JOHNSON SERVICE GROUP PLC

Final Results

31 December 2024

JOHNSON
Service Group PLC

"Strong FY24 performance and well placed for continued progress and margin improvement in FY25."

Peter Egan - Chief Executive Officer
Yvonne Monaghan - Chief Financial Officer

CONTENTS

1 OPERATIONAL HIGHLIGHTS

"Our scale, expertise and operational excellence mean that we are well placed to capitalise on opportunities..."

JOHNSON
Service Group PLC

Operational Highlights

JOHNSON
Service Group PLC

- Organic revenue in HORECA increased 5.6%, with stable revenue in Workwear
- HORECA volumes continued to improve with increased number of hotel rooms now being serviced
- New HORECA site in Crawley now processing; encouraging new sales activity to help build throughput
- Workwear retention levels were 93% (2023: 91%)
- Although less volatile than in recent years, energy costs remained elevated but are continuing to reduce as a percentage of revenue
- Price increases and other actions implemented throughout 2024 to help offset cost inflation
- Acquisition of Empire in September 2024: business trading well
- Third Sustainability Report published in July 2024
- Carbon, water and plastic reduction targets set for 2025
- Margin improvement on track for target of at least 14.0% in 2026

2 FINANCIALS

"We remain focused on delivering excellent service which is commensurate with our pricing levels as we move into 2025."

Financial Highlights

JOHNSON
Service Group PLC

	2024	2023
Revenue (£m)	**513.4**	465.3
Adjusted EBITDA (£m)[1,2]	**152.6**	131.5
Adjusted EBITDA margin (%)[1,2]	**29.7**	28.3
Adjusted operating profit (£m)[2]	**62.3**	50.5
Adjusted operating margin (%)[2]	**12.1**	10.9
Adjusted PBT (£m)[2]	**54.8**	44.5
Adjusted diluted EPS (p)[2,3]	**10.1**	7.8
Number of shares used in diluted EPS calc (m)[3]	**418.2**	424.7
Dividend (p)	**4.0**	2.8

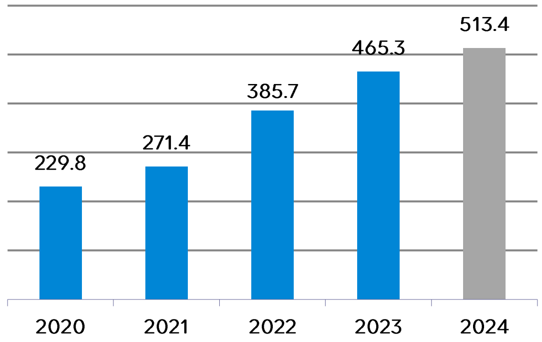
Notes:
1. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.
2. Operating profit before amortisation of intangible assets (excluding software) and exceptional items and, in the case of earnings per share only, associated taxation.
3. Weighted average number of shares (undiluted) is 414.5m (2023: 424.3m). Shares in issue at 03/03/25 were 415.0m.

JOHNSON
Service Group PLC

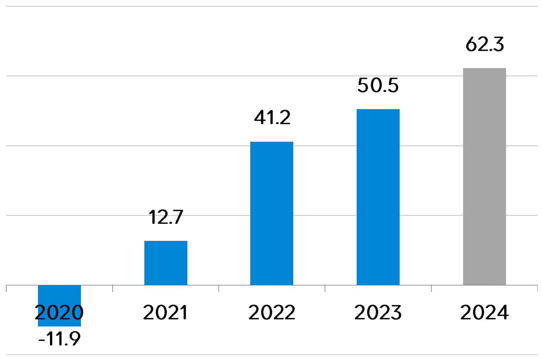
A Platform for Sustainable Growth

The Group has continued to deliver strong and sustainable growth in the aftermath of COVID-19

