2024
Annual Report & Accounts

JOHNSON
Service Group PLC

2024

ANNUAL REPORT & ACCOUNTS

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Group Overview and Highlights

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

Progressive dividend policy

Our employees are the foundation of our business, with a continued focus on delivering outstanding customer service

Margin improvement on track for target of at least 14% in 2026

We continue to prioritise the identification of earnings enhancing acquisition opportunities

New HORECA site in Crawley now processing work

Acquisition of Empire Linen Services Limited

Ongoing capital investment throughout the estate to enhance efficiencies and increase capacity

Strong balance sheet and cash generation with capacity for further investment

Intention to launch a further share buyback programme for up to £30.0m

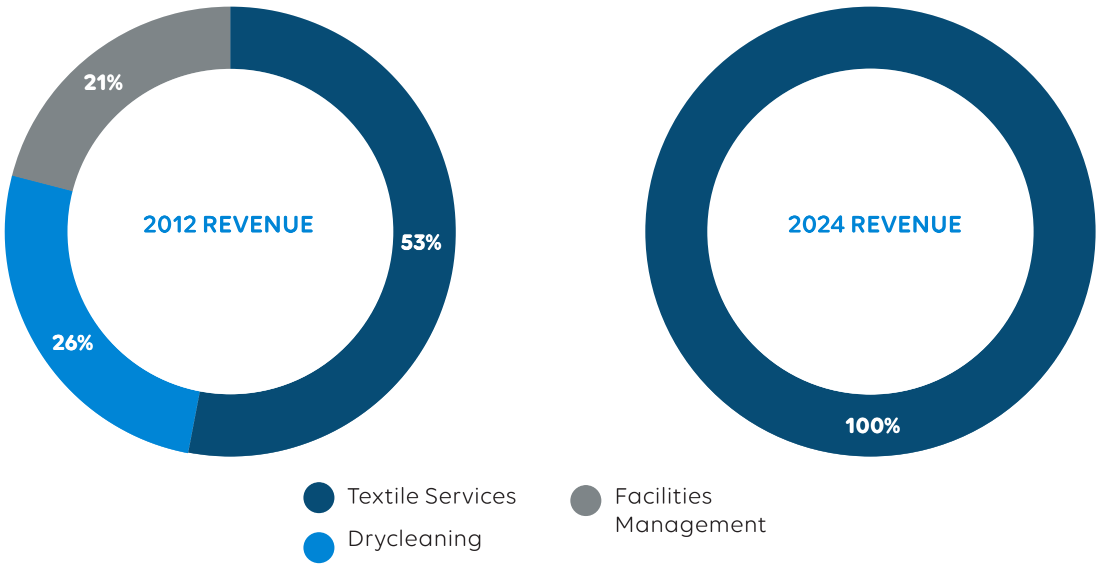
"We enter 2025 with a strong and well invested business which, as we have previously demonstrated during challenging times, is resilient and well placed to mitigate and manage the potential economic challenges that may arise in 2025 through operational efficiencies and other measures."

The Board remains confident about the growth opportunities available to the Group

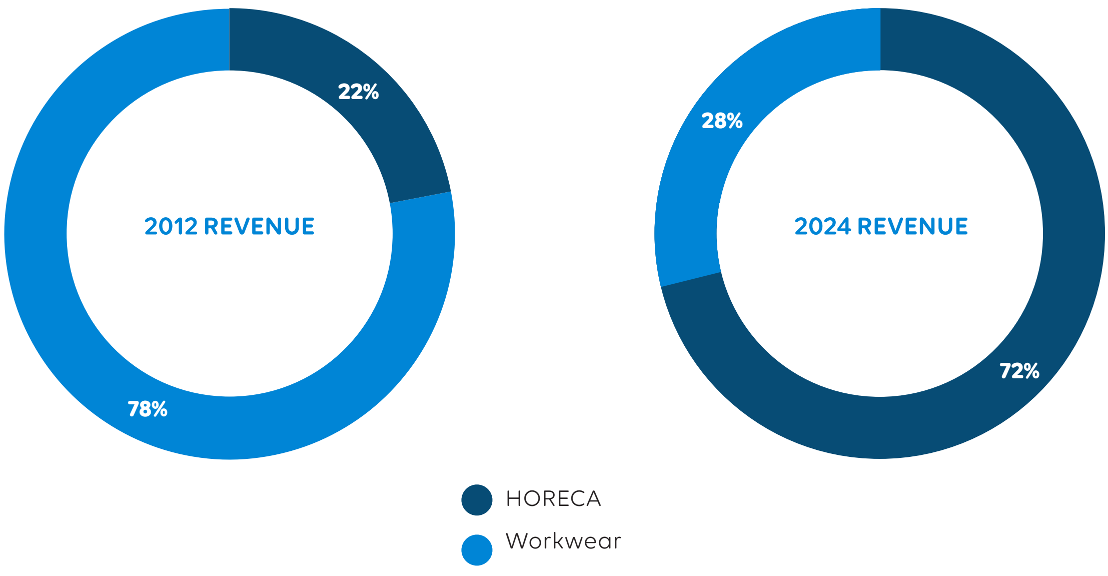
GROUP OVERVIEW AND HIGHLIGHTS

Repositioned as a Dedicated Textile Services Provider

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



Source of revenue within Textile Services significantly changed

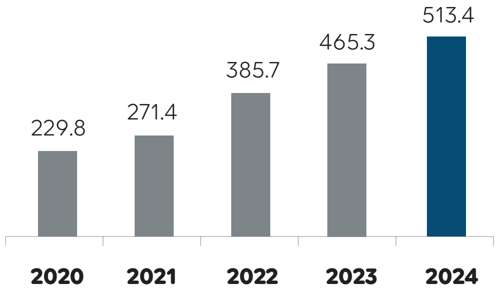


Group Overview and Highlights

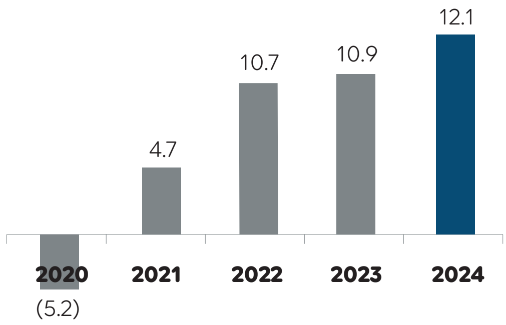
Price increases and other actions implemented throughout 2024 to help offset cost inflation

"We continue to seek out and acquire earnings enhancing businesses which provide further geographic coverage. We also continue to invest in our estate to drive production efficiencies, organic growth and support our high levels of customer service."

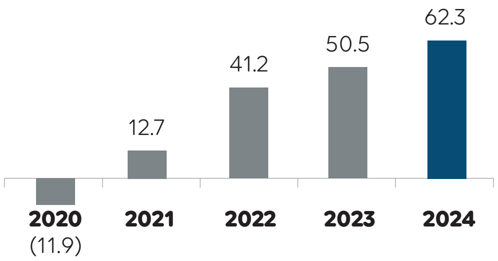
REVENUE (£m)[1]



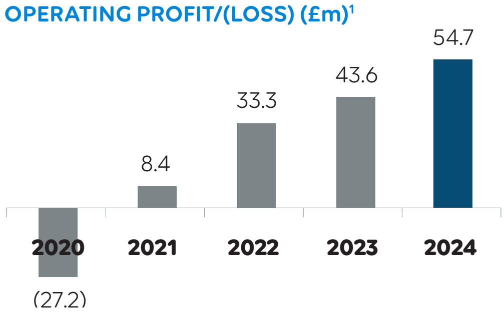
ADJUSTED OPERATING PROFIT MARGIN (%)[1]



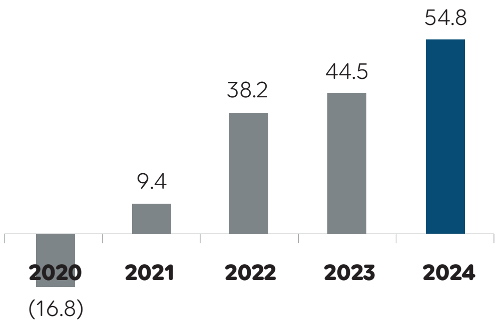
ADJUSTED OPERATING PROFIT/(LOSS) (£m)[1,2]



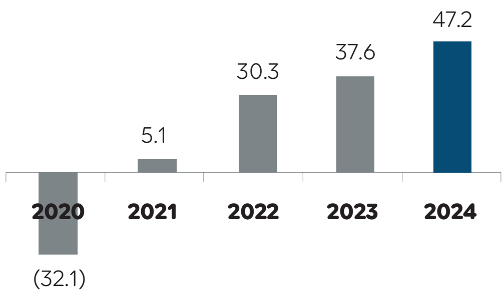
OPERATING PROFIT/(LOSS) (£m)[1]



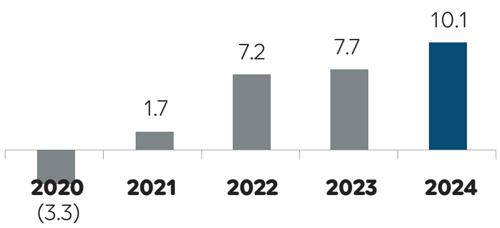
ADJUSTED PROFIT/(LOSS) BEFORE TAXATION (£m)[1,3]



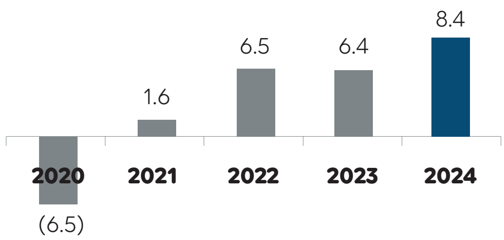
PROFIT/(LOSS) BEFORE TAXATION (£m)[1]



ADJUSTED DILUTED EARNINGS/(LOSS) PER SHARE (p)[1,4]



DILUTED EARNINGS/(LOSS) PER SHARE (p)[1]



Notes

1. All figures are from Continuing Operations.
2. "Adjusted Operating Profit/(Loss)" refers to operating profit/(loss) before amortisation of intangible assets (excluding software amortisation), goodwill impairment and exceptional items.
3. "Adjusted Profit/(Loss) Before Taxation" refers to Adjusted Operating Profit/(Loss) less finance costs.
4. "Adjusted Diluted Earnings/(Loss) per Share" refers to diluted earnings per share calculated based on adjusted profit/(loss) after taxation and, in 2021, 2022 and 2023, excludes the benefit of the capital allowances super deduction which offers 130% first year relief on qualifying spend.

Chair's Statement

Dear Shareholder

I am pleased to announce that the Group has delivered strong results for the financial year ending 31 December 2024, setting a solid foundation for long-term, sustainable growth. This achievement reflects the robustness of our business model, our operational expertise, strong relationships with our customers and suppliers, and most importantly, the dedication and hard work of our employees. Under the dynamic leadership of Peter Egan, our CEO, and the executive team, our people continue to drive our success. On behalf of the Board, I extend heartfelt gratitude to all employees for their exceptional efforts, and to our stakeholders for their unwavering support. As we move forward into 2025, the Board is committed to executing our growth strategy and capitalising growth opportunities.

Financial Results

As explained in the Chief Executive's Operating Review on page 18, total revenue for the year to 31 December 2024 increased by 10.3% to £513.4 million (2023: £465.3 million). This increase delivered an adjusted profit before taxation of £54.8 million (2023: £44.5 million). This strong performance reflects sustained endeavour across the Group shaped by the strong and energetic leadership of Peter and Yvonne, your Executive Directors, and their management team. Volatility and uncertainty have been a continuing context for our businesses; notwithstanding this, the businesses have sought to satisfy our customers and employees in line with our purpose. Further details of our operational and financial performance can be found on pages 18 to 27.

Dividend

As determined by our progressive dividend policy, an interim dividend of 1.3 pence per share was paid on 1 November 2024. The Board is pleased to recommend a final dividend of 2.7 pence per share, which reflects the Board's confidence in the prospects of the business. Together with the interim dividend this takes the total dividend for the year to 4.0 pence per share and, as the Board previously committed to do, reduces cover to 2.5 times from the historic level of 3.0 times.

"...the Group has delivered strong results for the financial year..."

Jock Lennox
Chair

Acquisitions

As previously reported, we completed the acquisition of Empire Linen Services Limited ("Empire") on 2 September 2024 for a total consideration of £20.6 million, reflecting our continuing strategy to grow by acquisition alongside our organic development. Empire complements our servicing of luxury hotels in the UK and will provide further opportunities for investment and development. We are delighted to welcome all of our new colleagues and are already seeing ideas and best practice being shared to and from the wider JSG family.

We anticipate that there will be further opportunities for us to invest in attractive and earnings enhancing acquisition opportunities. Our pipeline remains healthy as we continue to invest in building relationships with independent players. We are also seen as a good "parent" that supports the further development of these businesses.

A Strong Capital Base

The Group maintains a strong balance sheet and is well positioned to continue to invest in the business to support our long-term growth prospects. 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.

Our capital allocation policy remains unchanged and considers maintaining a strong balance sheet, ongoing capital investment in our estate, accretive acquisitions, a progressive dividend policy and distributing any surplus cash to Shareholders. Further details of our capital allocation policy are provided on pages 26 to 27 and further details of the share buyback programmes can be found on page 27.

Share Buyback Programme

In the period September 2022 to November 2023, the Group undertook two share buyback programmes which returned over £35.0 million to Shareholders. The Group continues to have significant headroom under its committed facilities and leverage of less than one times and, accordingly, the Board is pleased to confirm that it intends to shortly commence a further share buyback programme for up to a maximum consideration of £30.0 million, excluding expenses. The Board will further actively review its options once this tranche has been deployed.

Governance and the Board

Companies today are judged, rightly, by their integrity and trustworthiness as well as their financial performance. One of my key responsibilities as Chair is to ensure good governance for the Group. I am extremely well supported in this regard by all the members of the Board, and our General Counsel & Company Secretary, who bring a wealth of skills and experience that complements the talents of our Group management teams. With effect from 1 November 2024, as part of the Company's planned Board succession, Kirsty Homer was appointed as Chair of the Remuneration Committee and designated Non-Executive Director for Workforce Engagement in succession to Nick Gregg. Kirsty's extensive experience and expertise will be of great benefit to progressing the Group's remuneration agenda and policy in the context of the Group's growth trajectory and its continued evolution in scale and complexity. Having served nine years as an Independent Non-Executive Director of the Company, Nick subsequently stood down as an Independent Non-Executive Director of the Company and retired from the Board on 31 December 2024. I would like to thank Nick for his significant contribution and, in addition, would like to thank all of my Board colleagues for their continued support and valuable contributions as we continue to undertake oversight of the strategic, operational and compliance risks and opportunities across the Group, define our path to success and uphold the high standards expected of us.

During the year, an independent, externally facilitated, evaluation of the Board and its committees was conducted. The evaluation concluded that the performance of the Board and its Committees continues to be effective. Further details of the evaluation are set out within the Corporate Governance Report on page 68. An action plan listing specific actions to further enhance the Board's effectiveness has been developed, with progress to be closely monitored and regularly reviewed at Board meetings throughout the coming year.

The CEO and CFO meet regularly with institutional investors to discuss strategic matters and to make presentations on the Group's results. As previously, I also met with a number of our major Shareholders in order to understand more fully their views and to provide them with an opportunity to raise any questions they had outside of the normal Investor Relations process. My intention is to once again extend this invitation to our major Shareholders during 2025.

Sustainability

Our belief that embedding a best-in-class sustainability programme throughout our operations will help position us as a leader in responding to the challenges faced by the textile services industry and prove to be a differentiator for our customers remains unchanged. Following the launch of 'The Johnsons Way', our group-wide approach to sustainability, we continue to make excellent progress, refining and executing our strategy around the four 'Pillars' of 'Our Family', 'Our World', 'Our Integrity' and 'Our Communities' and publishing our third Sustainability Report. Further details are set out in the report on Sustainability on pages 28 to 42.

Summary and Outlook

Looking ahead, we are enthusiastic about the Group's potential to expand both organically and through strategic acquisitions, to achieve further revenue and profit growth, enhance operational efficiencies, and deliver strong returns to Shareholders. Whilst we remain vigilant to global economic and geopolitical uncertainties, our scale, strategic focus, and dedication to operational excellence – alongside ongoing investment in our team – position us well to seize future opportunities. With a promising start to the year, we remain confident about delivering another year of progress in 2025 and future growth in the Group's performance over the medium term.

Jock Lennox
Non-Executive Chair

3 March 2025

Strategic Review

The Strategic Report

The Strategic Report comprises the Group Overview and Highlights, the Chair's Statement, the Strategic Review, Our Commitment to Section 172(1), the Chief Executive's Operating Review, the Financial Review, the report on Sustainability (including the Group Non-Financial and Sustainability Information Statement) and the Principal Risks and Uncertainties.

Principal Activities and Business Overview

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

The Company and its subsidiaries (together, the 'Group') provides textile rental and related services to the Hotel, Restaurant and Catering ('HORECA') and Workwear sectors throughout the UK and Republic of Ireland. Within our HORECA division, 'Johnsons Hotel Linen', our high-volume linen business, primarily serves group and independent large hotel customers, 'Johnsons Hotel, Restaurant and Catering Linen' provides premium linen services to restaurant, hospitality and corporate event customers whilst 'Johnsons Luxury Linen', which comprises of Empire, acquired in September 2024, and Regency, acquired in February 2023, provides bespoke linen predominantly to four and five-star luxury hotels. Also, within HORECA, 'Johnsons Ireland' serves both hospitality and healthcare customers. Our Workwear division comprises solely of 'Johnsons Workwear', which predominantly provides workwear rental, protective wear and laundry services to UK corporates across all industry sectors.

