payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the year ended 30 September 2024.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

Share-based compensation

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Leasehold property	20%
Vehicles	20% - 25%
Fixtures, fittings & equipment	20% - 50%
Right of use assets	20% - 25%

Useful lives and depreciation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the period in which the asset is derecognised.

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of

2. Accounting Policies (continued)

the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group. They are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Intangibles

Goodwill represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of a business acquired at the date of acquisition.

Goodwill is recognised as an asset, reviewed for impairment at least annually and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Purchased goodwill is deemed to have an indefinite useful life due to the expectation of the acquired business to operate in perpetuity, so is not amortised.

Customer list represents the value placed on the retained customer list at the acquisition date. The value recognises that customers, although contracted to the company are not under an obligation to use the company services.

The customer list will be amortised over a period of 4 years. An impairment review will be conducted each year and will look at significant changes in the turnover received from major customers.

Employee benefit costs

The group operates a defined contribution pension scheme for eligible employees. Contributions payable are charged to the income statement in the period to which they relate.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

The resulting accounting estimates will, by definition, differ from the related actual results.

- **Estimated impairment of goodwill and other intangible assets**
  The Directors have carried out a detailed impairment review in respect of goodwill and other intangible assets. The Group assesses at each reporting date whether there is an indication that an asset maybe impaired, by considering the net present value of discounted cashflow forecasts which have been discounted at 13%. The cashflow projections are based on the assumption that the Group can realise projected sales.

- **Share-based payments**
  The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

- **Trade receivables provision**
  Estimate Trade receivables are initially recognised at invoiced value. Where specific amounts remain outstanding or disputed beyond their agreed settlement date management, having reviewed all commercial documentation, proof of delivery and credit risk of the customer, apply judgement as to the likelihood of the future settlement. This judgement will be influenced by the passage of time, the documentation available and previous experience of collection of past due

2. Accounting Policies (continued)

invoices with that customer and the Group's customer base in general.

In addition, where the Group has historic experience of a rate of loss against a specific group of receivables (or where circumstances are indicative of a likely future change in the rate of estimated loss) then a change in that estimated loss rate would alter the impairment provision recognised.

3. Segmental Reporting

In the opinion of the Directors, the Group has one class of business, with the following specialisms, in specialist cleaning, decontamination and hygiene sector, contracted commercial cleaning, commercial window cleaning and specialist emergency decontamination work. 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 or Ad Hoc work.

2024

	Contract Maintenance	Contract Reactive	Ad Hoc	Plc/Holdings Ltd	Total
	£000	£000	£000	£000	£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) for the year	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)

2023

	Contract Maintenance	Contract Reactive	Ad Hoc	Plc/Holdings Ltd	Total
	£000	£000	£000	£000	£000
Revenue	14,321	2,751	2,510	-	19,582
Cost of sales	(9,927)	(1,805)	(1,674)		(13,406)
Direct costs	(548)	(194)	(195)	-	(937)
Gross profit	3,846	752	641	-	5,239
Administrative Expenses	(1,655)	(464)	(453)	(2,417)	(4,988)
Operating Profit/(loss) for the year	2,191	288	188	(2,417)	251
Adjusted EBITDA	2,286	315	224	(553)	2,272
Total Assets	4,827	1,088	1,014	9,479	16,408
Total Liabilities	(2,764)	(685)	(609)	(3,855)	(7,913)

4. Employees and Directors

	2024 £'000	2023 £'000
Wages and salaries	9,560	8,197
Social security costs	626	525
Pension contributions	138	128
Share based payments	89	81
	10,413	8,931

The average monthly number of employees:

	2024	2023
Directors	5	5
Operators and administration staff	367	296
	372	301

	2024	2023
The number of directors to whom retirement benefits were accruing under money purchase schemes	3	3
The number of directors who exercised share options during the year	1	-
The number of directors who received share options during the year	1	3

Details of emoluments received by Directors of the Group for the year ended 30 September 2024 were as follows:

	Salaries £'000	Other £'000	Share based payment £'000	2024 £'000	2023 £'000
M Braund	126	10	33	169	150
R Gilbert	24	-	-	24	24
M Joyce	30	-	-	30	30
S Doak	149	10	25	184	144
A Pankhurst	22	1	(14)	9	106
S Dredge	98	7	14	119	-
Total	449	28	58	535	454

The key management personnel are the Directors and therefore disclosure is the same as the above.