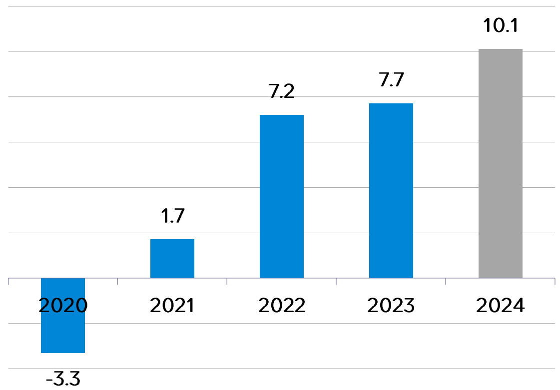
Revenue (£m)



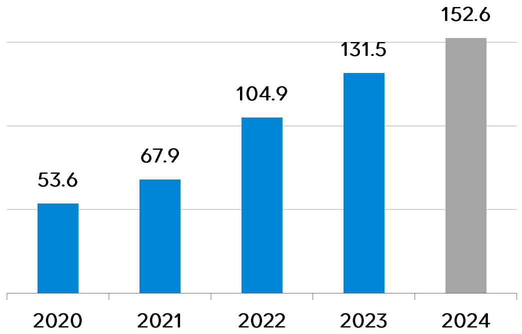
Adjusted Operating Profit (£m)



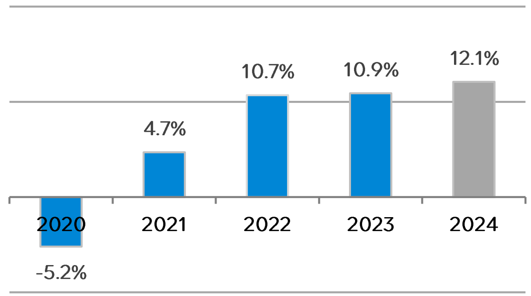
Adjusted Diluted EPS (p)[1]



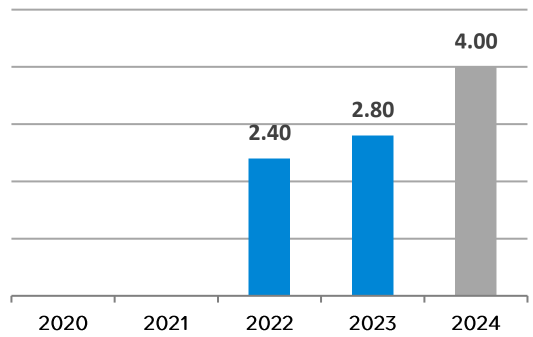
Adjusted EBITDA (£m)



Adjusted Operating Profit Margin (%)



Dividend per Share (p)



Notes:

1. Adjusted Diluted EPS in 2021, 2022 and 2023 excludes the impact of capital allowances super deduction

Proactive Management of Cost Pressures

Energy

- Energy costs (gas, electricity and fuel) have remained elevated, albeit to a lesser extent than recent years
- 2024 energy costs represented 8.8% of revenue (2023: 10.0%; 2019: 6.2%)
- Impact of energy prices being proactively managed with various fixed pricing in place at Feb 25:

	Gas	Electricity	Diesel
FY25	67%	65%	77%
FY26	29%	45%	17%

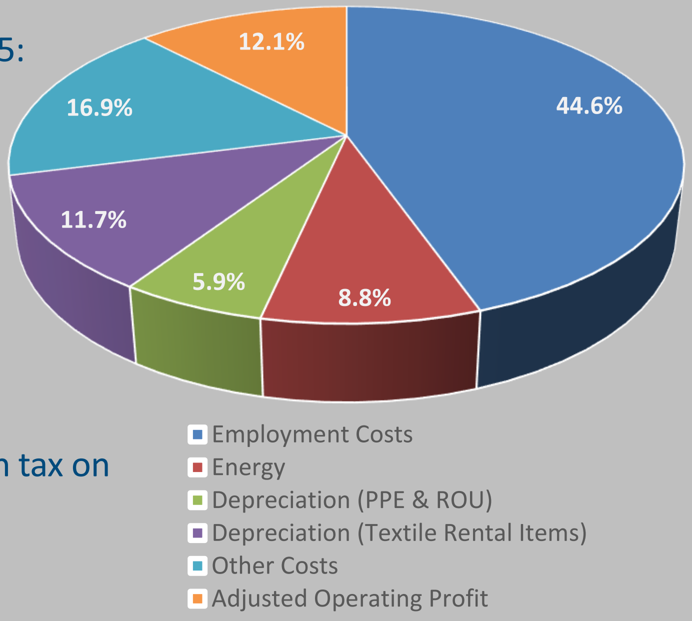
Employment Costs

- Employment costs now represent some 44.6% of revenue (2023: 44.0%; 2019: 43.0%)
- Further improvements are challenged by increasing labour rates and the significant increase in tax on UK employers from April 2025

Margin

- Cost pressures remain, particularly in relation to energy and labour
- Energy cost is reducing as historically higher fixed prices fall out of the average
- Margin improvement on track for target of at least 14.0% in 2026

2024 Cost Analysis



Cash Flow

JOHNSON Service Group PLC

		2024 £m	2023 £m
Adjusted operating profit		62.3	50.5
Depreciation, impairment and software amortisation		90.3	81.0
Working capital		(1.4)	(0.3)
Capital expenditure	fixed assets and software	(44.6)	(31.1)
	rental stocks (net)	(60.9)	(58.6)
	fixed asset proceeds	0.3	0.2
Interest		(7.4)	(5.7)
Tax		(2.7)	(1.6)
Exceptional items (cash effect)		(0.3)	(1.4)
Dividends		(13.3)	(10.6)
Additional pension contributions		-	(1.6)
Other		2.6	0.1
Net cash inflow		**24.9**	20.9
Share buybacks		-	(29.9)
Discontinued operations (cash effect)		0.1	0.1
Acquisitions		(28.4)	(34.8)
New lease liabilities		(7.3)	(13.2)
Increase in Net Debt		**(10.7)**	(56.9)
NET DEBT		**115.6**	104.9
Net Debt excluding IFRS 16 Leases		**68.6**	61.7

Other Financial Information

JOHNSON
Service Group PLC

Interest

- Interest cost of £7.5m including £2.3m relating to IFRS 16 lease liabilities (2023: £6.0m and £2.1m respectively)
- Notional pension interest cost of £nil (2023: £0.5m) and expected to be a £0.2m credit in 2025

Bank Facility

- £120m Revolving Credit Facility
  - tenure extended by 12-months to August 2027
  - option to increase facility by up to a further £15m (subject to bank consent)
- Leverage of 0.74x (2023: 0.77x)

Taxation

- Effective taxation rate[1] of 23.2% (2023: 25.8%)
- Cash tax payable will remain below the tax charge due to full expensing rules for UK capital expenditure

Pensions

- Net pension surplus of £2.9m (Dec 2023: £nil)
- Increase in corporate bond yields and lower inflation offset by lower-than-expected asset returns
- Deficit recovery contributions of £nil in 2024 (2023: £1.6m)
- No deficit recovery contributions expected to be paid in 2025

Dividend

- Continuing progressive dividend policy
- Final proposed dividend for 2024 of 2.7p per share (2023: 1.9p)
- Dividend cover of 2.5x (2023: 2.8x)

ROCE

- Return on Capital Employed 15.5% (2023: 13.9%)
- Calculated as rolling 12-month adjusted operating profit divided by the average of opening and closing Shareholders' equity, net debt and post-employment benefits

Notes:
1. Based on profit before taxation before amortisation of intangible assets (excluding software amortisation) and exceptional items.

3 Investment

"We are continuing with our programme of investing in our sites to expand capacity, increase water and energy efficiencies and improve employee welfare facilities."