Our Purpose Our purpose sets out why we do what we do:	**We do our job, so our customers can do theirs** Our purpose is to be an exceptional textile services provider to thousands of businesses every day, delivering sustainable growth and value to all our stakeholders.
Our Vision Our vision sets out where we want to be:	**We want to be number one** Our vision is to be recognised as the home of exceptional quality and sustainable textile services, where our people are integral to our success and where we lead the industry, setting the standards against which others aspire to.
Our Mission Our mission sets out what we do and how it will contribute to achieving our vision:	**We do textile services** Our mission is to provide valuable textiles services by building strong partnerships with our customers and providing exceptional service, quality products and sustainable innovation.
Our Values Our values set out what we collectively believe in and guide our behaviours – they act as our moral compass as a company:	**Delivering exceptional service** • We take pride in providing a professional, efficient, reliable and friendly service to our customers. • We are committed to disciplined management of our operations to deliver consistent standards of exceptional quality and to provide a service that our customers can trust. **Championing our people** • We embody a culture that recognises and respects the diversity and contribution of all our people and where everyone feels valued. • We promote a work environment where the health, safety and wellbeing of our people is a priority and which provides opportunities and support for everyone to grow and succeed. **Caring for our environment** • We care about our impact on the environment and consider ways to protect and enhance it. • We minimise the use of natural resources where possible and make sustainable purchasing choices so that we can leave a positive legacy. **Acting in a responsible way** • Operating from a resilient financial platform, we act with professionalism, integrity and the highest ethical standards in everything that we do. • We expect all our relationships to be based on honesty, respect, fairness and a commitment to openness and transparency. **Supporting our communities** • We collaborate with our neighbours and wider communities to create strong, long-lasting relationships. • We take part in programmes and activities that directly and indirectly support our communities to grow and thrive.

Further information covering the activities of the business during the year are set out within the Chair's Statement and the Chief Executive's Operating Review.

Our Business Model

The Board's strategy has been to focus the Group on our core businesses, increase the scale of our business both organically and through targeted strategic acquisitions and to be the market leader in textile services in all geographies in which we operate.

The Group's business model, which supports this strategy and aims to increase both profitability and shareholder value, focuses on delivering exceptional customer service across all of our businesses in order to increase customer satisfaction and loyalty and attract new customers.

Like many businesses, we face a number of external cost pressures, in particular those arising as a result of the challenging macro-economic environment, however, in the ordinary course our business model seeks to generate efficiencies in order to mitigate those pressures and to allow us to maintain divisional margin over the medium term. Such efficiencies include:

- investing in the latest machinery technology in order to increase capacity and productivity whilst at the same time reducing energy costs and water consumption;
- taking advantage of operational synergies, for example, redistributing the processing of customer work across our estate of sites in order to take advantage of reduced distribution costs;
- in alignment with our approach towards a circular economy, identifying opportunities for end-of-life textile management, including exploring new technologies and partnerships to help develop innovative solutions for textile recycling; and
- diligently and proactively managing our cost base.

Key to this is our biggest asset, our highly capable employees, who are the face of our business. The investment we make in the training and development of our employees supports our business model and we seek the views and opinions of employees, at all levels, to continuously develop the way we operate such that we support our people and the operations of the Group.

The scale and geographic coverage of our business, together with our focus on customer service, cost control, sustainability and efficiencies, give us a competitive advantage. We can provide our customers with the best value in terms of quality and cost and this helps drive long term and sustainable organic revenue growth.

We continue to identify opportunities to grow the business organically and actively pursue strategic acquisition opportunities which will broaden our services and geographic spread, add value for Shareholders and complement our position as the market leader in textile services in all geographies in which we operate.

Key Performance Indicators (KPIs)

The Group refers to certain KPIs to assess the performance of the Group as a whole, and of the various businesses. Further details of the KPIs are set out within the Financial Review.

Viability Statement

The Board is acutely aware that an understanding of the future prospects of the Group is of vital importance to all stakeholders and, as such, a statement, on behalf of the Board, is set out below on the future prospects of the Group.

"The Directors confirm that, based upon the information and knowledge of which they can be reasonably expected to be aware, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for a period of not less than 36 months from the balance sheet date."

The Directors acknowledge the heightened uncertainty of the Group's strategic plans in the current macro-economic environment and, as a result, have considered a range of different scenarios. Financial forecasts are reviewed and approved by the Board, with involvement throughout from the Group CEO, Group CFO and the Group Management Board. Part of the Board's role is to consider the appropriateness of key assumptions, considering the external environment, business strategy and business model of the Group.

Whilst the Directors expect the future prospects of the Group to extend beyond the 36-month period referred to above, this period has been selected, for the purpose of this statement, as:

- it is concurrent with the most recently available financial modelling for the Group;
- the situation with respect to the UK and Republic of Ireland (ROI) current macro-economic environment remains uncertain and is likely to continue impacting the Group in the medium term;
- it is consistent with the average contract life of key customers, which provide stable revenue streams, being approximately 36 months;
- the Group has committed banking facilities which although ultimately expire prior to the end of this 36-month period, in August 2027, will likely be refinanced; and
- projections looking out further than 36 months become significantly less meaningful in the context of the Group's operations and markets.

The Directors have a reasonable expectation, having taken into consideration the principal risks and uncertainties facing the Group (as set out on pages 43 to 49) and, inter alia, the points set out below, that the trading performance and cash generation of the Group will not be materially adversely affected within that time frame, as:

- the Group has a committed revolving credit facility of £120.0 million which matures in August 2027, the terms of which provide an option to increase the facility by up to a further £15.0 million, with bank consent, with significant headroom in terms of availability, which is considered to be sufficient to meet the Group's current requirements throughout that period;
- our diversified customer base, the majority of which have a formal contract in place with varying expiry dates of up to five years, provides a secure future income stream whilst at the same time ensuring that the loss of any single key customer would not materially impact the Group's future trading performance and cash flows;
- the diverse and unrelated nature of the Group's customer base limits concentration of credit risk;
- the Group has prepared financial modelling, covering a three-year period, which has been approved by the Board. Prior to approving the financial modelling, the Board reviewed, challenged and stress tested the financial projections and assumptions contained within the forecasts. The stress tests were designed to determine the performance level that would result in a reduction in headroom against the Group's committed facilities to nil or a breach of covenants. The Directors did not consider such a reduction in performance to be likely and hence were able to conclude that there were no indications of a significant threat to the future prospects of the Group;
- the Group continuously strives to seek out and invest in plant and equipment that will help drive operational efficiencies;
- a significant number of the Group's key processing sites are owned on either a freehold or long leasehold basis thereby providing security of tenure;
- the wide geographic spread of processing sites mitigates the effect of a loss of any single processing facility (as demonstrated during 2020 following serious fire damage at one of our sites and flood damage at another of our sites) and, furthermore, appropriate insurance cover is in place such that the increased cost of working following a loss of processing capacity may, in some circumstances, be recovered; and
- the Group continuously reviews the adequacy and strength of its management teams to ensure that appropriate experience and training is given and develops succession planning as part of the development programmes for our people.

Although the Board is confident of the future prospects of the Group, there remain a number of risks and uncertainties, which are often beyond the control of the Directors, which could mean that actual results and events may differ from those budgeted.

Strategic Report Approval

The Strategic Report, outlined on pages 5 to 49, incorporates the Group Overview and Highlights, the Chair's Statement, the Strategic Review, Our Commitment to Section 172(1), the Chief Executive's Operating Review, the Financial Review, the report on Sustainability (including the Group Non-Financial and Sustainability Information Statement) and the Principal Risks and Uncertainties.

The Strategic Report was approved by the Board on 3 March 2025.

By order of the Board.

Christopher Clarkson
Company Secretary

3 March 2025

Our Commitment to Section 172(1)

Our Stakeholders

The success of our strategy is reliant on the support and commitment of all our stakeholders. Their interests are important to us and we are committed to maintaining strong, positive relationships with them, built on a foundation of mutual respect, trust and understanding. Our key stakeholders are our people, the communities in which we do business, our customers, our suppliers, our shareholders, non-government organisations as well as Government organisations and regulators. We work hard to ensure that we provide the right resources, energy and focus to meet the expectations of all of our stakeholders. The table below provides a high-level overview of how we engage with our stakeholders. Further details are then provided within the report on Sustainability on pages 28 to 42.

	Description	Areas of focus	Why we engage	How we engage
People	Our employees who work in our business	▪ health and wellbeing ▪ diversity and inclusion ▪ recognition and careers	Our people are at the heart of our business and key to our ongoing success. We want our people to thrive in a fair and inclusive work environment.	There are many ways we engage, including engagement surveys, employee focus groups, site meetings, internal social media and newsletters.
Communities	The people who live in the local communities around our sites and operations	▪ fair employment and equal opportunities ▪ local causes and issues ▪ health and wellbeing	To build trust by operating responsibly and sustainably and addressing issues that are material to our communities. To provide employment opportunities to local people to help support the community.	We operate many local employment programmes to recruit and develop people to work in our sites. We partner with charities and organisations to raise awareness and donate funds to help local causes.
Customers	The businesses and organisations to whom we provide goods and services	▪ working within defined sectors, we provide solutions to match specific market and customer requirements ▪ sustainable customer relationship initiatives ▪ technology and innovation to support customer requirements	By understanding what is important to our customers, we ensure that our services are tailored to support their individual business objectives.	We aim to have open and transparent relationships that are based on honesty and respect. We conduct independent customer surveys which measure satisfaction levels.
Suppliers	Our trusted partners who source and supply products and services to us	▪ workplace health and safety ▪ supply chain integrity ▪ human rights ▪ sustainable products	To develop mutually beneficial and lasting partnerships aimed at addressing shared challenges in responsible and sustainable sourcing and to communicate our supply chain standards, expectations and commitments.	We regularly communicate with our suppliers and we have also hosted multi-supplier conferences. We aim to pay suppliers within agreed contractual terms and endeavour to work in a collaborative manner with them in order to resolve any disputes that may arise.
Shareholders	Individuals or institutions that own shares in Johnson Service Group PLC	▪ financial performance ▪ competitive positioning ▪ strategy and outlook ▪ ethical business practices and sound governance ▪ leadership and succession planning ▪ debt and liquidity ▪ sustainability	Our philosophy is to engage in regular, open and transparent dialogue with our existing and prospective shareholders. We value their thoughts and opinions which are shared with the Board. The Board reviews the feedback and, where relevant, takes appropriate actions to address any concerns.	We engage with our existing investors through one-to-one and group meetings, presentations, conference calls and at our AGM. The Group CEO and Group CFO dedicate significant time to engaging with our major shareholders.
Non-Governmental Organisations (NGOs)	NGOs support us with knowledge and expertise on key industrial, social, environmental and economic issues	▪ human rights ▪ climate change ▪ social issues	To ensure we stay up to date and develop effective action plans so we can have a positive impact on key social, environmental and economic issues.	We engage with NGOs through regular communications, interactions and meetings as well as through industry association memberships and at forums and conferences.
Government & Regulators	Regional and national government bodies and agencies which implement and enforce applicable laws across our industry	▪ public health policies ▪ workplace health and safety ▪ human rights ▪ climate change ▪ legal and regulatory compliance	To communicate our views to those who have responsibility for implementing policy, laws and regulations relevant to our businesses.	We engage through a series of industry consultations, forums and conferences.

Section 172(1) Statement – Duty to Promote the Success of the Company

Section 172(1) of the Companies Act 2006 (the 'Act') requires the directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly between members of the company.

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent advisor. In addition, our nominated advisor (NOMAD) is available to the Board to provide training updates on directors' duties and any relevant legislative changes.

The Board confirms that, during the year, the Board and its individual members have acted in a way that would be most likely to promote the success of the Company, for the benefit of its members as a whole, in the decisions made by the Board during the year. The Directors confirm that the deliberations of the Board, which underpin its decisions, incorporate appropriate regard to the matters detailed in section 172(1) of the Companies Act 2006. During the year, the Board considered information from across the Group's businesses and received presentations from management, reviewed papers and reports and took part in discussions which considered, where relevant, the impact of the Company's activities on its key stakeholders. These activities, together with direct engagement by the Board and individual Directors with the Company's stakeholders, helped to inform the Board in its decision-making processes.

Further details as to how the Directors have fulfilled their duties, together with references to relevant areas within this Annual Report, are set out below. Specific examples of how the Board considered the interests of stakeholders in its principal decision-making are provided on page 62.

The Board acknowledges that balancing the needs and expectations of stakeholders is important, but it often has to make difficult decisions based on competing priorities where the outcome of any decision it makes will not necessarily result in a positive outcome for all of the Group's stakeholders. Decisions are not taken lightly and the decision-making process has been structured to enable directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term, with the aim of safeguarding the Company so that it can continue in existence, fulfilling its purpose and creating value for future generations of stakeholders. By considering the Company's purpose, vision and values, together with its strategic priorities and having a process in place for decision-making the Board does, however, aim to make sure that its decisions are consistent and predictable.

Risk Management

It is vital that we effectively identify, evaluate, manage and mitigate the risks we face as a business. For details of our principal risks and uncertainties, and how we manage our risk environment, please see pages 43 to 49. The Board is also aware that an understanding of the future prospects of the Group is of vital importance to all stakeholders – a statement as such, together with further explanatory information, is set out above within our Viability Statement.

Our Employees

The Group is committed to being a responsible employer. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We recognise that our people are key to the success of the Group and we value the contribution of each and every one of our employees. We strive to create an inspiring working environment where everyone is engaged and motivated. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way. The Board receives updates on key elements of the people strategy which provides insight into a variety of areas including culture, diversity and inclusion, succession planning, future capabilities and employee engagement. For further details on our employees and equity, diversity and inclusion initiatives within the Group, please see pages 30 to 31.

Business Relationships

Our strategy prioritises growth, both organically and through acquisition. Organic growth is driven through up-selling services to existing clients as well as bringing new customers into the Group. To do this, we need to develop and maintain strong customer relationships. We value all of our suppliers and have multi-year contracts with our key suppliers. For further details on how we work with our customers and suppliers, please see pages 36 to 37.

Community and Environment

The Group's approach is to use our position of strength to create positive change for the people and communities with which we interact, giving back wherever we can. We want to leverage our expertise and enable our people to support the communities around us. We recognise our responsibilities to achieve good environmental practice and to continue to strive for improvement in areas of environmental impact. We are committed to energy efficiency improvement and continue to take steps in a continuous improvement strategy. For further details on how we interact with communities and the environment, please see pages 32 to 35 and page 38.

Culture and Values

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our employees, customers and other stakeholders. Further details on our purpose, mission, vision and values are set out on page 13 whilst details of our corporate culture can be found on page 64.

Shareholders

The Board is committed to openly engaging with our Shareholders, as we recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee Shareholders. It is important to us that Shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised, properly considered. For further details on how we engage with our Shareholders, see page 63.

"The year has seen significant investment in the business."

Basis of Preparation

Throughout this statement, and consistent with prior years, a number of alternative performance measures ('APMs') are used to describe the Group's performance. APMs are not recognised under UK-adopted international accounting standards. Whilst the Board uses APMs to manage and assess the performance of the Group, and believes they are representative of ongoing trading, facilitate meaningful year on year comparisons and hence provide useful information to stakeholders, it is cognisant that they do have limitations and should not be regarded as a complete picture of the Group's financial performance. APMs, which include adjusted operating profit, adjusted profit before taxation, adjusted EBITDA, adjusted EPS and net debt excluding IFRS 16 lease liabilities are defined within note 1 (Basis of Preparation) and are reconciled to statutory reporting measures in notes 1, 8, 11 and 36.

Financial Overview

Financial Results

Total revenue for the year to 31 December 2024 increased by 10.3% to £513.4 million (2023: £465.3 million). Organic revenue in HORECA increased 5.6% over 2023, reflecting price increases implemented throughout the year alongside increased volumes, with stable revenue in Workwear.

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

Adjusted operating profit margin improved by 120 basis points to 12.1% (2023: 10.9%), reflecting a reduction in energy costs to 8.8% of revenue (2023: 10.0% of revenue) and an increase in labour costs to 44.6% of revenue (2023: 44.0% of revenue), with both remaining at an elevated level compared to 2019. As we continue to focus on the recovery of these costs, through increasing volumes, efficiencies and price increases, the Board remains of the opinion that an overall adjusted operating margin for the Group of at least 14.0% will be achieved in 2026.

"2024 was another year of strong financial, operational and strategic progress for the Group."

Peter Egan
Chief Executive Officer

Adjusted EBITDA increased by 16.0% to £152.6 million (2023: £131.5 million) giving an increased margin of 29.7% (2023: 28.3%). As expected, we saw this improve from the 28.3% achieved in the first half of the year. Adjusted operating profit was £62.3 million (2023: £50.5 million), an increase of 23.4%, whilst adjusted profit before taxation increased by 23.1% to £54.8 million (2023: £44.5 million).

The exceptional charge of £0.4 million (2023: £1.6 million) represents £1.4 million of costs in relation to business acquisition activity, partially offset by £1.0 million of property related credits.

Statutory operating profit increased to £54.7 million (2023: £43.6 million) whilst statutory profit before taxation, after amortisation of intangible assets (excluding software amortisation) of £7.2 million (2023: £5.3 million) and the exceptional items referred to above, increased to £47.2 million (2023: £37.6 million).