5. Administrative expenses

	2024 £'000	2023 £'000
Auditor remuneration		
– audit fees (Company £6,500; 2023: £5,000)	50	46
– other services	-	1
Staff costs (note 4)	10,413	8,931
Less staff costs included in cost of sales	(8,011)	(6,872)
Recruitment	30	46
Legal and professional fees (incl AIM related costs)	203	245
Property costs	69	81
Travel expenses	108	192
Insurance	150	146
Marketing	202	117
Provision against bad debts and accrued income	8	8
Other expenses	322	133
Depreciation & amortisation	1,781	1,809
Acquisition costs	113	105
	5,438	4,988

In the year there were £253,000 acquisition, impairment and restructuring costs included in administrative expenses (2023: £131,000) as follows:

	2024 £'000	2023 £'000
Restructuring costs relating solely to the exit costs of senior employees	-	26
Acquisition costs – LaddersFree	-	199
Acquisition costs – Fidelis	88	(94)
Acquisition costs – 24hr Aquaflow	25	
Integration and Re-organisational costs	140	-
	253	131

6. Finance Costs

	2024 £'000	2023 £'000
Lease liability interest on:		
- Land and buildings	2	2
- Other	2	2
Other interest expense	127	199
	131	203

Notes to the Financial Statements
For the year ended 30 September 2024

7. Taxation

	2024 £'000	2023 £'000
Current tax	(507)	(261)
Adjustment: prior periods	102	53
	(405)	(208)
Deferred tax	267	210
Tax (charge)/credit	(138)	2

Analysis of tax expense:

	2024 £'000	2023 £'000
Profit on ordinary activities before income tax	156	48
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 25% (2023: 22.01%)	39	11
Effects of:		
Expenses not deductible for tax	130	62
Adjustments relating to previous periods	(28)	(53)
Other timing differences	(3)	(22)
Corporation tax charge/(credit)	138	(2)

The Group has estimated excess management expenses carried forward of approximately £200,000 (2023: £500,000). The tax losses have resulted in a deferred tax asset of approximately £58,000 (2023: £123,000) which has been recognised this year as the positive trading outlook for the Group means that there is likely to be sufficient future taxable profits to utilise the remaining losses.

8. Earnings per Share (basic and adjusted)

The calculations of earnings per share (basic and adjusted) are based on the net profit and adjusted EBITDA per share (before; interest, tax, depreciation, amortisation of acquired intangible assets, exceptional items and share-based payments). Earnings per share calculation is based on the new capital structure resulting from the 50:1 share consolidation which is effect from 30 April 2024. The comparative periods earnings per share have been calculated on the same basis.

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

	2024	**2023**
	£'000	**£'000**
Profit/Loss for the financial period	18	50
Finance cost	131	203
Taxation	138	(2)
Operating profit	287	251
Adjustments:		
Depreciation	138	166
Amortisation	1,643	1,643
Exceptional items	253	131
Share based payments	89	81
Adjusted EBITDA	2,410	2,272
	Number	**Number**
Weighted average shares in issue for basic earnings per share	21,551,761	21,130,245
Weighted average dilutive share options and warrants	2,042,097	2,137,172
Average number of shares used for dilutive earnings per share	23,593,858	23,267,417
	pence	**pence**
Basic profit/(loss) per share	0.08p	0.24p
Diluted profit/(loss) per share	0.08p	0.21p
Adjusted EBITDA earnings per share	11.18p	10.75p
Adjusted diluted EBITDA earnings per share	10.22p	9.76p