Crawley Opening

- £16.0m investment now completed
- One of the most sustainable and energy efficient laundries of scale in the UK
- Site now operational
- Encouraging new sales activity
- Accelerates growth and gives greater access to London and the South East

Acquisition of Empire Linen Services

JOHNSON
Service Group PLC

- Transaction completed on 2 September 2024
- £20.6m consideration on a debt free, cash free, basis
- Provides linen services to luxury hotels in London and the South East
- 26,000 sq ft leasehold processing facility in Tottenham
- Johnsons Luxury Linen, incorporating Empire and Regency, is managed as one business
- Acquisition immediately earnings enhancing
- Assessment of future benefit of expanding use of RFID technology
- Allows us to collaboratively share best practice across the enlarged Group and implement operational synergies with the Regency business acquired in 2023

JOHNSONS
Luxury Linen

JOHNSONS
Luxury Linen
by Empire

JOHNSONS
Luxury Linen
by Regency

Capital Expenditure

JOHNSON
Service Group PLC

£44.6m
Investment

Crawley
Investment in new site

Cardiff
Sortation System

Ireland
Investment in Wexford, Naas and Belfast sites

Corsham
Increased site capacity

Group-Wide
New commercial vehicles

Manchester
New automated production facility

4 Sustainability

“We have continued to build on the foundations of our sustainability strategy with communication and involvement of employees at all levels being a key focus.”

Sustainability

JOHNSON
Service Group PLC

- We continue to demonstrate our commitment to sustainability across every area of our business and have made excellent progress against our strategy
- Carbon: 5% reduction in TCO_2e / Tonnes processed intensity rate
- Water: 8% reduction in M^3 / Tonnes processed intensity rate
- Waste: 93% of waste diverted away from landfill in 2024
- 62% of cotton purchases were Better Cotton sourced
- HORECA continue to recycle end-of-life textiles through the “Infinite Textiles” programme
- Delivered over 2,700 employee volunteering hours
- 92% of employees completed sustainability training

“Our commitment to sustainability at Johnsons isn't just about compliance, it's about doing what’s right and creating distinct value for our customers.”

5 OPERATIONAL PERFORMANCE

"We are delighted to report that our HORECA business delivered increased volumes during the year, whilst Workwear customer retention rates continued to increase."

JOHNSON
Service Group PLC

Operational Performance

HORECA

JOHNSONS Hotel Linen | JOHNSONS Hotel, Restaurant & Catering Linen | JOHNSONS Luxury Linen | JOHNSONS Ireland

	2024	2023
Revenue (£m)	**371.2**	322.7
Adjusted EBITDA (£m)[1,2]	**110.5**	89.7
Adjusted EBITDA margin (%)[1,2]	**29.8**	27.8
Adjusted operating profit (£m)[2]	**49.4**	36.0
Adjusted operating margin (%)[2]	**13.3**	11.2

Notes:
1. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.
2. Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items.

JOHNSON Service Group PLC

Operational Performance

HORECA

- Organic revenue increased by 5.6%
- Revenue benefitted from strong customer retention, higher volumes and price increases
- Following the acquisition of Empire, Johnsons Luxury Linen is under one management team
- Integration of acquired customer contracts is progressing well and has added some £4.5m of annualised revenue
- New depot improves access to hotel customers in London and the South East
- Our new Crawley site, which will be one of the most sustainable and energy efficient laundries of scale in the UK, is now operational, allowing for accelerated growth
- Continued investment in several site locations to create extra space and processing capacity
- All new investments have a pre-requisite to reduce carbon emissions against our 2030 targets
- HORECA addressable market in GB estimated to be £1.3bn; HORECA and healthcare addressable market in Ireland estimated to be €0.4bn

Operational Performance

Workwear

JOHNSON Service Group PLC

JOHNSONS Workwear

	2024	2023
Revenue (£m)	**142.2**	142.6
Adjusted EBITDA (£m)[1,2]	**49.4**	48.6
Adjusted EBITDA margin (%)[1,2]	**34.7**	34.1
Adjusted operating profit (£m)[2]	**20.3**	21.4
Adjusted operating margin (%)[2]	**14.3**	15.0

Notes:
1. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.
2. Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items.