Adjusted diluted earnings per share increased by 29.5% to 10.1 pence (2023: 7.8 pence).

Dividend Reflecting Confidence in the Future

An interim dividend of 1.3 pence (2023: 0.9 pence) per share was declared at the time of announcing our interim results. We are pleased to recommend a final dividend of 2.7 pence per share, taking the full year dividend to 4.0 pence (2023: 2.8 pence) per share. Dividend cover was 2.5 times and in line with our commitment to reduce from the historic level of 3.0 times.

Acquisition of Empire

In line with our capital allocation policy, the Group has continued to seek out and acquire businesses which complement our existing geographic coverage and are earnings enhancing. In September 2024, we completed the acquisition of Empire Linen Services Limited ('Empire') which predominantly services luxury hotels in London and the South East.

We will continue to assess future acquisition opportunities having regard to satisfying our margin and ROCE targets.

Share Buyback Programme

In the period September 2022 to November 2023, the Group undertook two share buyback programmes which returned over £35.0 million to Shareholders. Even after spending £44.6 million on capital investments during the year, together with the £20.6 million acquisition of Empire, the Group continues to have significant headroom under its committed facilities and leverage of less than one times. Accordingly, the Board is pleased to confirm that it intends to shortly commence a further share buyback programme for up to a maximum consideration of £30.0 million, excluding expenses. The Board will further actively review its options once this programme is completed. Further details are set out within the Financial Review.

Operational Review

Our Businesses

The Group provides textile rental and related services throughout the UK and Republic of Ireland.

Within our Hotel, Restaurant and Catering ('HORECA') division, 'Johnsons Hotel Linen', our high-volume linen business, primarily serves group and independent large hotel customers, 'Johnsons Hotel, Restaurant and Catering Linen' provides premium linen services to restaurant, hospitality and corporate event customers whilst 'Johnsons Luxury Linen', which comprises of Empire, acquired in September 2024, and Regency, acquired in February 2023, provides bespoke linen predominantly to four and five-star luxury hotels. Also, within HORECA, 'Johnsons Ireland' serves both hospitality and healthcare customers. Our Workwear division comprises solely of 'Johnsons Workwear', which predominantly provides workwear rental, protective wear and laundry services to UK corporates across all industry sectors.

The year has seen further significant investment across the business, both in terms of improving existing sites and the completion of our new facility in Crawley to support future growth in HORECA, together with expanding our services into London and the South East through acquisition and the updating of our commercial vehicle fleet.

Price increase and renewal discussions have been challenging during 2024 as we have sought to offset the cost pressures faced by the business. We remain focused on delivering excellent service which is commensurate with our pricing levels as we move into 2025.

Energy Cost Management

Energy costs (comprising gas, electricity and fuel) have remained elevated throughout the year and continue to be so, albeit were less volatile than experienced during recent years. Costs for 2024 represented 8.8% of revenue, a reduction from 10.0% of revenue in 2023 but significantly higher than in 2019 where the cost was 6.2% of revenue.

For many years, our policy in the UK has been to fix energy prices on a rolling basis, building a position so that the upcoming months are largely fixed. This provides certainty but also means that costs do not immediately reflect falls, or increases, in spot prices. We have continued this policy of proactively fixing energy prices and, as at the end of February 2025, we had fixed 73% of our anticipated core electricity usage and 73% of our anticipated core gas usage for the first half of 2025 and 58% and 60%, respectively, for the second half of 2025. In addition, we have hedged 77% of our anticipated diesel requirement across 2025. Looking further ahead, we currently have, based on our anticipated core usage, 45% electricity, 29% gas and 17% diesel at fixed prices for 2026, with reducing amounts into 2027, and will continue to lock in prices as opportunities allow.

Labour

Labour remains the biggest cost of our operations. In the year to 31 December 2024, labour as a percentage of revenue was 44.6%, compared to 44.7% in the six months to 30 June 2024, 44.0% in the year to 31 December 2023 and 43.0% in the year to 31 December 2019. We note that further improvements are challenged by increasing labour rates and the significant increase in tax on UK employers from April 2025. The annualised impact of the forthcoming increase in employer national insurance contributions in the UK is expected to amount to some £6.0 million, which we will seek to mitigate and manage through operational efficiencies and other measures.

HORECA Division

An independent study, commissioned by the Group in 2023, estimated the total addressable market for commercial laundry services to the HORECA segment in Great Britain at that time to be £1.3 billion. A subsequent independent study, commissioned by the Group in 2024, estimated the total addressable market for commercial laundry services to the HORECA and healthcare segments on the island of Ireland at that time to be €0.4 billion.

The total revenue for the HORECA division increased by 15.0% to £371.2 million (2023: £322.7 million). Volumes have continued to increase throughout the year and the division now incorporates

Chief Executive's Operating Review

Continued >

the acquisition completed during 2024. On an organic basis, revenue increased by 5.6%, benefitting from strong customer retention, higher volumes and price increases implemented across the division in order to help offset the continuing level of cost inflation experienced. Following significant investment, in terms of improving existing sites, a new build to support future growth and an acquisition in London, the division is well placed to expand further.

Adjusted EBITDA for the year increased by 23.2% to £110.5 million (2023: £89.7 million) with an improved margin of 29.8% (2023: 27.8%). The adjusted EBITDA margin in the second half of the year was 31.5%, compared to 27.8% in the first half. Adjusted operating profit was £49.4 million (2023: £36.0 million).

Johnsons Hotel Linen

Volumes within Johnsons Hotel Linen were in line with our expectations and were particularly strong in July, with the last week resulting in the highest volume ever delivered by the business. Installations of new business continue to be efficient and well organised, often with very short lead times due to actions of incumbent suppliers and reinforcing our determination to rise above, and provide solutions to, customers' challenges and remain easy to do business with.

A consistent service, on time and in full, was maintained throughout 2024. Our externally facilitated customer satisfaction survey resulted in the highest score since surveys began, reaching an impressive 89%. Scores in all categories increased year on year, with excellent feedback relating to our internal and external service personnel and partnership approach. A programme of proactive customer service telephone contact undertaken by our service personnel has resulted in excess of 1,500 calls a month, once again receiving positive feedback from our customers. Our internal and external service teams continue to build strong relationships with all customers and we have recently secured the five-year renewal of the division's largest customer, which is testament to our reputation for delivering excellent service levels.

Investment continued across the Johnsons Hotel Linen estate. Spend of some £3.0 million on upgrading our second unit in Bourne will uplift both production efficiencies within the unit and overall site capacity by around 30%, whilst the installation of a sortation system in Cardiff, a dryer shuttle in Chester and drying equipment in Edinburgh will each reduce carbon emissions, increase capacity and improve production efficiency. An internally developed dynamic production data capture system has also been installed at all sites, further improving overall operating efficiency. We continue to work on further innovation to improve site performance, labour and energy efficiencies, carbon footprint and overall customer experience.

In addition, our fleet of double-decker trailer and tractor units was extended, primarily due to the opening of a temporary depot in Enfield, London, which has since been relocated to a permanent site in South Mimms, Hertfordshire. The depot operates in conjunction with our Bourne site to service the London area. All commercial vehicles which operate from our Bourne site have converted to HVO (Hydrotreated Vegetable Oil) as part of our sustainability plans.

Johnsons Hotel, Restaurant and Catering Linen

Johnsons Hotel, Restaurant and Catering Linen has continued to make progress in 2024. New sales were strong and, as well as achieving above-target independent sales across the whole of the UK, we have continued to win and install some multi-site group business, largely because of our reputation for reliability, flexibility and great service delivery. The integration across all of our sites from us agreeing to transfer and perform contracts previously operated by a chefs' wear provider, with effect from 1 July 2024, is progressing well and has added annual revenue of some £4.5 million to the business. Our service and quality levels have remained high as reflected in our annual customer survey results where an improved overall score of 88 was achieved, with several sites achieving a world class score of over 90.

Our brand-new Crawley site, representing an overall capital investment of some £16.0 million, is now operational and the transfer of customers from other sites is underway. Reduced laundry miles, lower energy usage, higher productivity levels, industry leading water recycling and plastic free packaging are just some of the environmental benefits that Crawley will deliver, making it one of the most sustainable and energy efficient laundries of scale in the UK. Recent activities to raise the profile of the new site have resulted in encouraging new sales activity to help build throughput.

Investment in our other sites has also continued, with replacement boilers, continuous batch washers, ironers and garment finishing equipment being installed across several of our sites. Additional operating space was also created in

Hayle, Cornwall, through the installation of a mezzanine floor in the sorting and packing area. All new investments have a pre-requisite to reduce carbon emissions against our 2030 targets as well as helping to manage increased volumes and improve production efficiency.

Johnsons Luxury Linen

Following the acquisition of Empire in 2024, Johnsons Luxury Linen is now managed by one Managing Director, with a General Manager at each site. This ensures best practice is shared between the sites and will allow us to assess the future benefit of expanding the use of the RFID technology which is already in use at Empire. A Key Account Director role has been established to enhance customer relationship management and pursue future sales opportunities in the growing luxury hotel sector.

Since the acquisition of Empire, the focus has been to ensure the team continues to deliver the high levels of service that its customers are accustomed to, with customer retention being paramount and successfully achieved, whilst collaboratively sharing best practice across the enlarged Group. Employee welfare facilities at the Tottenham site have also been improved as we welcome those employees into the Johnson family.

The £1.4 million investment in our Corsham site, which increased processing capacity there by almost 20%, was completed in the first half of 2024 and the planned efficiency gains are now being realised.

Johnsons Ireland

2024 was the first full year for our Johnsons Ireland business. With some 560 employees and processing sites both north and south of the border, Johnsons Ireland comprises Johnsons Celtic Linen and Johnsons Belfast. Over the coming months, we will roll-out the branding further in terms of vehicle livery, website and stationery.

Overall trading levels have remained high, with the addition of almost 600 new rooms in hospitality being partially offset by softer demand in certain locations. Whilst we have seen some price competition, our focus is to continue to deliver long-term high service levels to our customers with easy channels of communication and access to our team. Within healthcare, volumes continue to increase with existing customers facing challenges around influenza outbreaks and the growing demand for more clinics and day procedures.

Similar to the UK, increasing labour costs remain a challenge following the 6.3% increase in minimum wage and the increase in Pay-Related Social Insurance ('PRSI'), both of which were effective on 1 January 2025, and we are working to further improve efficiencies, driven by both capital investment and process changes, as part of our overall mitigation plan.

Capital investment continues across all sites, with new offices, canteen and welfare facilities for employees now completed in Belfast, creating a bright airy space, which was welcomed by all our team members. A £6.3 million investment across our Wexford and Naas sites is currently underway. In Wexford, capacity within the healthcare unit has been increased by some 10% to service the growing demand from healthcare customers in Ireland, with associated production efficiencies also increasing by around 10%. Additionally, the new washer extractors will improve water and energy usage and are consistent with our focus on delivering the HSE's climate action strategy. We have turned our focus onto developing the hospitality unit in the first quarter of 2025. In Naas, we commenced a major investment plan in the final quarter of 2024. The investment will upgrade the water and chemical system and install new washer extractors and a dryer. This is the first stage of a nine-month plan, which will result in a highly energy efficient site and a 40% increase in capacity.

Workwear Division

Revenue for the Workwear division was in line with the prior year at £142.2 million (2023: £142.6 million). Adjusted EBITDA was £49.4 million (2023: £48.6 million) with an increased margin of 34.7% (2023: 34.1%). Adjusted operating profit was £20.3 million (2023: £21.4 million), the year-on-year reduction largely reflective of additional rental stock depreciation incurred in respect of new customer installations and existing customer renewals.

The collective efforts of all departments have played a crucial role in driving an improvement in customer retention. Every team, from sales and service to operations and support functions, worked collaboratively to strengthen existing partnerships and deliver a consistent service that meets, and often exceeds, customer expectations. This has resulted in a customer retention rate of 93% (2023: 91%), a positive trend year-on-year.

The externally facilitated satisfaction survey for existing customers saw us achieve a result of 86% whilst the new customer satisfaction survey achieved an excellent 88.7% score. These scores highlight the value and trust both long-standing

and new customers place in our services. This achievement is evidence of our reputation for delivering excellent service levels and contributed to securing the renewal of the division's largest customer during the year.

Our sales teams have confidence in the ability of the business to deliver excellent service and focus on this when participating in tenders and new opportunities and had a successful year in acquiring new business sales. New-to-rental customers represented 25% of our total new sales in the period. We have started 2025 with some positive momentum, although acknowledge that new business wins take time to impact revenue.

A new customer facing website was launched in January 2025. Key improvements include enhanced interaction to optimise lead capture and drive new sales, the integration of marketing campaigns and search engine optimisation tools to boost visibility, with real-time analytics for insights into web performance and campaign success.

We continued to drive our capital investment programme throughout the year, reflecting our commitment to innovation, sustainability and operational excellence. Our Manchester site completed the £4.0 million implementation of a new automated production facility, uplifting its capacity by some 45%. Combined with a replacement programme of equipment across the estate, the new energy-efficient machinery reduces our environmental impact and facilitates improved operating practices.

The lease at our Lancaster premises is nearing its end, ahead of the planned redevelopment of the site by the Landlord. The additional capacity created at our Manchester site has allowed for the transfer of customers from the smaller Lancaster site. The work transfer is underway and we are assisting our employees during this time of change.

We remain committed to sustainability and integrating environmentally responsible practices into every aspect of our operations. A notable achievement during the year was the replacement of single use plastic bags with a new reusable and processable hamper bag for the delivery of our industrial garments.

Sustainability

The Board, as a whole, has overall responsibility for environmental, social and governance matters and we recognise our duty to stakeholders to operate the business in an ethical and responsible manner. We remain committed to further developing our environmental and social responsibility agenda, recognising that it plays a major part in leading and influencing all of our people and operations.

In July 2024, we published our third Sustainability Report, which set out the progress we have made and the targets we have set ourselves.

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.

Further details of our achievements during 2024 and our targets for 2025, ongoing initiatives and actions for the future will be set out within the Group's 2024 Annual Report.

Employees

We place great importance on the contribution that each of our employees make to the success of the Group. Our employees are key in our ability to deliver customer service levels which exceed our customers' expectations. The Board would like to thank them for their support and hard work during 2024.

Ensuring employees achieve their full potential remains a key focus of the Group. Providing a range of training, education, apprenticeship and development programmes for employees allows them to take advantage of career progression opportunities within the Group and helps to build a workforce for the future.

Our commitment to employee engagement, fostering a positive work environment and improving employee wellbeing has continued throughout the year. Numerous initiatives have been rolled out during the year and we were delighted that the results from the latest employee engagement surveys showed a positive trend and an overall improvement on the previous year. Volunteering to support local charities is encouraged and each of our sites are focused on building relationships to strengthen community involvement. The strong employee engagement and satisfaction scores have given us a more stable workforce and helped us achieve improved productivity and quality service for our customers.

Board Changes

As previously announced, the Board resolved to appoint Kirsty Homer as Chair of the Remuneration Committee and designated Non-Executive Director for Workforce Engagement in succession to Nick Gregg, with effect from 1 November 2024. Nick retired from the Board on 31 December 2024, having served nine years as an independent Non-Executive Director. The Board would like to thank Nick for his significant input and unwavering support during his time with the Group.

Forthcoming Investor Activities

We are committed to clearly communicating our strategy and activities to our stakeholders, in order that they receive a balanced and complete view of our performance. A recording of the sell-side analysts' meeting, which will be held today at 09:00, will be made available on the Group's website (www.jsg.com) following the conclusion of the meeting. Furthermore, the Board currently anticipates that a site-based investor event, to update the market on the future growth and financial plans for the Group, will be held in the first half of 2025. Further details will be announced in due course.

Consideration of Main Market Listing

The Board has been considering a move to the Main Market and will issue a further update in due course following engagement with our largest Shareholders.

Outlook

We enter 2025 with a strong and well invested business which, as we have previously demonstrated during challenging times, is resilient and well placed to mitigate and manage the potential economic challenges that may arise in 2025 through operational efficiencies and other measures. Our scale, expertise and operational excellence mean that we are well placed to capitalise on appropriate opportunities.

The impact of the announced tax increases on the business and their subsequent impact on customer behaviour remains difficult to predict. We have a resilient business model to help mitigate these challenges and to address inflationary pressures which continue to impact the business. We have continued to fix a proportion of our future energy costs and improve the efficiency of our sites to help offset and stabilise our cost base and we are continuing to engage with our customers regarding the pricing of our services as we advance through 2025. New sales across the business are a focus, particularly in the regions where we are adding capacity.

We have started 2025 positively. We are continuing to focus on expanding the Group through targeted investment in our existing sites, a focus on achieving operational efficiency at Crawley and identifying further earnings enhancing acquisition opportunities. We have a strong balance sheet with available capital to support these plans and, in accordance with our stated capital allocation policy, intend to launch a share buyback programme, based on currently available resources, for up to £30.0 million over the next 12 months, with an initial £15.0 million tranche to be launched shortly.

Given the encouraging start to the year, the Board remains confident about delivering another year of progress in 2025 and future growth in the Group's performance over the medium term.

Peter Egan
Chief Executive Officer

3 March 2025

Financial Review

"...the Board announces that it intends to undertake further share buybacks over the next 12 months in order to return up to a further £30.0 million, based on currently available resources..."

Financial Results

Total revenue for the year to 31 December 2024 increased to £513.4 million (2023: £465.3 million).