9. Company's result for the year

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement account. The result for the parent company for the year was a profit of £299,000 (2023: loss of £36,000). During the year the company wrote back investment impaired in previous years of £1,386,000. Prior year result was after cross charging central costs to the trading divisions

10. Intangible assets

Group	Goodwill £'000	Customer List £'000	Total £'000
Cost			
At 1 October 2022	5,882	6,570	12,452
Fair value adjustment	1,237	-	1,237
As at 30 September 2023	7,119	6,570	13,689
Additions	-	-	-
As at 30 September 2024	**7,119**	**6,570**	**13,689**
Amortisation and impairment			
As at 1 October 2022	1,673	890	2,563
Amortisation charge for the year	-	1,643	1,643
As at 30 September 2023	1,673	2,533	4,206
Amortisation charge for the year	-	1,643	1,643
As at 30 September 2024	**1,673**	**4,176**	**5,849**
Carrying amount			
As at 1 October 2022	4,209	5,680	9,889
As at 30 September 2023	5,446	4,037	9,483
As at 30 September 2024	**5,446**	**2,394**	**7,840**

The goodwill relates to intangible assets that do not qualify for separate recognition on the acquisition of LaddersFree, Fidelis and the REACT specialist cleaning services business.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired, by considering the net present value of discounted cash flow forecasts. Goodwill has been allocated for impairment testing purposes to the individual businesses acquired which are also the cash-generating units ("CGU") identified. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors. The projections are based on the assumption that the company can realise projected sales. A prudent approach has been applied with no residual value being factored into these calculations. If the projected sales do not materialise there is a risk that the total value of the intangible assets shown above would be impaired. A pre-tax discount rate of 13% per annum has been applied to the cashflow projections, taking into consideration the expected rate of return and various risks relating to the CGU.

The key assumptions used in the estimation of the revised value of Purchased Goodwill are set out below. The values assigned to the key assumptions represent management's assessment of future revenues and cash flows of the CGU. The most recent financial results and forecast approved by management for the next five years were used and a nil terminal growth rate thereafter. The projected results were discounted at a rate which is a prudent evaluation of the time value of money and the risks specific to the CGU.

Key assumptions used:

	%
Average revenue growth rate (of next five years)	5
Terminal value growth rate	0
Discount rate	13

Notes to the Financial Statements
For the year ended 30 September 2024

11. Property, Plant and equipment

Group	Leasehold property £'000	Vehicles £'000	Fixtures, fittings & equipment £'000	Right-of-Use Assets £'000	Total £'000
Cost					
At 1 October 2022	2	167	273	197	639
Additions	-	1	89	29	119
Disposals	-	(41)	(16)		(57)
At 30 September 2023	2	127	346	226	701
Additions	2	-	346	62	410
Disposals	-	-	-	(78)	(78)
At 30 September 2024	**4**	**127**	**692**	**210**	**1,033**
Depreciation					
At 1 October 2022	1	95	143	97	336
Charge for the year	1	28	86	51	166
Disposals	-	(41)	(10)	-	(51)
At 30 September 2023	2	82	219	148	451
Charge for the year	1	28	64	45	138
Disposals	-	-	-	(78)	(78)
At 30 September 2024	**3**	**110**	**283**	**115**	**511**
Net book value					
At 1 October 2022	1	72	130	100	303
At 30 September 2023	-	45	127	78	250
At 30 September 2024	**1**	**17**	**409**	**95**	**522**