Operational Performance

Workwear

- 25% of all new sales sold in the period came from new-to-rental
- Customer retention levels increased to 93% (2023: 91%)
- Existing customer satisfaction at 86.0% and new customers at 88.7%
- Positive momentum into 2025; will take time to impact revenue
- £4.0 million capital investment project completed in our Manchester site, automating the production process and adding an extra 40% capacity
- Lancaster site to close in H1 2025; work will transfer to our expanded Manchester site

6 OUTLOOK

"...the Board remains confident about delivering another year of progress in 2025 and future growth opportunities available to the Group."

Outlook

JOHNSON
Service Group PLC

- Encouraging trading momentum and proactive management of costs
- Adjusted operating margin will continue to improve
- Integration of recent acquisitions underway
- Expansion strategy being delivered through new Crawley site, London depot and targeted investment
- Focus on expanding the Group through targeted investment in existing sites together with identifying acquisition opportunities
- Strong Balance Sheet to support organic investment, M&A and enhanced returns to Shareholders
- Confident in medium and long-term growth prospects
- The Board remains confident about delivering another year of progress and an improving margin in 2025
- Intention to return up to £30m to Shareholders through a further share buyback programme
- The Board has been considering a move to the Main Market; further update in due course

7 INVESTMENT CASE

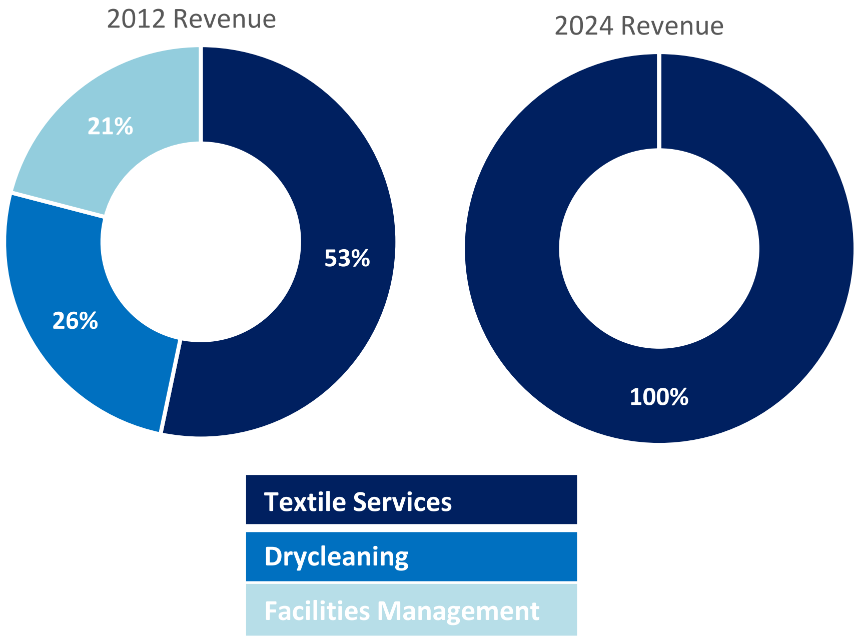
"The Group's objective is to employ a disciplined approach to investment, returns and capital efficiency to deliver sustainable compounding growth whilst also maintaining a strong balance sheet."