Adjusted EBITDA was £152.6 million (2023: £131.5 million) giving an improved margin of 29.7% (2023: 28.3%) and, in-line with management expectations, improving from the 28.3% margin achieved in the first half of 2024.

Segmental revenue, adjusted EBITDA and adjusted EBITDA margin are as follows:

	2024			2023		
	Revenue £m	Adjusted EBITDA £m	Margin %	Revenue £m	Adjusted EBITDA £m	Margin %
HORECA	371.2	110.5	29.8	322.7	89.7	27.8
Workwear	142.2	49.4	34.7	142.6	48.6	34.1
Central Costs	-	(7.3)	-	-	(6.8)	-
Group	**513.4**	**152.6**	**29.7**	**465.3**	**131.5**	**28.3**

Statutory operating profit was £54.7 million (2023: £43.6 million) whilst adjusted operating profit was £62.3 million (2023: £50.5 million).

The total finance cost was £7.5 million (2023: £6.0 million) and included £5.2 million (2023: £3.4 million) of bank interest, £2.3 million (2023: £2.1 million) of interest in respect of IFRS 16 lease liabilities and in 2023 only, £0.5 million in respect of notional interest on pension liabilities.

The exceptional charge of £0.4 million (2023: £1.6 million) represents £1.4 million of costs in relation to business acquisition activity, partially offset by £1.0 million of property related credits.

Adjusted profit before taxation was £54.8 million (2023: £44.5 million). Statutory profit before taxation, after amortisation of intangible assets (excluding software amortisation) of £7.2 million (2023: £5.3 million) and the exceptional charge outlined above, was £47.2 million (2023: £37.6 million).

Adjusted diluted earnings per share increased by 29.5% to 10.1 pence (2023: 7.8 pence).

Financing

Bank debt at the end of the year was £68.6 million (December 2023: £61.7 million) reflecting the improved trading performance, offset by significant capital investment across our estate and the acquisition of Empire. Including IFRS 16 liabilities, net debt at December 2024 was £115.6 million (December 2023: £104.9 million).

The Group remains well funded, with access to a committed revolving credit facility of £120.0 million which matures in August 2027. The terms of the facility provide an option to increase the facility by up to a further £15.0 million, with bank consent. The available facility is in excess of our anticipated borrowings and provides sufficient liquidity for current commitments.

Bank covenants comprise gearing and interest cover tests. Gearing, for bank purposes, is calculated as adjusted EBITDA compared to total net debt, including IFRS 16 liabilities. The agreed covenant is for the ratio to be not more than three times and the ratio at 31 December 2024 was 0.7 times. Interest cover compares adjusted operating profit to total interest cost, with a minimum covenant ratio of four times. Our current scenario planning provides significant headroom against the covenants.

Interest payable on bank borrowings is based upon SONIA or, in the case of Euro denominated borrowings, EURIBOR, plus a margin linked to our gearing covenant and which ranges from 1.45% to 2.45%. The current margin is 1.45%.

Return on Capital Employed ('ROCE')

ROCE, calculated as rolling 12-month adjusted operating profit divided by the average of opening and closing Shareholders' equity, net debt and post-employment benefit obligations for the same 12-month period, increased to 15.5% (2023: 13.9%).

Investment Appraisal

Prior to undertaking any major investment, be it a significant capital project or an acquisition opportunity, the Board, as part of its evaluation of the investment opportunity with reference to the factors set out in Section 172(1) of the Companies Act 2006, diligently assesses the associated strategic opportunities available to the Group together with the cost, return, risk and reward of each project before deciding whether or not to proceed. Relevant financial considerations include discounted cash payback, ROCE, projected EBIT and impact on margin.

Following the acquisitions of Regency and Celtic Linen in 2023, and with the benefit of a full year's trading of each throughout 2024, the Board considered the extent to which the original hurdle rates, as agreed at the time of approving each acquisition, have been met. In each case, it was determined that they continue to trade at least in line with the Board's original expectations and that each remained a successful acquisition for the Group.

Taxation

The tax rate on adjusted profit before taxation was 23.2% (2023: 25.8%). The rate is below the headline corporation tax rate in the UK of 25.0% due to the combined effect of expenses not deductible for taxation, prior year over provisions and the impact of the lower tax rate of 12.5% in the Republic of Ireland (ROI).

Corporation tax paid in the year amounted to £2.7 million (2023: £1.6 million) and it is anticipated that tax payable in 2025 will remain lower than the 2025 tax charge due to the availability of capital allowances and brought forward tax losses.

Dividend

The Board declared an interim dividend of 1.3 pence (2023: 0.9 pence) per share in September 2024. The proposed final dividend of 2.7 pence (2023: 1.9 pence) per share brings the total dividend for 2024 to 4.0 pence (2023: 2.8 pence) per share.

The final dividend, if approved by Shareholders, will be paid on 9 May 2025 to Shareholders on the register at close of business on 11 April 2025. The ex-dividend date is 10 April 2025. Dividend cover, based on adjusted EPS was 2.5 times (2023: 2.75 times).

Financial Review

Continued >

Cash Flow

Free cash flow in the year (calculated as net cash generated from operating activities, less net spend on textile rental items, less the capital element of leases) was £74.6 million compared to £55.2 million in 2023. Of this, we invested £44.6 million (2023: £31.1 million) in the purchase of property, plant and equipment and software, as we proactively invest in the business to increase capacity and efficiency across the estate.

Free cash flow in 2024 reflected a normal level of net working capital with an outflow of £0.9 million (2023: £0.3 million).

Investment in Textile Rental Items

Spend on textile rental items amounted to £63.2 million (2023: £61.9 million). The increase reflects the growth of the Group, both organically and through acquisition. We have long term relationships with our garment and linen suppliers and we continue to work collaboratively to ensure continuity of supply of quality products at the best price.

Capital Investment and Acquisitions

We have continued to invest in plant and equipment, spending £44.6 million in the year. The spend includes £9.0 million in respect of the new Crawley site, with a further £0.4 million of final payments expected to be made in 2025. We are continuing with our programme of investing in our sites to expand capacity, increase water and energy efficiencies and improve employee welfare facilities.

The £20.6 million acquisition of Empire in September 2024 was a further step in expanding our range of services to four and five-star luxury hotel customers and adds to the service already provided by Regency which was acquired in early 2023.

Defined Benefit Pension Scheme

On an IAS 19 basis, the Scheme surplus as at 31 December 2024 was £3.8 million (2023: £nil). Scheme assets had reduced by £12.7 million, to £132.7 million, after paying out benefits of £9.8 million during the year whilst Scheme liabilities had reduced by £16.5 million to £128.9 million. The improved position reflects in part, the impact of an increase in corporate bond yields and actual short-term inflation being lower than assumed, offset by lower than expected asset returns following a change in the investment strategy to implement an increased hedge target.

As a result of the surplus at December 2024, the estimated net notional interest credit in 2025 will be £0.2 million (2024: £nil).

The triennial actuarial valuation of the Scheme, as at 30 September 2022, showed a small surplus on the Technical Provisions basis. In order to reduce the value of risk of the Scheme, a 75% target for the interest rate and inflation hedge ratios has been in place and, following a review, the target is to be increased to 85% in the coming months. The Scheme's asset allocation remains under constant review to ensure it aligns with the medium-term objective of a buy-out of Scheme liabilities.

In view of the Scheme surplus shown at the valuation date, we have agreed with the Trustee to cease deficit recovery contributions to the Scheme at least until the results of the next valuation as at 30 September 2025.

Capital Structure and Share Buyback Programme

The Group maintains a strong Balance Sheet. The increase in net assets to £306.9 million (2023: £279.1 million) is reflective of the post-tax earnings retained by the Group to fund our capital allocation policy.

The Group's medium to long-term intention is to maintain a capital structure such that we target leverage of 1.0x – 1.5x, other than for short-term specific exceptions. Under this framework, our capital allocation policy remains unchanged and will continue to take into account the following criteria as part of an ongoing review of capital structure:

- maintaining a strong balance sheet;
- continuing capital investment to increase processing capacity and efficiency;
- appropriate accretive acquisitions;
- operating a progressive dividend policy; and
- distributing any surplus cash to Shareholders.

The Group has undertaken two recent share buyback programmes which, in the period September 2022 to November 2023, utilised cash of £35.5 million, of which £29.9 million was utilised in the 12 months ended 31 December 2023. In addition, we have opened a new site and completed the acquisitions of Regency and Celtic Linen in 2023 and Empire in 2024.

The Group continues to have significant headroom under its committed facilities and leverage of less than one times. As a result, the Board announces that it intends to undertake further share buybacks over the next 12 months in order to return up to a further £30.0 million, based on currently available resources, to Shareholders. In order to reflect the cash generation profile of the Group, this will be by way of an initial £15.0 million tranche with a second £15.0 million tranche anticipated to follow later in the year. The Board will further actively review its options once this programme is completed.

Going Concern

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group and Company, the Directors concluded that there was a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 30 June 2026. Accordingly, and having reassessed the principal risks and uncertainties, the Directors considered that it was appropriate to adopt the going concern basis in preparing the Group and Company financial statements.

Key Performance Indicators ('KPIs')

The main KPIs used as part of the assessment of performance of the Group, and of each segment, are growth in revenue, adjusted EBITDA margin, adjusted operating profit and adjusted diluted earnings per share. ROCE is also used as part of the assessment of performance of the Group. Non-financial KPIs, as referred to within the Chief Executive's Operating Review, include our employee and customer survey results and customer retention statistics.

Summary

The focus of the Group continues to be to expand our Textile Services business through targeted capital investment, to allow organic volume growth, and through acquisition.

Yvonne Monaghan
Chief Financial Officer

3 March 2025

Sustainability

"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."

Peter Egan
Chief Executive Officer

Our Sustainability Governance Framework

Our approach to sustainability is underpinned by a robust governance framework, which ensures effective oversight of our strategy and its implementation, supported by policies and processes embedded throughout the Group.

JSG Group Board
Sustainability is managed at the highest level of the organisation. The Board endorses the sustainability strategy and receives updates from the Sustainability Committee.

Sustainability Committee
The Sustainability Committees purpose is to assist the Board through the provision of advice on sustainability strategy, compliance and performance. It sets the sustainability strategy and considers the associated costs, risks and opportunities.

JSG Group Management Board
Monitors implementation of the Board's sustainability strategy; and monitoring financial performance, business development and projects relating to sustainability.

Remuneration Committee
Assesses and makes recommendations to the Board regarding remuneration policy including, where relevant, appropriate sustainability objectives.

Audit Committee
Reviews any changes to the Company's risk profile, including in respect of sustainability and climate-related risk.

Sustainability Pillars
The framework that underpins our approach to sustainability and sets out our vision for a better future.

Our Family
Taking care of our Johnsons family and ensuring everyone feels that they belong, we will deliver a first-class employee experience every day.

Our World
Reducing our natural resource consumption and completing the transition to a fully circular approach for our operations, we will protect and enhance our environment.

Our Integrity
Continuing to demonstrate our integrity and commitment to responsible business practices, we will position the organisation for future stability and growth.

Our Communities
Further understanding the communities impacted by what we do, we can form better collaborative partnerships to support them as they grow and develop.

Policies and Additional Resources
Group Sustainability policies, publications and other resources can be found at: **jsg.com/about-us/sustainability/**

UN Sustainable Development Goals Framework

The Johnsons Way Sustainability Strategy

We have clear, measurable sustainability objectives aligned to our core business strategy, recognising that our long-term business success and sustainability are interdependent. We track these goals with performance indicators and regularly assess our progress. The Johnsons Way provides a long-term strategic approach to managing the Group's social and environmental impacts and responsibilities.

Sustainability Pillar	2024 Target and Focus Areas	2024 Performance and Highlights	Vision 2030 Goals	Vision 2030 Progress
Our Family By taking care of our Johnsons family and ensuring everyone feels that they belong, we will deliver a first-class employee experience every day. 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	Embedding sustainability into job roles. Businesses to develop ED&I action plans in alignment with the Group's ED&I Strategy.	92% of employees completed sustainability training. Business level ED&I action plans launched. 86% average employee engagement score. Mandatory ED&I training course launched. High employee retention rate maintained.	An Effective ED&I programme. Developing the Johnsons Futures programme to provide life-long learning and career paths.	Since 2022, a mandatory ED&I training course has been rolled out, alongside the launch of business-level ED&I action plans. To date, 92% of employees have completed sustainability training, helping to embed sustainability into job roles. Plans to develop Johnsons Futures are ongoing.
Our World By reducing our natural resource consumption and completing the transition to a fully circular approach for our operations, we will protect and enhance our environment. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Reduce Scope 1 and 2 CO_2e emissions intensity. Reduce water consumption intensity. Reduction of single use plastics purchased.	Scope 1 and 2 emissions intensity down 5% since 2023. Water use intensity down 8% since 2023. 93% of waste diverted from landfill in 2024.	Reduce Scope 1 and 2 CO_2e emissions intensity by 40%. Reduce water consumption intensity by 25%. Reduce waste to landfill by 75%. Eliminate single use plastics.	Since 2022, we have made progress in reducing our environmental impact. Our Scope 1 and 2 CO_2e emissions intensity has decreased by 11%, while water consumption intensity has dropped by 13%. We have established new baselines for plastic purchased (2023) and waste (2024). 93% of waste has been diverted from landfill.
Our Integrity By continuing to demonstrate our integrity and commitment to responsible business practices, we will position the organisation for future stability and growth. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Increasing the percentage of sustainable content in our products. Publishing our roadmap for sustainable content.	62% (2023: 56%) of cotton purchases were Better Cotton sourced. We are working with suppliers on recycled materials and biopolymers. Engaged with our top 20 suppliers to help understand how we can reduce carbon footprint within supply chain.	Fully sustainable core products as the preferred offerings. Ethical Business Conduct (internal and external).	In 2023-2024, we launched internal employee and supplier codes of conduct. We are also progressing towards a more sustainable procurement model and expanding our range of sustainable products. Additionally, new sustainable product initiatives have been introduced across the business, and we began sourcing BCI-certified cotton in 2020. We joined EcoVadis in 2024 to improve our supplier sustainability management.
Our Communities By further understanding the communities impacted by what we do, we can form better collaborative partnerships to support them as they grow and develop. 3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Delivering 3,000 employee volunteering hours. Increase our social value spend by 40%.	2,723 employee volunteering hours delivered. Generated £230,000 in Social Value. Renewed Neighbourly partnership group-wide for a second year.	Increase our social value spend as a % of revenue.	Since 2022, we have increased our social value spend as a % of revenue by 125%, reflecting a strong contribution to our local communities over time.

Our Family

2024 HIGHLIGHTS

38%
of employees are female

47%
of employees have over five years of tenure

86%
average employee engagement score

21,000
H&S training courses completed

92%
of employees completed sustainability training

We recognise that our people are key to the Group's success, and we value every employee's contribution. Our goal is to be the employer of choice in our industry by delivering a first class employee experience daily. The Johnsons Family ensures that everyone feels included, valued, and has a sense of belonging. We are committed to providing equality of opportunity and reward, supporting health and wellbeing, and fostering a positive culture of open and honest communication.

Health, Safety and Wellbeing

The health, safety, and wellbeing of our employees, visitors, and all those affected by our operations are our priority. Health and safety (H&S) is a standing agenda item at all Group and subsidiary board meetings. A regular summary report, which includes up to date statistics on accidents, incidents and near misses is presented to the Group Board.

The Group has established policies, procedures, and standards that are regularly reviewed and updated to ensure compliance with legal requirements and industry best practices. Annual H&S audits and risk assessments are conducted across the Group, with findings carefully monitored and documented. Any issues or observations are promptly addressed to maintain a high standard of safety.

Accident Investigation and Reporting

Following a review of accident investigation documentation, we introduced a new accident form on T100, our internal Health and Safety Management System. This digital form replaces a paper-based system and will improve report visibility and quality as well as identify measures to prevent future accidents. Almost 50% of reported injuries are categorised as minor, with almost 30% categorised as insignificant. The most common cause of near misses is behaviour related and, accordingly, we are working hard to provide additional education materials and training to our colleagues.

Looking ahead to 2025, the focus will be on delivering bespoke accident investigation training and practical workshops at all sites. The aim is to improve technical accident investigation skills using real life examples. In 2024, 21 safety alerts were issued across the Group following accidents, sharing lessons learned and providing good practice guidance to prevent similar incidents in the future.

Cage handling continues to be a leading cause of accidents and, as part of our ongoing commitment to safety, the Group has renewed its membership with the UK Material Handling Association for guidance on best practices. We have also engaged an external company to review manual handling practices across our operations, particularly focusing on cage handling. This collaboration will involve retraining employees throughout 2025 and 2026. As part of this, our own sites are being used for video capture of activities and proper handling techniques. The programme will also include 'train the trainer' sessions to equip employees with the skills to deliver the training to others.

During 2024 we also delivered PUWER (Provision and Use of Work Equipment Regulations) training to almost 60 employees. This focuses on machinery safety to help employees conduct machinery safety risk assessments.

Learning and Development

In 2024, we launched a new sustainability training package to promote greater awareness and support our employees' understanding of our sustainability strategy and programme, as well as JSG's core values, ensuring our employees fully understand our compliance and behavioural requirements. The package includes three courses, Equality, Diversity and Inclusion (ED&I), Code of Conduct and The Johnsons Way. Our goal is to ensure a culture of inclusion, ethical behaviour and sustainability across the Group. Both the ED&I and Code of Conduct courses were made mandatory. We are pleased to confirm that almost 17,000 sustainability training courses were completed by employees throughout 2024, representing 92% of employees.