Notes to the Financial Statements
For the year ended 30 September 2024

Company	Fixtures, fittings & equipment £'000	Right-of-Use Assets £'000	Total £'000
Cost			
At 1 October 2022	50	37	87
Additions	-	-	-
Disposals	-	-	-
At 30 September 2023	50	37	87
Additions	1	-	1
Disposals	-	-	-
At 30 September 2024	51	37	88
Depreciation			
At 1 October 2022	8	11	19
Charge for the year	25	9	34
Disposals	-	-	-
At 30 September 2023	33	20	53
Charge for the year	17	9	26
Disposals	-	-	-
At 30 September 2024	50	29	79
Net book value			
At 30 September 2022	42	26	68
At 30 September 2023	17	17	34
At 30 September 2024	**1**	**8**	**9**

12. Investment in subsidiary undertakings

Company	
Cost	
At 1 October 2023	1,560
Additions	-
At 30 September 2024	1,560
Impairment	
At 1 October 2023	1,386
Impairment (write back)/charge for the year	(1,386)
At 30 September 2024	-
Carrying amount	
At 30 September 2023	174
At 30 September 2024	1,560

As at 30 September 2024, the company held the following subsidiaries:

Name of company	**Principal activities**	**Country of incorporation and place of business**	**Proportion of equity interest of ordinary shares**
REACT SC Holdings Limited	Holding company	United Kingdom	100%
REACT Specialist Cleaning Limited (held indirectly by REACT SC Holdings Limited)	Specialist cleaning & decontamination services	United Kingdom	100%
Fidelis Contract Services Ltd (held indirectly by REACT SC Holdings Limited)	Commercial cleaning, hygiene & support services	United Kingdom	100%
LaddersFree Ltd (held indirectly by REACT SC Holdings Limited)	Commercial window, gutter and cladding cleaning services	United Kingdom	100%

Notes to the Financial Statements
For the year ended 30 September 2024

13. Trade and other receivables

Current	Note	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade receivables		3,102	3,781	-	-
Provision for impairment	**14**	(9)	(12)	-	-
Net trade receivables		3,093	3,769	-	-
Amounts owed by Group undertakings		-	-	9,156	10,202
Prepayments and accrued income		620	647	6	8
Other debtors		7	9	-	4
		3,720	4,425	9,162	10,214

Trade receivables are amounts due from customers for services performed in the ordinary course of business. The Group's impairment and other accounting policies for trade and other receivables are outlined in note 2.

14. Provision for impairment of receivables

Provision for impairment of receivables Relating to debt over 3 months past due	Group 2024 £'000	Group 2023 £'000
Opening provision	12	5
Amounts provided/(released) in the year	3	8
Amounts utilised in the year	(6)	(1)
Closing provision	9	12

There are no receivables in the Company, as all are held by the trading subsidiaries, REACT Specialist Cleaning Limited, Fidelis Contract Services Ltd and LaddersFree Ltd.

As at 30 September 2024, excluding balances provided for by the impairment provision, £612,000 (2023: £437,000) of trade receivables were past their due settlement date but not impaired. The ageing analysis of these trade receivables is as follows:

	2024 £'000	2023 £'000
Up to 3 months past due	278	237
3 to 6 months past due	101	104
Over 6 months past due	233	96
	612	437

The expected credit loss in respect of debt not due and past due is considered immaterial.

Notes to the Financial Statements
For the year ended 30 September 2024

15. Cash and cash equivalents

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Cash at bank and in hand	1,778	2,120	1,004	2

16. Called Up Share Capital

	2024 £'000	2023 £'000
Issued share capital comprises:		
21,551,761 (2023: 1,057,648,507) Ordinary shares of 12.5p each (2023: 0.25p)	2,694	2,644

On the 2 April 2024 the Company effected a 50:1 share consolidation, the impact reduced the number of issued Ordinary shares by a ratio of 50:1 with a corresponding increase in the nominal value of those issued shares from 0.25p to 12.5p each.

As a result of the share consolidation, 43 ordinary shares with a nominal value of £0.025p were issued prior to the consolidation to avoid any fractions of a share as a result of the 50:1 share consolidation, effectively issuing 1 new share of £0.125p.