2024 Final Results

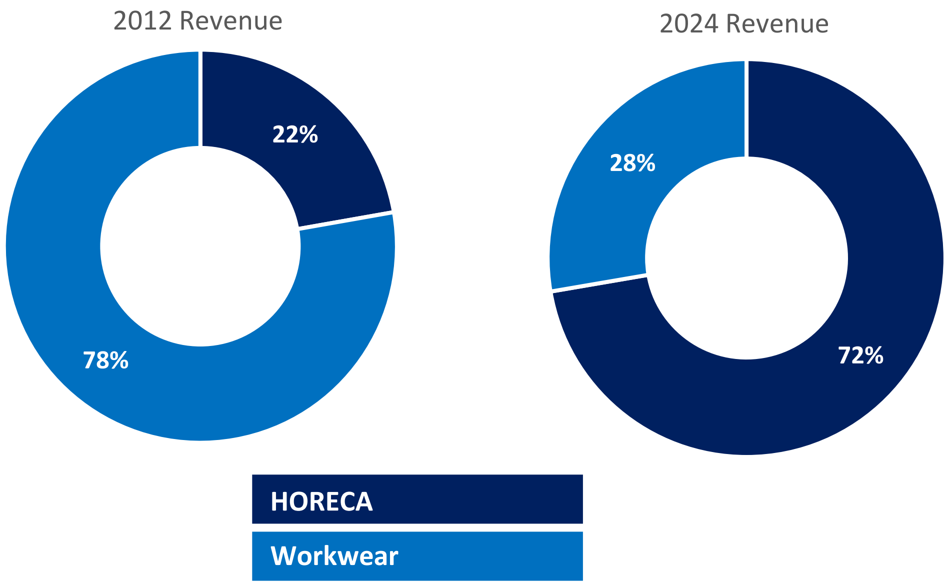
Repositioned as a Dedicated Textile Services Provider

JOHNSON
Service Group PLC

Revenue previously derived from three distinct sources…now derived from one focused business



Source of revenue within Textile Services significantly changed



Disposals	Acquisitions
SGP property & facilities management; Johnsons The Cleaners	bourne textile services; London Linen Group; ZiP Textile Services Ltd; afonwen laundry & linen hire; Regency Laundry Concierge; PLS; Ashbon Laundry; Chester Textile Services CTS; empirelaundry; StarCounty; South West Laundry; fresh linen; Lilliput Services … delivering Quality Linen; Celtic Linen

An Essential Service Provider

JOHNSON
Service Group PLC

An Essential Service Provider

The services we provide to our customers are essential to their business

Quality Service

We provide our customers with a quality service which they can rely upon

A Local Service

Our proximity to customers enables us to quickly respond to their needs

Sustainable

Working in partnership with our customers and suppliers to reduce environmental impact

Substitution

Limited alternatives to our offering in a market that has tight capacity

A Consistent and Proven Strategy

JOHNSON
Service Group PLC

	Key Components of Our Medium-Term Outlook
Organic Revenue Growth	▪ Value-added proposition and market leading service supports above market growth ▪ Consistent track record of delivering organic growth
Operating Margin	▪ Line of sight on reducing energy costs ▪ Margin accretion from capacity utilisation
Capital Allocation	▪ Strong balance sheet provides scope to invest in additional organic capacity and targeted M&A opportunities ▪ Track record of returning excess cash to shareholders

Supported By

- Exceptional service underpinned by quality and reliability
- Long-term relationships and customer partnerships driving a market leading position
- Structural growth market with consolidation opportunities
- Attractive business model with high returns on capital
- Strong sustainability credentials and talented people

JOHNSON
Service Group PLC

Appendices

Appendix 1
Segmental Analysis

	2024			2023		
	Revenue £m	Adjusted Operating Profit [1] £m	Adjusted EBITDA[1,2] £m	Revenue £m	Adjusted Operating Profit [1] £m	Adjusted EBITDA[1,2] £m
HORECA	371.2	49.4	110.5	322.7	36.0	89.7
Workwear	142.2	20.3	49.4	142.6	21.4	48.6
Textile Rental	**513.4**	**69.7**	**159.9**	**465.3**	**57.4**	**138.3**
Group Costs	-	(7.4)	(7.3)	-	(6.9)	(6.8)
Total	513.4	62.3	152.6	465.3	50.5	131.5

Notes:
1. Operating Profit before amortisation of intangible assets (excluding software amortisation) and exceptional items.
2. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.

JOHNSON

Service Group PLC

www.jsg.com