JSG provides regular H&S training to ensure teams understand their roles and responsibilities with regards to H&S best practice. To date, 78% of employees have completed training. We also upskill General Managers and technical H&S personnel through mandatory training programmes. Over 21,000 H&S training courses were completed in 2024.

The Johnsons Hotel Linen business also launched a new learning management system, Linen Learn, to encourage voluntary learning by offering job specific learning paths and a new catalogue of self-development courses. Employees are automatically assigned relevant courses based on their job roles. To date, 1,835 courses have already been completed, and the business will continue the roll out of Linen Learn in 2025.

Employee Engagement

We delivered a further employee engagement survey, which also included colleagues based in Corsham, Wexford and Naas for the first time, in the final quarter of 2024. The surveys were delivered by an independent specialist, meaning that the results remain anonymous and confidential. Our results show continued strong engagement, with an overall engagement score of 86% (2023: 85%), enablement score of 87% (2023: 86%), and empowerment score of 91% (2023: 92%).

Across the surveys, we scored highly in areas such as role clarity, teamwork, and manager support. Key themes for improvement include communication, recognition of achievements and career development opportunities. In a number of locations, we have already shared the general feedback and survey results through workshops and open discussions, focusing on how we can improve and implement changes. These workshops will continue throughout 2025.

Gender Equity, Diversity and Inclusion

We began monitoring our diversity in 2022. All new starters complete a diversity survey as part of the onboarding process. This helps us gain a better understanding of the unique backgrounds within our workforce, allowing us to tailor our support, engagement, and development efforts to address the specific needs of ethnic groups that may require additional assistance.

Gender Equality	2024	2023
Gender Diversity of Board (Female %)	50%	43%
Gender Diversity of Supervisors (Female %)	41%	40%
Gender Diversity (Female %)	39%	41%
Senior Management Positions (Female %)	21%	27%
Employees over 45 (%)	44%	49%
UK Gender Pay Gap (%)	7.6%	9.9%

Ethnic Groups	2024	2023
White (%)	42%	47%
Black (%)	7%	5%
Asian (%)	13%	11%
Mixed/Multiple Ethnic Background (%)	3%	2%
Other Ethnic Groups (%)	1%	4%
Prefer Not To Answer (%)	34%	31%

Methodology

1. Data excludes Regency, Johnsons Ireland and Empire due to the timing of the survey delivery and acquisitions.
2. UK Gender Pay Gap is the difference in the hourly rate of pay (mean).
3. 'Prefer Not to Answer' refers to respondents who either selected that option or left the field blank. The Gender Diversity table excludes 'Prefer Not to Answer' and 'Other' categories.
4. Senior management is defined as Directors and General Managers only.

Currently, 24% of our workforce represents ethnic minority groups, 34% chose "Prefer Not to Answer," and 42% identify as White, making it the largest proportion. In terms of senior management, 63% are White, which does not reflect the diversity of our overall workforce. To address this, we are actively developing succession planning. This includes targeted training, development, and the internal promotion of individuals from diverse backgrounds, alongside efforts to widen the talent pools we attract into the business.

As part of our efforts to promote ED&I throughout the business and build a culture that is inclusive to all, our businesses launched ED&I action plans, we also delivered a mandatory ED&I training course in 2024, which 93% of our employees have completed.

The Group has a policy ensuring that individuals with disabilities, whether registered or not, are considered for employment, training, career development, and promotion based on their aptitudes and abilities. We have procedures in place to ensure this commitment is upheld across our businesses. If an employee becomes disabled during their employment with us, we make every effort to retrain them according to their abilities.

We report our UK Gender Pay Gap on an annual basis and our current and historical reports can be found on our website at **www.jsg.com/gender-pay-gap**. Please also see pages 98 to 99 of this report for more information.

Our World

2024 HIGHLIGHTS

5%
reduction in carbon intensity compared to 2023

8%
reduction in water intensity compared to 2023

93%
of non-hazardous waste diverted from landfill

New internal and external assurance processes are in place for certain environmental data

B
in CDP Climate Disclosure

B-
in CDP Water Disclosure

The environmental impacts of our activities predominantly arise from waste disposal, water and energy consumption, and carbon emissions. We are placing greater emphasis on our environmental responsibilities and are committed to minimising resource use and emissions where feasible.

Changes to Baseline Year

In 2024, we established a new baseline for our waste data, which we are reporting for the first time. This follows the implementation of enhanced waste data management processes across the Group, aligned with our circular economy strategy. As disclosed last year, during our internal assurance process for 2023, we identified irregularities and inconsistencies in the 2023 and 2022 waste data. Accordingly, improved and standardised processes and procedures were developed and rolled out across the Group, together with training, in order to ensure accurate reporting in 2024 and thereafter.

We have also worked to ensure full integration of businesses acquired in 2023 into our performance reporting from 1 January 2024. 'Empire', which was acquired in September 2024 and now forms part of Johnsons Luxury Linen, is not included in our 2024 data, due to its acquisition date, but will be fully integrated in 2025. The integration includes embedding appropriate data capture, recording, and reporting processes for the current and next reporting year. We have also implemented a new internal assurance process, and, for the first time, certain environmental data in the 2024 Annual Report and Accounts has received limited third-party assurance. The independent assurance statement can be found on page 42.

Water

Water is an important component in enabling us to provide our services to our customers and we recognise our reliance on a secure and consistent supply of quality fresh water. Across our operations, we source water from various supplies, including the main water grid, private and leased boreholes, and other fresh water sources. We discharge effluent within permitted limits, either directly to mains sewers or through other approved methods. Once water has been extracted, we strive to utilise it as many times as possible prior to discharge, in order to reduce our overall use and, in turn, impact on the environment. Robust systems are in place across all sites to actively monitor water abstraction, usage, and discharge, ensuring compliance with all relevant legal requirements.

Water Performance Summary

Water Use	2030 Target	2024	2023	Variance
Abstracted (m^3)	N/A	2,337,597	2,296,679	2%
Weight (tonnes Processed)	N/A	348,980	316,790	10%
Revenue (£m)	N/A	508.0	455.0	12%
Intensity Metric – m^3 per tonnes processed	5.759	6.698	7.250	(8%)
Intensity Metric – m^3 per £m revenue	4,317	4,603	5,047	(9%)

Methodology

1. Water reporting period: 1 January 2024 to 31 December 2024.
2. Weights and revenue data used to calculate intensity rates in line with Group's reporting calendar.
3. 2024 data excludes 'Empire' due to timing of acquisition. 2023 data excludes 'Celtic' and 'Regency' due to timing of acquisition.

In 2024, we have seen positive progress toward our goal of reducing water usage intensity by 25% by 2030. Notwithstanding the increased weight processed in 2024, the volume of water abstracted decreased by 2% compared to 2023, while the intensity metrics have improved significantly - water use per tonne processed decreased by 8%. These improvements reflect our ongoing efforts to conserve more water across our operations.

Waste

The Group generates waste including plastics, packaging, general waste, end of life textiles and other industrial materials. We have robust processes in place to ensure that each site manages its waste in compliance with relevant regulations. In managing waste, we follow the waste hierarchy, prioritising the avoidance or reduction of waste generation. Where possible, we focus on reusing, repurposing, recycling or recovering waste. As a last resort, we dispose through incineration without energy recovery or landfill.

Waste Performance Summary

We have implemented new waste data management processes across the Group, enabling us to report these datasets and set a new baseline in our 2024 report.

Waste Disposal	2024 Baseline
Waste to landfill (%)	7%
Waste diverted from landfill (%)	93%
Total Waste (kgs)	5,641,229
Total Non-Hazardous Waste (kgs)	5,446,545
Total Hazardous Waste (kgs)	194,684

Methodology

1. Waste reporting period: 1 January 2024 to 31 December 2024.
2. Data excludes 'Empire' due to timing of acquisition.

Our goal is to reduce waste to landfill by 75% by 2030 and, in alignment with our approach towards a circular economy, we have successfully transitioned to a single waste management provider for the majority of our UK operations. This provider has committed to ensuring that none of their waste is sent to landfill, with the majority being recycled. This has resulted in only 7% of our waste being sent to landfill during the reporting period. Our Workwear business has fully transitioned to a single provider for end of life textile management and, in HORECA, we are exploring new technologies and partnerships to help develop innovative solutions for textile recycling.

Plastics

In 2024, and to align with our long-term goal of the elimination of unnecessary single use plastics by 2030, we set a new target to reduce single use plastics purchased by 10%.

Plastics Purchased Performance Summary

Plastics Purchased	2024	2023	Variance
Total Plastic Purchased (kgs)	1,085,731	953,785	14%
Weight (tonnes Processed)	348,980	316,790	10%
Intensity Metric – kgs plastic purchased per tonnes processed	3.111	3.011	3%

Methodology

1. Plastics purchased reporting period: 1 January 2024 to 31 December 2024.
2. Single use plastics are defined as: shrink film, shrink wrap, plastic bags, plastic cage tags and pallet plastic wrap. Cages, cage covers and any other hard reusable plastic are excluded.
3. Data excludes 'Empire' due to timing of acquisition.

For 2024, a 10% reduction in single use purchased plastics, set by the Board, was not achieved. This was largely due to the 2023 baseline not including the Celtic Linen business, that was acquired in August 2023, whilst the 2024 performance data does. When setting the target, it was anticipated that initiatives to reduce purchases across the rest of the Group would offset Celtic Linen's use, the latter being relatively high due to the nature of its healthcare customers often mandating the use of plastics for hygiene control reasons. Unfortunately, those initiatives were delayed in their rollout such that they did not offset the usage in Ireland. It is worth noting that excluding the Celtic Linen data would have resulted in a modest 4% decrease in plastic purchases. Looking ahead, we remain committed to reducing plastic purchases and are exploring further opportunities to reduce in line with our sustainability target.

Energy Consumption and Carbon Emissions

Our goal is to reduce CO_2e intensity for Scope 1 and 2 emissions by 40% by 2030. While this is not yet a net zero commitment, we believe this target is both realistic and achievable at this stage of our low carbon transition and management journey. After working with third party consultants to review our governance approach and identify decarbonisation opportunities, we began reviewing our overall governance structure to enable to establishment of a new carbon steering group in 2025. This group will focus on key workstreams, including the development of a decarbonisation transition roadmap, covering Scope 1, 2, and 3 emissions. As part of this process, we plan for the roadmap to align with the Science-Based Targets initiative (SBTi) and the goals of the Paris Agreement to limit global warming to 1.5°C.

Improving Scope 3 Reporting

We published our Scope 3 emissions baseline (2022) in our third Sustainability Report in 2024, following collaboration with third party carbon consultants. They helped us develop a spend based analysis for our initial disclosure, converting annual spend with individual suppliers into emissions data. In 2024, we began engaging with our largest Scope 3 emitters in the supply chain to further refine our approach and have commenced the gathering of more accurate data to better understand how we can reduce our carbon footprint across the supply chain.

GHG Emissions and Streamlined Energy and Carbon Reporting (SECR)

As mandated by UK legislation, the table below discloses our energy use, associated GHG emissions (Global GHG Protocol Scope 1 and Scope 2), intensity ratios, previous figures, and methodology. JSG has voluntarily decided to include operations from the Republic of Ireland, relating to the purchase of Celtic Linen in August 2023. While we are only required to disclose data for our UK-based operations, the table includes both our UK and Ireland operations for the 2024 reporting year. Carbon emissions reported voluntarily from the Republic of Ireland total 7,145 tCO_2e, representing 7% of the total Scope 1 and 2 Emissions (SECR). Energy consumption attributable to the Republic of Ireland totals 38,316,270 kWh, also representing 7% of the total energy consumption.

		2024	% Share	2023	Variance
Energy Consumption (kWh)					
Natural Gas		399,993,359	73%	371,787,456	8%
Gas/Fuel/Burning Oils		1,118,618	0%	253,160	342%
Electricity		50,530,422	9%	45,312,647	12%
Transport – Commercial Fleet		91,267,230	17%	90,388,967	1%
Transport – Company Cars		1,960,276	1%	2,242,547	(13%)
Transport – Grey Fleet		934,120	0%	539,555	73%
Carbon Emissions (tCO_2e)					
Scope 1	Company Facilities	73,443	N/A	68,077	8%
	Company Vehicles	20,674	N/A	21,532	(4%)
Scope 2	Grid Electricity	10,508	N/A	9,409	12%
Scope 3	Business Travel	236	N/A	131	80%
	Upstream Transportation and Distribution	925	N/A	814	14%
	Fuel and Energy Related Activities	17,562	N/A	16,559	6%
	Purchased Goods and Services	24,737	N/A	40,017[1]	N/A
	Capital Goods	10,832	N/A	4,401[1]	N/A
	Water	353	N/A	189[1]	N/A
	Waste Water	354	N/A	465[1]	N/A
	Waste Generated in Operations	324	N/A	451[1]	N/A
	Upstream Leased Assets	–	N/A	1,282[1]	N/A
	Investments	–	N/A	7[1]	N/A
Annual Totals					
Total Energy Consumption (kWh)		545,804,025	N/A	510,524,332	7%
Total Scope 1 and Scope 2 Emissions (SECR) (Market-based) (tCO_2e)		104,861	N/A	99,149	6%
Total Scope 3 Emissions (tCO_2e)		55,323	N/A	64,316[2]	(14%)
Total GHG Emissions within assurance scope (tCO_2e)		123,348[3]	N/A	116,522	6%
Scope 1 and Scope 2 Emissions (SECR) Intensity Metrics					
Weight (tonnes processed)		346,613	N/A	312,028	11%
Intensity Metric – tCO_2e per tonnes processed		0.302	N/A	0.318	(5%)
Intensity Metric 2030 Target – tCO_2e/tonnes processed		0.205	N/A	N/A	N/A

Note 1. Referenced Scope 3 emissions represent the 2022 baseline year. We did not calculate Scope 3 emissions for these categories for 2023.
Note 2. Total includes Scope 3 baseline year data and Scope 3 data for 2023.
Note 3. Total excludes all Scope 3 data except upstream transport & distribution, business travel, and fuel & energy-related activities. All other Scope 3 data was calculated independently by a consultant.

Methodology

1. JSG has adopted an 'operational control' approach to define the Group's emissions boundary and scope.
2. Carbon year reporting period: 1 October 2023 to 30 September 2024.
3. Weights and revenue data used to calculate intensity rates have been adjusted to reflect the period in (2) above and, as such, differ from those stated in the rest of the report.
4. The data adheres to the methodology outlined in the UK Government's Environmental Reporting Guidelines for 2019.
5. The methodology for calculating JSG's emissions footprint follows the Greenhouse Gas Protocol: Corporate Accounting Standard.
6. Emission calculations are based on conversion factors provided by the UK Government and published in 2024.
7. Scope 3 emissions are calculated using a spend based analysis with emissions estimated based on annual spend converted into emissions using globally recognised proxy conversion factors.
8. Grey Fleet, which sits within Business Travel category, is technically a Scope 3 emission; however, it is mandated by UK legislation to be included in the SECR disclosures as part of Scope 1 and Scope 2 emissions.
9. Data excludes 'Empire' due to timing of acquisition.
10. The Gas/Fuel/Burning Oils increase attributed to recent acquisitions, where these sites rely on these resources as a contingency.

Energy Efficiency Actions

Across the Group, we have developed a model to identify potential energy and carbon savings in plant and equipment maintenance. This model allows for standardised forecasting of potential CO_2e emission reductions. Additionally, we are required to comply with ESOS (Energy Saving and Opportunities Scheme) regulations, which involve conducting multiple energy audits across our facilities to identify energy efficiency opportunities. Some examples of the energy efficiency actions we completed in 2024 include:

- Continuation of electric vehicle deployment across company cars, site vehicles and commercial vehicles.
- Transition to the use of hydrotreated vegetable oil (HVO) fuel in select commercial vehicles.
- Strategic investments to upgrade ageing, and often inefficient, machinery.
- Transitioning from fluorescent lighting to LED lighting.
- Lowering wash temperatures, where possible.
- Recovering and repurposing waste heat.

Energy Saving and Opportunities Scheme (ESOS)

During 2024, the Group was required to complete a submission to the UK Government portal in compliance with the Energy Opportunities and Savings Scheme (ESOS). Key findings from the audits and analysis are outlined below.

The work to achieve ESOS compliance has identified energy savings opportunities, and we plan to continue developing a robust process to reduce wasted energy. This includes monitoring energy consumption, setting targets, regularly reviewing and implementing behavioural, operational and or investment led measures to improve energy performance. Additionally, we will report on these improvements to engage stakeholders, support reputational goals, and enable ongoing ESOS Compliance.

We are required to publish an action plan providing our approach to managing these findings on the Government portal by March 2025.

Our Integrity

2024 HIGHLIGHTS

62%

(2023: 56%) of cotton purchases were Better Cotton Sourced

Working with suppliers on recycled materials and biopolymers

Engaged top 20 suppliers contributing most to our scope 3 emissions

Employee Code of Conduct training launched

JSG recognises that growth, change and delivering on our financial objectives and targets are essential for the Group's success. At the same time, we are committed to operating responsibly through strong ethical practices and governance. We acknowledge that our indirect activities are diverse, and meaningful change requires sharing our values and behaviours across the value chain, working in partnership with our customers and suppliers.

Managing our Supply Chain

The Group is committed to responsible sourcing practices and ensuring sustainability across our supply chain. To formalise this approach, we issue a Sustainable Purchasing Policy and Guiding Principles of Supplier Conduct to all new suppliers during onboarding, clearly outlining compliance expectations. We require our suppliers to implement anti-slavery and anti-human trafficking policies and cascade them to their own suppliers.