During the year warrants exercised as follows; on the 21 December 2023 200,000 were exercised and on 16 April 2024 198,790, both were exercised at a strike price of 15p. The transactions combined to result in an increase to the Company's share capital of £49,849 and an increase of £9,970 to its share premium.

17. Trade and other payables

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Current:				
Trade payables	1,182	1,377	89	54
Accrued expenses	741	1,053	89	65
Amounts owed to Group undertakings	-	-	897	-
Social security and other taxes	1,317	1,171	27	55
Lease liability <12 months	48	40	8	9
Other creditors	-	1,758	-	-
Loans	235	161	235	161
Invoice discounting	-	480	-	-
Corporation tax payable	659	262	-	-
	4,182	6,302	1,345	344
Non-current:				
Lease Liability >12 months	49	38	-	8
Loans	452	665	452	665
Deferred Tax	576	908	-	-
	1,077	1,611	452	673
	5,259	7,913	1,797	1,017

18. Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%), the movement on the deferred tax asset/(liability) is as shown below:

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
At 1 October	(785)	244	137	152
Charge/(credit) for year	341	210	(15)	(15)
Adjustments relating to previous periods	(74)	-	(68)	-
Liability acquired	-	(1,239)	-	-
At 30 September	(518)	(785)	54	137

The deferred taxation asset and liability are made up as follows:

	Group 2024 £'000		Group 2023 £'000		Company 2024 £'000	Company 2023 £'000
	Asset	Liability	Asset	Liability	Asset	Asset
Accelerated capital allowances	2	-	(35)	-	-	(2)
Tax losses carried forward	51	-	137	-	51	137
Other timing differences	5	(576)	21	(908)	3	2
	58	(576)	123	(908)	54	137

19. Related Party Disclosures

Group and company

During the year ended 30 September 2024, the Group made purchases of £78,806 from companies controlled by directors (2023: £66,000).

20. Ultimate Controlling Party

No one shareholder has control of the company.

Notes to the Financial Statements
For the year ended 30 September 2024

21. Warrants

As a result of the share consolidation, the number of warrants and exercise price have been updated for the 50:1 share consolidation.

During the year, there were two exercises of share warrants; 21 December 2023 200,000 and 16 April 2024 198,790, resulting in no outstanding warrants at 30 September 2024.

	Number of warrants		Average exercise price	
	2024	**2023**	**2024**	**2023**
	No.	No.	£	£
Outstanding at the beginning of the year	398,790	398,790	0.15	0.15
Granted during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Exercised during the year	(398,790)	-	0.15	-
Outstanding at the end of the year	-	398,790	-	0.15

£Nil (2023: £1,167) has been recognised during the year for the share warrants over the vesting period.

22. Share options

The company has implemented a share option programme to grant share options as an incentive for employees. Each share option converts into one ordinary share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the company has no legal obligation to repurchase or settle the options in cash. The options carry neither rights to dividends nor voting rights prior to the date on which the options are exercised. Options may be exercised at any time from the date of vesting to the date of expiry.

As a result of the share consolidation the number of share options has reduced in line with the 50:1 share consolidation with a corresponding increase in the exercise price.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of options		Average exercise price	
	2024	**2023**	**2024**	**2023**
	No.	**No.**	**£**	**£**
Outstanding at the beginning of the year	1,754,386	846,155	0.130	0.145
Granted during the year	910,000	1,067,747	0.125	0.125
Exercised during the year	-	(159,516)	-	0.15
Lapsed during the year	(242,022)	-	0.125	-
Outstanding at the end of the year	2,422,364	1,754,386	0.129	0.130

The fair value of the share options has been derived using the Black Scholes model. The fair values of the share options and the key related assumptions used in the calculations are as follows:

	Fourth Issue	Third Issue	Second Issue	First Issue
Date of grant	7 June 2024	30 November 2022	9 December 2020	17 May 2019
No of options outstanding	910,000	1,067,746	238,000	847,430
Exercise price	£0.125	£0.125	£0.125	£0.15
Risk-free interest rate	5.20%	2.93%	0.10%	0.58%
Volatility	46%	48%	25%	25%
Expected life	5 years	5 years	5 years	5 years
Charge for year ended 30 September 2024	£30,000	£46,000	£12,000	£1,000

Expected volatility is based on conservative estimates for the company. The expected lives used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Options shall vest and become capable of exercise in specified quantities if the mid-market price (as derived from the AIM Appendix of the Daily Official List and as certified in writing by the Company's stockbrokers) equals or exceeds a series of defined Share Hurdle Prices between £1 and £2 for either 5 or 10 consecutive business days at any time or times during the vesting period. £89,000 (2023: £81,000) has been recognised during the year for the share-based payments over the vesting period.

23. Financial risk management, objectives and policies

The Group's financial instruments comprise cash balances and receivables and payables that arise directly from its operations. The main risks the Group faces are liquidity risk and capital risk.

The board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and their carrying amount is considered to be a reasonable approximation of their fair value.

Interest risk

The Group is exposed to interest risk in relation to its Invoice Discounting Facility and its five- year loan. Treasury Management activities include active management of available resources utilising banking deposit facilities that attract a higher rate of interest.

Credit risk

The Group is exposed to credit risk as services are invoiced on completion. This risk is mitigated as most large customers have been customers for several years and have exemplary credit ratings. The board also ensure robust procedures are in place to ensure all services are invoiced promptly and all payments received in a timely manner.

As at the year-end, 20% of debtors included in trade receivables are past their due dates. Included in trade receivables are provisions of £9,000.

Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in meeting the obligations associated with financial liabilities.

The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the Group's short term and long-term funding risks management requirements.

During the year under review, the Group has made use of borrowing in the form of its Invoice Discounting facility and a five-year loan. The Group manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

24. Lease liabilities

At 30 September 2024, the maturity of the Group's gross contractual undiscounted cashflows due on the Group's lease liabilities (excluding short-term and low-value leases) is set out below:

	2024	2024	2024	2023
Group	**Land and Buildings**	**Other**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Discounted future cash flows; Not later than one year	(31)	(17)	(48)	(40)
Later than one year and not later than five years	(41)	(8)	(49)	(38)
Later than five years	-	-	-	-
Total discounted future cash flows at 30 September	(72)	(25)	(97)	(78)

Company	**Land and Buildings**	**Other**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Discounted future cash flows; Not later than one year	-	(8)	(8)	(9)
Later than one year and not later than five years	-	-	-	(8)
Later than five years	-	-	-	-
Total discounted future cash flows at 30 September	-	(8)	(8)	(17)

25. Post Balance sheet event

On 25 October 2024, the Group acquired 100% of the issued share capital and voting rights of 24hr Aquaflow Services Limited, a commercial drainage and plumbing business headquartered in Essex providing services to customers based in London and the South East of England.

Aquaflow was acquired for an initial consideration of £4,976,667, payable as £4,000,000 cash and £500,000 through the issue of new ordinary shares and equity consideration and deferred consideration of £476,667. A further £2,383,333 of contingent consideration is payable subject to Aquaflow meeting certain performance conditions over a two year earn out period. The acquisition has a total capped consideration of £7,360,000 should the performance conditions be fully met.

REACT Group PLC

Company Information

Directors:	Robert Gilbert Michael Joyce Shaun Doak Spencer Dredge Mark Braund
Company Secretary:	Spencer Dredge
Registered number:	05454010
Registered office:	Holly House Shady Lane Birmingham B44 9ER
Auditors:	Dains Audit Limited 2 Chamberlain Square Paradise Circus Birmingham B3 3AX
Nominated Adviser & Joint Broker:	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Joint Broker	Dowgate Capital Limited 15 Fetter Lane London EC4A 1BW
Financial PR & IR:	IFC Advisory
Website Address:	www.reactplc.co.uk