Our standard contracts also mandate compliance with the Modern Slavery Act 2015, covering working conditions, health safety and wellbeing, no child labour, non-discrimination, fair remuneration, working hours, and freedom from forced labour.

Supplier Assessment

Historically, we have conducted regular supply chain audits via the Sedex platform, focusing on issues such as modern slavery. The Group remains fully compliant with all relevant legislation and regulatory requirements, ensuring we act responsibly and ethically in our day-to-day business operations.

During the reporting period, the Group launched a new supply chain sustainability assessment programme, using the EcoVadis platform. This platform enables us to assess the relative risk of our suppliers compared to their database of over 130,000 global companies in over 180 countries. We will use this tool to enhance supply chain sustainability management going forward.

Our first action was to identify and add 20 of our key suppliers to the portal, representing the highest emitters in our Scope 3 Emissions. These suppliers also represent some 45% of our total supply chain spend. Moving forward, we intend to begin gathering details from our remaining suppliers to upload into EcoVadis for evaluation, with an initial focus on our higher risk and critical suppliers. Our ultimate intention is to have a full mapping of our supply base to enable us to make more informed decisions in the long term.

Ahead of launching EcoVadis in 2024, we audited 36% of our Tier 1, 2 and 3 medium and high risk suppliers, as well as high value, suppliers through our own internal formal Group Supplier Social Audit. Topics included modern slavery, and equality and diversity. With our EcoVadis plans now in place, we aim to audit even more suppliers as we move through 2025.

Responsible Sourcing

We are a proud member of the Better Cotton Initiative, committing to supporting the improvement of cotton farming practices globally. Better Cotton is sourced via a chain of custody model called 'mass balance'. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we "source".

We contact our suppliers to gather data on the textiles purchased throughout the year. This enables the Group to calculate the proportion of sustainable content, including Better Cotton (BCI), recycled content, and other certified materials in our products. During the reporting year, the volume of Better Cotton sourced as a percentage of our overall cotton purchases was 62% (2023: 56%).

Sustainable Textiles Transition

Our Workwear division has successfully sourced and trialled a processable and reusable bag that meets our standards for durability and functionality which, from June 2024, has been rolled out to eliminate single use plastic bags for our industrial use garments.

In the Republic of Ireland, we have been successful in implementing unwrapped deliveries, eliminating plastic wrapping, to a leading five-star hotel and are expanding this where other customer facilities allow.

We continue to increase the percentage of sustainable content in our product offerings by working with suppliers on recycled materials and biopolymers. We are currently developing a Sustainable Content roadmap to outline how we intend to achieve this goal.

Ratings and Standards

We participate in several external sustainability reporting programmes:

- Sustainalytics (where, for 2024, JSG has an improved "Low Risk" rating (score of 16.7));
- An annual disclosure via CDP (where, for 2024, JSG improved its scores a 'B' rating in the Climate Change disclosure and 'B-'' in the Water disclosure);
- The Business in the Community (BiTC) Responsible Business Tracker, on a bi-annual basis;
- EthiFinance (where, for 2024, JSG has a score of 49).

We will also use EcoVadis to assess our sustainability performance. In 2024, we completed our registration and plan to take steps to begin the process of completing our EcoVadis rating during the first half of 2025.

Our Communities

2024 HIGHLIGHTS

2,723
employee volunteering hours delivered

£230,000
generated in Social Value

773
charities and organisations supported

Renewed Neighbourly partnership Group-wide for a second year

Supporting our communities is integral to 'The Johnsons Way', with a strong tradition of charitable activities like education, volunteering, fundraising and sponsorship. The Group recognises the need for meaningful action and we maintained this ethos in 2024.

Social Value Performance

Social Value[1]	2024	2023	Variance
Volunteering Value (£)	24,000	20,000	20%
In-Kind Donation Value (£)	71,000	40,000	78%
Total Donated by JSG (£)	134,000	118,000	14%
Total Social Value (£)	230,000	178,000	29%
Total Social Value as a % of Revenue	0.0464%	0.0383%	21%

Note 1. Figures have been rounded to the nearest thousand (£).

Benefiting our Communities

In 2024, total social value increased by 29%, reaching £230,000, up from £178,000 in 2023. This total includes £67,000 donated by the Local Communities Initiative, which forms part of the total donated by JSG. We also saw employees raise £42,000 through fundraising efforts. Additionally, we achieved a 77% increase in in-kind donations and a 24% increase in volunteering value (£24,000). Overall, social value as a percentage of revenue grew by 21% since 2023 and 125% since 2022, reflecting a strong contribution to our local communities.

The number of organisations we supported in 2024 almost doubled when compared to 2023, increasing from 388 to 773, through financial donations, in-kind donations and volunteering.

Volunteering

In 2024, we continued our successful partnership with Neighbourly which has now been extended to encompass the whole Group, including our operations in Republic of Ireland. Our employee volunteering efforts totalled 2,723 hours across 94 activities. Through these efforts, our businesses made positive contributions to community organisations, such as food banks and community centres. We have received great feedback on the impact these activities had on both the volunteers and the organisations they supported, including food preparation, garden maintenance, and administration support.

Group Non-Financial and Sustainability Information Statement

This section of the Strategic report constitutes the Group Non-Financial and Sustainability Information statement to comply with the Companies (Strategic Report) (Climate Related Financial Disclosure) Regulations 2022.

The table below sets out the information that we voluntarily disclose in line with the requirements under sections 414CA and 414CB Companies Act 2006 and where it can be found in this annual report ('AR&A'). Further disclosures, including Group policies and standards, can be found on our website at **www.jsg.com**.

Reporting Requirement	Policies and standards which govern our approach	Relevant information necessary to understand our business and its impact
JSG Employees	Various HR related policies Code of Ethics & Business Conduct Group H&S Policy Group Bribery & Anti-Corruption Policy Group Whistleblowing Policy Group IT & Security Policy Anti-Facilitation of Tax Evasion Policy Group Sustainability Policy Group Equity Diversity and Inclusion Policy UK Gender Pay Gap Report Share Dealing Code	AR&A Pages 16 to 17 AR&A Pages 28 to 42 Third Annual Sustainability Report
Social Matters	Code of Ethics & Business Conduct Group Sustainable Purchasing Policy Group Employee Volunteering Policy Group Sustainability Policy Guiding Principles of Supplier Conduct Guiding Principles of Customer Conduct	AR&A Pages 16 to 17 AR&A Pages 28 to 42 Third Annual Sustainability Report
Human Rights	Code of Ethics & Business Conduct Group Bribery & Anti-Corruption Policy Group Sustainable Purchasing Policy Group Sustainability Policy Modern Slavery Statement Guiding Principles of Supplier Conduct Guiding Principles of Customer Conduct	AR&A Pages 16 to 17 AR&A Pages 28 to 42 Third Annual Sustainability Report
Anti-corruption and anti-bribery matters	Various HR related policies Code of Ethics & Business Conduct Group Bribery & Anti-Corruption Policy Group Whistleblowing Policy Anti-Facilitation of Tax Evasion Policy Fraud Prevention Policy Share Dealing Code	AR&A Pages 16 to 17 AR&A Pages 28 to 42 Third Annual Sustainability Report
Environmental Matters	Group H&S Policy Group Sustainable Purchasing Policy Group Sustainability Policy	AR&A Pages 16 to 17 AR&A Pages 28 to 42 Third Annual Sustainability Report
Principal risks and impacts on business activity	N/A	AR&A Pages 28 to 42 Third Annual Sustainability Report
Description of business model	N/A	AR&A Pages 28 to 42 Third Annual Sustainability Report
Non-financial key performance indicators	N/A	AR&A Pages 28 to 42 Third Annual Sustainability Report

Sustainability Related Risk

The Board is responsible for managing risks across the Group, including sustainability risks. Climate change and energy costs are key risks, with mitigation measures such as site investments, energy efficient technologies and energy-saving initiatives in place.

As a business, climate change is critical for us and our stakeholders. We are committed to improving energy efficiency and reducing greenhouse gas emissions. However, rising energy costs and potential levies remain concerns. Failure to move towards net zero emissions could harm our brand and affect our ability to operate. Risks are identified and mitigated through the Group's risk management process as detailed on pages 43 to 49.

All operational sites follow ISO 14001 guidelines to manage environmental issues and ISO 9001 for quality management systems, with many sites formally certified.

Task-force on climate-related financial disclosures (TCFD)

As part of our commitment to transparency and sustainability, we align our reporting with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD framework helps us better understand the financial implications of climate change on our business and communicate this information to our stakeholders.

The below scenarios were developed using resources including the UK Climate Change Committee's "The Adaptation Committee's Independent Assessment of UK Climate Risk (2021)". A 1.5°C temperature rise is expected by the mid 2030's regardless of any mitigation (IPCC 2023 Synthesis Report). It is expected this will lead to increasing extreme weather including precipitation and flooding. 2035 represents a realistic and reasonable limit for the Group's long term risk scenario planning and so a temperature increase of 1.5°C by 2035 was considered for all scenarios below:

Risk Category	Risk Description	Potential Impact	Response/Resilience/Opportunity
Acute Physical Risk: Flooding & Disruptive weather events	17 JSG sites are potentially at an increased risk of flooding from coastal, fluvial, or precipitation resulting in damage to site or emergency relocation.	Damage to site, emergency relocation, disruption to operations, increased insurance cost.	We intend to implement processes and procedures to ensure that flood risk assessment and extreme weather event analysis is incorporated into all the following processes: • Building lease renewals and new site plans • Mergers and Acquisition activity • Annual Facilities Risk Assessments
Chronic Physical Risk: Sea Level Rise	Sea level rise projected between 0.14-0.18m by 2040, affecting JSG sites below 0.1m above sea level.	Long-term risk to site integrity, potential need for relocation, operational disruptions, and increased cooling requirements.	None of JSG's UK sites would be impacted directly from the sea level rises, however, we are still to complete the analysis for the acquired sites in the Republic of Ireland and the recently acquired Tottenham. We intend to ensure that relevant processes and procedures are in place across relevant business activities which include sea level rise risk assessment and extreme weather event analysis, and that these are incorporated into our risk management approach.
Chronic Physical Risk: Temperature Rise	Rising temperatures expected to increase energy consumption by 10%, mostly for cooling requirements, over the next 10 years.	Increased operational costs due to higher energy demand, and requirements to upgrade cooling equipment.	The financial cost has not yet been fully assessed however we anticipate this could be material if it were to be implemented across our entire estate. We intend to continue conducting site energy efficiency assessments and planning any strategic equipment upgrades.
Opportunity: Renewable Energy Supply	Opportunity: Decentralised, low carbon energy supply: Investment in plant equipment and transitioning to renewable energy supply such as Power Purchase Agreement (PPAs).	Opportunity: Reduction in Scope 1 and 2 emissions, lower long-term energy costs, future proofing against rising energy costs and carbon taxes.	The Group recognises the opportunity for the business to continue to promote our services as a commercially viable alternative to existing and prospective customers who will be faced with similar energy and carbon emissions concerns.

TCFD Disclosure Table

The table below provides insights into how we identify, assess, and manage climate-related risks and opportunities. Our disclosures are structured around the four key pillars of the TCFD framework, which also support compliance with Climate-related Financial Disclosures (CFD).

Disclosure reference in 2024 Annual Report and Accounts ('AR&A')/Third Annual Sustainability Report ('SR')		**Summary of our alignment with the Task Force on climate-related Financial Disclosures (TCFD)**
Governance		
Board's oversight	AR&A Page 58 SR Page 8	Oversight of sustainability and climate-related risks and opportunities are managed at the highest level within JSG. We have created a dedicated Sustainability Committee which is chaired by the Group CEO and which reports into the PLC Board. The permanent members of the Sustainability Committee include the JSG Group Management Board plus the JSG Head of Sustainability. The Board and Committee is responsible for the Company's strategy and organisation as well as advising on financial and non-financial reporting, compliance and performance.
Management's Role	AR&A Page 28 SR Page 8	The Board, Sustainability Committee and Sustainability Pillars are responsible for executing the Sustainability Strategy and translating the strategy into tangible actions including our pathway towards decarbonisation.
Strategy		
Climate-related risks and opportunities	AR&A Page 49	Climate change and energy costs are identified as principal risks to the Group and mitigation identified includes investing in sites, installing the latest technologies and ensuring energy efficiency measures are utilised. Climate change is important to us as a business and to our stakeholders and we are committed to energy efficiency improvement and reducing our greenhouse gas emissions, however, there remains the potential for us to see increases in both the cost of energy as well as the potential introduction of associated levies or taxation. Failure to appropriately demonstrate that, as a business, we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/ or remain relevant to our customers. Potential areas of risk are identified through the Group's risk assessment programme and mitigated wherever possible. For more information on our wider risk management approach and processes please refer to pages 43 to 49 in our 2024 Annual Report and Accounts. The Group appreciates that we need to reduce our Scope 1 and Scope 2 carbon emissions through increased energy efficiency at each site, investment in appropriate plant and equipment and transitioning to renewable energy supply such as Power Purchase Agreement (PPAs). These actions will provide the opportunity to not only reduce our carbon emissions in line with our stated goals, but also future proof the business against possible energy supply issues, rising energy costs and the avoidance of future carbon tax costs. The Group also recognises the opportunity for the business to continue to promote our services as a commercially viable alternative to existing and prospective customers who will be faced with similar energy and carbon emissions concerns. For more detail, please refer to page 40 in our 2024 Annual Report and Accounts.
Impacts of climate-related risks and opportunities	AR&A Page 49	
Resilience of the organisation's strategy	AR&A Page 40	
Risk Management		
Processes for identifying and assessing climate-related risks	AR&A Page 43	
Processes for managing climate-related risks	AR&A Page 44	
Integration into the organisation's overall risk management	AR&A Page 49	
Targets		
Targets used to manage climate-related risks, opportunities and performance	AR&A Page 29	We review both our annual and Vision 2030 targets for achieving planned GHG emissions reductions monthly, quarterly and annually to understand how our activities are performing and enable us to provide a year-on-year data comparison to help us mitigate and adapt to climate risk.

For the purpose of Sustainability Reporting, our baseline years are as follows:

Data	**Baseline Reporting Year**	**Recent acquisitions not included in baseline year**
People	2021	Regency, Celtic Linen, Empire
Safety	2022	Regency, Celtic Linen, Empire
Training	2023	Regency, Celtic Linen, Empire
Engagement	2021	Regency, Celtic Linen, Empire
Equity, Diversity and Inclusion	2022	Regency, Celtic Linen, Empire
Water	2022	Regency, Celtic Linen, Empire
Waste	2024	Empire
Plastics	2023	Celtic Linen, Empire
Energy and Carbon Scope 1,2	2022[1]	Regency, Celtic Linen, Empire
Scope 3 Emissions	2022[1]	Regency, Celtic Linen, Empire
Sustainable Textiles	2021	Regency, Celtic Linen, Empire
Supply Chain	2022	Regency, Celtic Linen, Empire
Social Value	2021	Regency, Celtic Linen, Empire

Note 1. Calculation: 1 October 2021 to 30 September 2022

Jacobs 2024 Assurance Statement

Jacobs

Independent Assurance Summary 2024
Jacobs U.K. Limited ('Jacobs') has conducted assurance of selected sustainability data from Johnson Service Group PLC's ('JSG') annual report and accounts for the financial year ended 31 December 2024.

The assurance was undertaken in accordance with two standards; limited assurance was provided using the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements 3000 (ISAE 3000 (Revised)), and moderate assurance was provided using AccountAbility's AA1000 Assurance Standard (AA1000AS v3).

The Jacobs assurance team has identified no material concerns with the select baseline and 2024 sustainability performance data (note that the assurance does not cover Scope 3 2024 data). In addition, JSG has demonstrated adherence to the AA1000 Accountability Principles (2018) of Inclusivity, Materiality, Responsiveness, and Impact.

The assurance statements detail the key findings and conclusions, scope and methodology, and can be found on JSG's website.

Jacobs U.K. Limited
Manchester

3 March 2025

Principal Risks and Uncertainties

"We believe that effective risk management is critical to the achievement of our strategic objectives and the long-term sustainable growth of our business. The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and customers and safeguarding the interests of the Group and its stakeholders."

Principal Risks and Uncertainties

Continued >

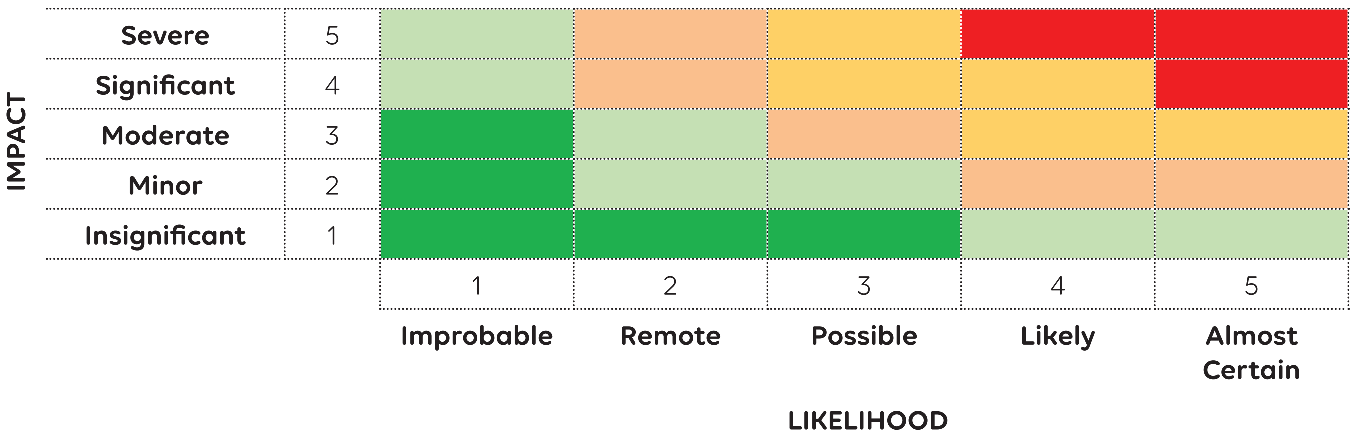
Our approach to Risk Management

The Board takes a proactive approach to risk management aimed at protecting the Group's employees, clients and consumers and safeguarding the interests of the Company and its shareholders in a constantly changing environment. The Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee coordinates and reviews the effectiveness of the Group's risk management process.

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

Risk Rating	Risk Level	Action
20+	Very High Risk	Stop
12 to 16	High Risk	Urgent Action
8 to 10	Medium Risk	Action
4 to 6	Low Risk	Monitor
1 to 3	Very Low Risk	No Action

The Board formally reviews the most significant risks facing the Group twice a year, or more frequently should new matters arise. Throughout 2024, and other than as described below, the overall risk environment remained largely unchanged from that reported within the Group's 2023 Annual Report.



Risk Appetite

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

Emerging Risks

The Board has established processes for identifying emerging risks, and horizon scanning for risks that may arise over the medium to long term. Emerging and potential changes to the Group's risk profile are identified through the Group's risk governance frameworks and processes, and through direct feedback from management, including changing operating conditions, market and consumer trends.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Group are set out below, together with details on how the Board takes action to mitigate each risk. These risks and uncertainties do not comprise all of the risks that the Group may face and are not necessarily listed in any order of priority. The Group faces a number of operational risks on an ongoing basis, such as litigation and financial risks. Additional risks and uncertainties not presently known to the Board, or which are considered to be remote or are deemed to be less material at the date of this Annual Report, may also have an adverse effect on the Group. For each principal risk we have set out the risk rating that has been attributed to each risk. Risk ratings are shown as 'net' i.e. the residual risk rating taking account of the controls and mitigation in place.

In accordance with the provisions of the Financial Reporting Council's 2018 UK Corporate Governance Code (the 'Code'), the Board has taken into consideration the principal risks and uncertainties in the context of determining whether to adopt the going concern basis of preparation and when assessing the future prospects of the Group.

Key

↑ Increased risk ↓ Decreased risk → Static risk

Risk	Mitigation
ECONOMIC AND POLITICAL CONDITIONS **Risk Rating: High**	**Trend: →**
Our business could be susceptible to adverse changes in, inter alia, economic conditions, employment levels and customer spending habits, all of which could impact our profitability and cash flow. The extraordinary and unprecedented events during 2020 and 2021 enhanced this risk as a result of the various lockdowns and restrictions imposed in response to the COVID-19 pandemic. Current macro-economic conditions could negatively impact consumer spending and hence demand for our services, particularly in HORECA. Geopolitical tensions, such as those in the Middle East and the ongoing Russia-Ukraine conflict, could have an impact on the price, or availability, of inputs (e.g. energy) and have heightened threats to national security.	Given the diversity of our customer base and the various industries which we serve, it is generally possible to contain the impact of these adverse conditions. Each business continually reviews its routes to market, changes in customer demands and expectations and cost base so that it can react appropriately to the impact of the wider economy. Any adverse impact on cash flow could be mitigated in the short term by controls over capital expenditure and other discretionary spend. The Group has long standing relationships with its key suppliers and aims to develop a strategic partnership approach. These relationships mitigate, to a certain extent, the risk of a supplier not being able to supply us. In the event that a supply was rationed, for example energy blackouts at certain times, we would seek to adjust our shift and work patterns accordingly. As further detailed below within 'Cost Inflation', and in order to provide protection from pricing volatility, the Group proactively forward purchases certain of its energy requirements.
COST INFLATION **Risk Rating: High**	**Trend: →**
Our objective is always to deliver the right level of service in the most efficient way. An increase in the cost of labour, together with associated taxation increases, or supplies, for example, energy, could constitute a risk to our ability to do this.	We seek to manage the impact of cost inflation by continuing to drive greater efficiencies through supplier rationalisation, labour scheduling and productivity improvements, the latter of which is evidenced by our ongoing investment in state of the art, energy efficient machinery. Cost indexation in certain of our contracts also gives us the contractual right to review pricing with our customers. Along with many other businesses, we are seeing inflationary pressures on some of our costs, particularly in respect of labour and energy, however, our existing scale and focus on operational excellence means we are well placed to address these challenges proactively without compromising our market share opportunity. Furthermore, we are protected to a large extent from the current volatility in prices with, at the time of writing, some 67% of our 2025 anticipated gas requirement and some 65% of our 2025 anticipated power requirement at fixed prices, with reducing amounts fixed into 2026 and 2027. We are proactively monitoring the market with the aim of entering into further fixed arrangements when appropriate and have also continued to secure and implement price increases across our customer base.

Principal Risks and Uncertainties

Continued >

Risk	Mitigation
FAILURE OF STRATEGY **Risk Rating: High**	**Trend: →**
Our current business model sets out our intentions to expand the Group by actively pursuing strategic acquisition opportunities within the textile services market. Failure to identify suitable targets, or failure to successfully integrate them, would adversely impact our growth plans and potentially lead to lower investor confidence.	There is considerable knowledge and expertise within the Group with regard to acquisitions. An experienced acquisition team, together with external advisors where appropriate, is involved in all acquisition activity and we have a proven track record of successfully integrating businesses into the wider Group. Whilst the main challenge, particularly given the current macroeconomic environment, is in identifying suitable targets and determining an appropriate level of consideration on acceptable terms, our knowledge of and relationships with other market participants leaves us well positioned to take advantage of opportunities. The acquisition of Empire during 2024 provides evidence of this.
RECRUITMENT, RETENTION AND MOTIVATION OF EMPLOYEES **Risk Rating: High**	**Trend: →**
As a service orientated Group, attracting, retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long-term success of the Group. The Group has faced resourcing challenges over recent years in some parts of its businesses due to a lack of industry experience amongst candidates and appropriately qualified people as well as the seasonal nature of some of our business. These challenges were exaggerated in the wake of COVID-19 and Brexit. Changes to the UK's immigration system has also had an impact on employee availability in certain regions where we operate. Short term disruption could occur if a key member of our team was unavailable at short notice, either on a temporary or permanent basis. The current economic conditions may increase the risk of attrition in critical senior management positions.	The Group aims to mitigate this risk by time critical targeted resource management and has established training, development, performance management and reward programmes to attract, retain, develop and motivate our people. We quickly reacted to recent pressures in the wider labour market by proactively increasing wages to attract and retain employees. The Group also undertakes employee engagement reviews, led by an external consultant, and operates a number of well-established initiatives in response to our people's needs. The Group regularly reviews the adequacy and strength of its management teams to ensure that appropriate experience and training is given such that there is not an over reliance on any one individual. Furthermore, the Group has continued to develop succession planning as part of the development programmes for our people. Succession Planning is also now a regular agenda item at Board meetings.
LOSS OF A PROCESSING FACILITY **Risk Rating: High**	**Trend: →**
The loss of a key processing facility could result in significant disruption to our business.	A wide geographic spread of processing facilities mitigates, to an extent, the effect of a temporary loss of any single facility as our estate provides us the ability to relocate the processing of work. Detailed business continuity plans are in place for the processing to be relocated quickly and efficiently, as demonstrated in January 2020 following a fire at our Johnsons Workwear site in Exeter and again in February 2020 following a flood at our Johnsons Workwear site in Treforest. Furthermore, insurance cover is in place such that the increased cost of working following a loss of processing capacity may, in some circumstances, be recovered.

Risk	Mitigation
COMPETITION AND DISRUPTION **Risk Rating: High**	Trend: →
We operate in a highly competitive environment. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to mitigate this risk by continuing to promote our differentiated propositions and focusing on our points of strength, such as transparency of our pricing, flexibility in our cost base, quality and value of service and innovation. Our diversified customer base and non-reliance on any one particular customer mitigates this risk to an extent. Furthermore, within Workwear, we have continued to attract new customers, with new-to-rental customers representing 25% of new sales in 2024.
INFORMATION TECHNOLOGY FAILURES AND CYBER SECURITY **Risk Rating: High**	Trend: →
The digital world creates many risks for a business including, but not limited to, technology failures, loss of confidential data, data privacy breaches and damage to brand reputation through, for example, the increased threat of cyber-attacks and instantaneous use of social media. Disruption caused by the failure of key software applications, security controls or underlying infrastructure could delay day to day operations and management decision making. The use of sophisticated phishing and malware attacks on businesses is rising with an increase in the number of companies suffering operational disruption and loss of data. The increase in remote working has led to an increase in the risk of malware and phishing attacks across all organisations. A combination of increased geopolitical tensions, economic instability and accessibility of sophisticated artificial intelligence ('AI') enabled tools and techniques have contributed to a significant increase in the risk of phishing and malware attacks, including ransomware, across all industries.	We seek to assess and manage the effectiveness of our security infrastructure and our ability to effectively defend against current and future cyber risks by using analysis tools and experienced professionals to evaluate and mitigate potential impacts. We are currently working alongside external consultants to review and, where appropriate, strengthen our security infrastructure. Externally facilitated cyber awareness training has been provided to senior management and similar training is being rolled out further across the Group. Furthermore, we continually increase our employees' awareness of phishing and malware attacks through the circulation of regular educational materials and simulation training. We also have in place appropriate crisis management procedures to handle issues in the event of our defences being breached. This is supported by using industry standard tooling, experienced professionals and partners and regular compliance monitoring to evaluate and mitigate potential impacts. We are focused on the need to maximise the effectiveness and security of our information systems and technology as a business enabler and to reduce both cost and exposure as a result. As such, we continue to invest in technology and specialist resources in order to further strengthen our platforms, controls and defences.
PANDEMIC OR OTHER NATIONAL CRISIS **Risk Rating: Medium**	Trend: →
Whilst the risks associated with the COVID-19 pandemic have diminished, the Board is cognisant that a future significant unexpected event, such as a pandemic or other national crisis, could cause further business risk and have a material impact on the Group.	Detailed business continuity plans are in place and, in response to COVID-19, the Group demonstrated its ability to continue trading throughout the pandemic through the implementation of action plans to protect the liquidity of the Group, reduce the cost base and protect the health, safety and wellbeing of our employees. The Board will continue to keep the potential for a significant unexpected event under review as part of its overall assessment of risk.

Principal Risks and Uncertainties

Continued >

Risk	Mitigation
HEALTH AND SAFETY **Risk Rating: Medium**	**Trend:** →
Health and safety in the workplace is an extremely important consideration for an employer. Legislation is complex and failure to ensure that our employees remain safe at work may lead to serious business interruption and could result in criminal and civil prosecution, increased costs and potential damage to our reputation.	The Group has policies, procedures and standards in place, which are continuously updated, to ensure compliance with legal obligations and industry standards. Regular health and safety audits and risk assessments are undertaken across the Group. Regular training is provided to our people to ensure they are clear on their role and accountabilities with regards to health, safety and wellbeing practices. Prompt incident reporting procedures are maintained and all employees are encouraged to report 'near misses' in order that additional safety procedures are implemented where applicable. All Board and management meetings throughout the Group feature a health and safety update as an agenda item.
COMPLIANCE AND FRAUD **Risk Rating: Medium**	**Trend:** →
Ineffective management of compliance with increasingly complex laws and regulations, or evidence of fraud, bribery and corruption, anti-competitive behaviour or other serious misconduct, could have an adverse effect on the Group's reputation and could result in an adverse impact on the Group's performance and/or reputation if significant financial penalties are levied or a criminal action is brought against the Company or its Directors. Operating across more than one jurisdiction elevates this risk due to non-standard laws and regulations applying to different territories.	The Group's zero tolerance based Code of Ethics (the 'Code of Ethics') governs all aspects of our relationships with our stakeholders and, in conjunction with our dedicated Whistleblowing Hotline, is aimed at promoting a strong culture of integrity throughout the Group. All alleged breaches of the Code of Ethics, including any allegations of fraud, are investigated and action taken where appropriate. The Group's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. The Group undertakes a robust risk management assessment that helps properly identify major risks and ensures the internal control framework remains effective through regular monitoring, testing and review. Emerging regulatory and compliance risks are included in this process to enable visibility and planning to address them. Regulation and compliance risk is also considered as part of our annual business planning process. Whilst operating across more than one jurisdiction does elevate this risk, this is mitigated through the knowledge and experience of local management and, where appropriate, through the use of professional advisors.
INSUFFICIENT PROCESSING CAPACITY **Risk Rating: Medium**	**Trend:** ↓
In previous years, the Group has stated that as demand increases our facilities may not be able to process the increased volume or may not be able to process it efficiently. Production efficiencies reduce if plants are processing too much work, quality may decline and machinery break downs are likely to increase in frequency. We may not be able to tender for further work due to capacity issues.	Our increasing geographic coverage allows for work transfers to ease short term processing gaps, however, the identification of suitable processing facilities in the right location remains a priority. The Group has adopted a lead strategy by adding capacity in anticipation of an increase in demand, for example, the construction of our new HORECA site in Crawley. Targeted investment in state-of-the-art machinery also helps us to increase capacity, evidenced by investment during the year at our Corsham, Bourne and Manchester sites increasing local capacity by some 20%, 30% and 45%, respectively. Ongoing investment in our Wexford and Naas facilities will also deliver significant capacity increases.

Risk	Mitigation
CUSTOMER SALES AND RETENTION **Risk Rating: Medium**	**Trend:** →
For our businesses to grow organically, we are reliant on securing and retaining a diverse range of customers. A reliance on any one particular customer or group of customers may present a risk to the future cash flows of the Group should they not be retained. Adverse economic conditions may lead to an increased number of our customers and clients being unable to pay for existing or additional products and services or, in more extreme circumstances, an increase in business failures and insolvencies.	We have strategies which strengthen our long-term relationships with our customers based on quality, value and innovation. Regular customer feedback surveys are undertaken across the Group and, where applicable, appropriate action taken. Our business model is structured so that we are not reliant on one particular customer or group of customers. Furthermore, within Workwear, we have continued to attract new customers to the rental market with new-to-rental customers representing 25% of new sales in 2024. The Group has limited concentration of credit risk with regard to trade receivables given the diverse and unrelated nature of the Group's customer base.
CLIMATE CHANGE & ENERGY COSTS **Risk Rating: Medium**	**Trend:** →
Climate change is increasingly becoming more significant and we foresee that, over time, it may have a greater impact on the Group's operations. For example, unpredictable weather patterns brought about by climate change are leading to increasingly more intense storms and flash flooding. The industry we operate in is, by its very nature, energy intensive. Climate change is important to us as a business and to our stakeholders and we are committed to energy efficiency improvement and reducing our greenhouse gas emissions, however, there remains the potential for us to see increases in both the cost of energy as well as the potential introduction of associated levies or taxation. Failure to appropriately demonstrate that as a business we are committed and moving towards net zero carbon emissions could negatively impact our brand and also impact our ability to operate and/or remain relevant to our customers and consumers. Failure to remain up to date or comply with climate change disclosure requirements could lead to material financial, reputational or regulatory risks to the Group.	Detailed business continuity plans are in place for the processing of work to be relocated quickly and efficiently, as demonstrated in January 2020, following a fire at our Johnsons Workwear site in Exeter, and again in February 2020 following a flood at our Johnsons Workwear site in Treforest. Furthermore, material damage and business interruption insurance cover is in place such that damage to property and the increased cost of working following a loss of processing capacity may, in some circumstances, be recovered. The Group seeks to minimise volatility and manage price risk through hedging and forward buying arrangements for its diesel, electricity and gas requirements. Whilst we are unable to eradicate the risk of energy levies and/or taxes being introduced, we seek to mitigate such risk by continually investing in our sites and installing the latest technologically efficient machinery, for example, water and heat recovery systems. The launch of our refreshed Sustainability Strategy and Vision 2030 targets in 2022 demonstrates the commitments we are making in this area. These commitments are further supported by sustainability targets having been incorporated into Executive and senior management remuneration targets since 2022. We have formed a Sustainability Committee to oversee our environmental commitments. The role of the Committee is to lend support, to monitor progress and provide guidance on our priority areas, ensuring that our targets are ambitious, realistic, and in the long-term interests of the Group, our stakeholders and the environment. The Group already complies with SECR reporting requirements and has improved and increased its TCFD reporting year on year. In terms of Scope 3 reporting, we are working alongside third party consultants in order to further understand and develop our approach and methodology. Further details in respect of SECR, TCFD and Scope 3 emissions are set out within our Sustainability report.

Corporate Governance

Directors and Officers

Jock Lennox

Non-Executive Chair

Jock was appointed as Non-Executive Chair in May 2021. Jock, a Chartered Accountant with extensive experience across a range of sectors, spent 30 years with Ernst & Young LLP ('EY'), holding a number of leadership positions both in the UK and globally, including 20 years as a partner. Since leaving EY in 2009, he has developed an active board career and is currently the Senior Independent Director and Audit Committee Chair of Barratt Developments PLC and, in July 2024, Jock was appointed as Chairman of Clarion Housing Group Limited, a Charitable Community Benefit Society under the Co-operative and Community Benefit Societies Act 2024 and the UK's largest not-for-profit housing association. Jock was previously Chair of Enquest PLC and Hill & Smith Holdings PLC and he has also served on the boards of Dixons Carphone PLC, Oxford Instruments PLC and A&J Mucklow Group PLC.

Peter Egan

Chief Executive Officer

Peter was appointed as Chief Executive Officer on 1 January 2019 having previously held the role of Chief Operating Officer since 1 April 2018. He joined the Group in 1998 and has almost 30 years' experience in the Textile Services industry. Prior to his appointment to the Board, Peter was the Managing Director of Johnsons Workwear, the Group's workwear rental business, having also previously held a number of senior roles within that business. Peter is also a Board member of the European Textile Services Association.

Yvonne Monaghan

Chief Financial Officer

Yvonne has significant experience in the Textile Services industry having joined the Group as Group Management Accountant in 1984 after qualifying as a Chartered Accountant with Deloitte Haskins and Sells. She was appointed as Company Secretary and Group Financial Controller in 1985 and joined the Board as Chief Financial Officer on 31 August 2007. Yvonne is also the Senior Independent Non-Executive Director and Chair of the Audit Committee of The Pebble Group PLC and, prior to stepping down from the Board in September 2020, was also the Senior Independent Non-Executive Director and Chair of the Audit Committee of NWF Group PLC.

Chris Girling

Senior Independent Non-Executive Director

Chris joined the Board as a Non-Executive Director on 29 August 2018. A Chartered Accountant by training, he has a background in a variety of sectors, including support services, distribution, construction and defence. Since retiring from full time executive roles in 2007, where he spent the last 16 years as Group Finance Director for two FTSE 250 support services companies, Chris has pursued a non-executive career. In January 2024, after a 16 year term, Chris stepped down as Chair of Trustees for the Slaughter and May Pension Fund. Chris was previously a Non-Executive Director and Chair of the Audit Committee of South East Water Limited, before stepping down, after 8 years, in January 2023. Chris also served as the Senior Independent Non-Executive Director and Chair of the Audit Committee of Workspace Group PLC, prior to stepping down from the Workspace Group PLC Board in January 2022.

Nicola Keach

Independent Non-Executive Director

Nicola joined the Board as a Non-Executive Director on 1 June 2022. She has extensive experience across a range of sectors, having worked within a number of B2B service organisations of scale. Most recently, Nicola served as Chief Executive Officer of Tivoli Group, one of the largest providers of Grounds Maintenance in the UK, having joined the company in November 2021 with a remit to grow the business both organically and through aggressive acquisition. In November 2024, Nicola led a successful exit for Tivoli's private equity owners through Tivoli's acquisition by Nurture Group. Prior to joining Tivoli, Nicola spent nearly a decade at utilities company ENGIE, latterly as Chief Executive Officer for the UK and Ireland. Nicola's early career was with Serco, the FTSE 250 provider of public services, where she quickly progressed to hold a number of leadership roles, including National Operations Director for Healthcare and Business Development Director for Healthcare.

Kirsty Homer

Independent Non-Executive Director

Kirsty joined the Board as a Non-Executive Director on 1 August 2023 and was appointed as the Company's Remuneration Committee Chair and designated Non-Executive Director for Workforce Engagement with effect from 1 November 2024. Kirsty is a highly experienced HR practitioner who is, currently, Group People Director for Blue Coast Capital and Chief People Officer & Chief Retail Officer for River Island, the British based, multi-channel, fashion brand and retailer. In February 2024 Kirsty was appointed as a Non-Executive Director of Prince's Trust Trading Limited, the commercial and events arm of The Prince's Trust. Previously, Kirsty served as Group HR Director for the Howden Joinery Group Plc group of companies ("Howdens"), the UK's leading trade kitchen and joinery supplier and current constituent of the FTSE 100 index, which employs over 10,000 people and operates over 850 sites across the UK and Europe. Prior to her role at Howdens, Kirsty served as Global People & Governance Director for the Mothercare Plc group of companies during its turnaround phase and restructure, helping to transform the business into a successful global franchisor. Kirsty has also held senior HR roles at Waitrose and John Lewis before being appointed Personnel Director there in 2013.

Nick Gregg

Independent Non-Executive Director
(Resigned 31 December 2024)

Nick joined the Board as a Non-Executive Director on 1 January 2016. Nick has considerable experience in business to business service industries having been Managing Director of the Local Government division of public services business Amey, Managing Director of Biffa Waste Services Collections Division and Managing Director of ATS Euromaster (Michelin). Nick's early career was spent at Mobil Oil Company, leaving as Managing Director of the UK business, having previously held roles in sales, marketing and operations as well as key project roles in finance and IT. Nick stepped down as the Company's Remuneration Committee Chair and designated Non-Executive Director for Workforce Engagement with effect from 1 November 2024 and subsequently, having served nine years as an independent Non-Executive Director of the Company, Nick stood down as an independent Non-Executive Director of the Company and retired from the Board on 31 December 2024.

Christopher Clarkson

General Counsel & Company Secretary

Chris was appointed General Counsel & Company Secretary on 5 September 2022. Chris started his career at the international law firm DLA Piper UK LLP where he qualified as a Solicitor in 2008. He joined Brammer plc (now Rubix), the pan-European industrial distributor, in 2011 and was appointed Head of Legal there in 2017.

Directors' Report

The Directors present their Annual Report and the audited Consolidated and Company Financial Statements for the year ended 31 December 2024.

The Corporate Governance Report on pages 58 to 70, and the report on Sustainability on pages 28 to 42 (with regard to information about the employment of disabled persons, employee involvement and share schemes) are also incorporated into this Report by reference.

Principal Activities and Business Overview

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

The principal activities and business overview of the Group are set out within the Strategic Review.

Results and Dividends

The Group's retained profit after taxation for the year from all operations amounted to £35.6 million (2023: £27.3 million).

The dividend comprises an interim dividend of 1.3 pence (2023: 0.9 pence) per Ordinary share and a proposed final dividend of 2.7 pence (2023: 1.9 pence) per Ordinary share. This total dividend of 4.0 pence per Ordinary share, subject to the approval of Shareholders, will amount to a dividend distribution for the year, based on the number of shares in issue as at the date of this report, of £16.6 million (2023: £11.7 million).

Share Capital

The Companies Act 2006 no longer requires companies to have an authorised share capital.

The total issued share capital at the end of the year and the outstanding share options are given in note 29 to the Consolidated Financial Statements.

Shareholders' Authority for the Purchase by the Company of its own Shares

At the 2024 Annual General Meeting, Shareholders authorised the Company to make market purchases of up to a maximum aggregate of 41,441,512 Ordinary shares, which represented approximately 10% of the Company's issued Ordinary share capital on the latest practicable date prior to publication of the 2024 Notice of Annual General Meeting. The minimum price allowed for such purchases is 10 pence and the maximum is 105% of the average of the middle market quotation of such shares for the five business days immediately preceding the day of purchase. Except for amending the maximum number of shares subject to the authority, the Directors intend to seek renewal of this authority, which is due to expire at the conclusion of the 2025 Annual General Meeting. Further details are given in the 2025 Notice of Annual General Meeting.

Acquisitions and Discontinued Operations

Details of acquisitions and discontinued operations during the current and preceding year are given in notes 34 and 35 to the Consolidated Financial Statements.

Events after the Reporting Period

There were no events occurring after the balance sheet date that require disclosing in accordance with Schedule 7 of the Large and Medium Sized Companies and Groups Regulations.

Directors

Details of the Directors of the Company are shown on pages 52 to 53. With the exception of Nick Gregg, who stepped down as an Independent Non-Executive Director of the Company and retired from the Board on 31 December 2024, they all held office throughout the year and up to the date of approving this Report.

Directors' Interests

Share Capital

The interests of the Directors who were in office at 31 December 2024, together with the interests of their close family, in the shares of the Company at the commencement or, if later, date of appointment, and close of the financial year are disclosed in the Directors' Remuneration Report. Details of the Company's interest in its own shares are disclosed in note 32 to the Consolidated Financial Statements.

Contracts

None of the Directors have any material interests in contracts of the Company or the Group.

Directors' Indemnity

In accordance with the Articles of Association and to the extent permitted by law, the Directors are granted an indemnity from the Company in respect of certain liabilities incurred as a result of their office. In respect of those matters for which the Directors may not be indemnified, the Company maintained a directors' and officers' liability third party insurance policy throughout the financial year and up to the date of approval of these financial statements. Neither the indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently. No claim was made under this provision during the year.

Articles of Association

Subject to certain limited exceptions, the Company's Articles of Association may only be amended by Special Resolution at a general meeting of the Shareholders.

Charitable Donations

Details of charitable donations during the current and preceding financial year are set out within the Sustainability Report.

Political Donations

It is the Company's policy not to make political donations. The Directors confirm that no donations for political purposes were made during the year (2023: £nil).

Independent Auditor

The external auditor to the Company, Grant Thornton UK LLP, has indicated its willingness to continue in office. In accordance with the recommendation of the Audit Committee, as disclosed on page 75, and as required by Section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as the external auditor to the Company will be proposed at the Annual General Meeting.

Statement on Engagement with Stakeholders

The success of our strategy is reliant on the support and commitment of all our stakeholders. Their interests are important to us and we are committed to maintaining strong, positive relationships with them, built on a foundation of mutual respect, trust and understanding. The table on page 16 and the section 172(1) statement on page 17 provide a high-level overview of how we engage with our stakeholders.

Policy on Payment to Suppliers

Prompt Payment Code

The Company and its subsidiaries fully support the standards set out within the Prompt Payment Code ('PPC') in respect of all suppliers. The PPC sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management. The main features of the PPC are that payment terms are agreed at the outset of a transaction and are adhered to; that there is a clear and consistent policy that bills will be paid in accordance with the contract; and that there are no alterations to payment terms without prior agreement.

Payment Practice Reporting

Regulations made under Section 3 of the Small Business, Enterprise and Employment Act 2015 introduced a requirement on the UK's largest companies to report on a half-yearly basis their payment practices, policies and performance. The requirement to report is based upon a company having annual revenue of £36.0 million or more; the Parent Company has revenue of £nil hence the Group has reported under its main trading subsidiary, Johnsons Textile Services Limited.

Johnsons Textile Services Limited was required to publish supplier payment information for the six months ended 30 June 2024 and for the six months ended 31 December 2024. The average time taken to pay invoices in each of those periods was 54 days and 52 days, respectively. The comparative figures for 2023 were 51 days and 51 days, respectively. Johnsons Textile Services Limited trades through a number of brands, each of which have varying payment terms with their suppliers, however, such terms typically range from 60 days from date of invoice through to 60 days from end of the month in which the invoice was raised.

Further information was published through an online service provided by the Government and can be viewed by visiting https://check-payment-practices.service.gov.uk/company/00464645/reports.

Dispute Resolution Process

We seek to resolve any issues in the first instance between the most relevant representatives of our Company and the supplier. If the matter cannot be resolved, it may then be escalated to senior members of both the supplier and ourselves. We are very proud to have built up longstanding relationships with a significant proportion of our suppliers and will always endeavour to work in a collaborative manner with them in order to resolve any disputes that may arise. Once resolved, we would aim to pay the supplier within the agreed contractual terms between us or, if the contractual due date has passed, at the next available opportunity.

Streamlined Energy and Carbon Reporting (SECR)

The Group is required to report, in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, its energy use and carbon emissions for the financial year ending 31 December 2024. As allowed by the legislation, and in order to allow for sufficient time to compile the data and complete the reporting, the annual period used to calculate energy use and emissions was set as the 12 months ending 30 September 2024.

Relevant disclosures are provided on pages 32 to 35.

Financial Risk Management

The Directors acknowledge that the Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out centrally under policies approved by the Board. Further details are set out within the Audit Committee Report on pages 75 to 76.

Half Yearly Reporting

The Company no longer publishes half yearly reports for individual circulation to Shareholders. Information that would normally be included in a half yearly report is made available on the Company's website at www.jsg.com.

Directors' Report

Continued >

2025 Annual General Meeting

The Directors intend that the 2025 Annual General Meeting (the 'Meeting' or the 'AGM') of Johnson Service Group PLC (the 'Company') will be held at the DoubleTree by Hilton Hotel & Spa Chester, Warrington Road, Hoole, Chester, CH2 3PD on Thursday 1 May 2025 at 11:00am.

As we did last year, and in order to reduce the Company's environmental impact, our intention is to once again remove paper from the voting process as far as possible. As a result, Shareholders will not receive a hard copy form of proxy for the AGM but will instead be able to register their vote electronically.

An explanation of the resolutions to be proposed at the Meeting, together with details on electronic voting, is included in the Notice of Annual General Meeting accompanying this Annual Report.

Going Concern

Background and Summary

After careful assessment, the Directors have adopted the going concern basis in preparing these financial statements. The process and key judgments in coming to this conclusion are set out below. The going concern status of the Company is intrinsically linked to that of the Group.

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

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review, Chair's Statement and Chief Executive's Operating Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 27 to the Consolidated Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposure to credit risk and liquidity risk.

Going Concern Assessment

Cash Flows, Covenants and Stress Testing

For the purposes of the going concern assessment, the Directors have prepared monthly cash flow projections for the period to 30 June 2026 (the assessment period). The Directors consider this to be a reasonable period for the going concern assessment as it enables us to consider the potential impact of macroeconomic and geopolitical factors over an extended period. The cash flow projections show that the Group has significant headroom against its committed facilities and can meet its financial covenant obligations.

The Group has also performed a reverse stress test against the base monthly cash flow projections referred to above in order to determine the performance level that would result in a reduction in headroom against its committed facilities to nil or a breach of its covenants. Headroom on the Group's committed facilities would reduce to nil in the event that adjusted operating profit reduced to approximately 60% of 2024 levels. The Directors do not consider this scenario to be plausible.

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

The Group has also considered the impact of a more modest increase in interest rates alongside the reduction required in adjusted operating profit to cause a breach in the interest cover covenant. Again, the Directors do not consider such a scenario to be plausible.

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

Liquidity

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

Going Concern Statement

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group and Company, the Directors have a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 30 June 2026. Accordingly, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the Group and Company financial statements.

Viability Statement

A statement on the future prospects of the Group is included within the Strategic Review.

By order of the Board.

Christopher Clarkson
Company Secretary

3 March 2025

Johnson Service Group PLC
Registered in England and Wales No.523335

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'. 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 Group and Company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- for the Group financial statements state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- for the Parent Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider that the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Group and Company's performance, business model and strategy and is fair, balanced and understandable.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with UK-adopted international accounting standards, and the Parent Company financial statements, prepared in accordance with UK accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation, taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

On behalf of the Board

Peter Egan
Chief Executive Officer

3 March 2025

Yvonne Monaghan
Chief Financial Officer

3 March 2025

Corporate Governance Report

"We are committed to high standards of corporate governance which we consider are critical to business integrity and to maintaining investors' trust in us. We expect all our directors, employees and suppliers to act with honesty, integrity and fairness. Our business principles set out the standards we set ourselves to ensure we operate lawfully, with integrity and with respect for others."

Legislative Overview

As a company having its shares admitted to trading on the AIM division of the London Stock Exchange, we are required to provide details of a recognised corporate governance code that the Board has decided to apply, together with an explanation of how the Company complies with that code and, where it departs from its chosen code, an explanation for the reasons for doing so. All companies with a Premium Listing of equity shares in the UK are required to comply with the Financial Reporting Council's 2018 UK Corporate Governance Code (the 'Code'). The Board is committed to the highest standards of corporate governance and determined that it was, therefore, appropriate to apply the Code.

The Code, which can be found on the Financial Reporting Council's website at www.frc.org.uk, is the product of extensive consultation and places emphasis on businesses establishing a corporate culture that is aligned with the company purpose and business strategy and which promotes integrity and values diversity. The Code is divided into five sections, as follows:

1) Board Leadership and Company Purpose
2) Division of Responsibilities
3) Composition, Succession and Evaluation
4) Audit, Risk and Internal Control
5) Remuneration

Each of the above sections contain an overriding set of 'Principles' supported by more detailed 'Provisions'.

This Corporate Governance Report describes how the Board has applied the main Principles of good governance and complied with the relevant Provisions as set out in the Code for the year under review. To the extent necessary, certain information is incorporated into this Report by reference.

Our Governance Structure

Chair – Jock Lennox

Key objectives:
- leadership, operation and governance of the Board
- setting the agenda and direction for the Board

The Board of Johnson Service Group PLC

Membership currently comprises the Chair, two Executive Directors and three independent Non-Executive Directors (including the Senior Independent Director)

Chair: Jock Lennox

Key objectives:
- responsible for the overall conduct of the Group's business
- setting the Group's strategy

Audit Committee

Membership comprises the Non-Executive Directors

Chair: Chris Girling

Key objectives:
- management of the Group's system of internal control, business risks and related compliance activities
- to review the activity and performance of the internal audit function and external auditors
- to provide effective governance over the Group's financial results

Nomination Committee

Membership comprises the Chair and Non-Executive Directors

Chair: Jock Lennox

Key objectives:
- to ensure the Board comprises individuals with the necessary skills, knowledge and experience
- to give consideration to succession planning and the leadership needs of the Group

Remuneration Committee

Membership comprises the Chair and Non-Executive Directors

Chair: Kirsty Homer

Key objectives:
- to assess and make recommendations to the Board on the policy of executive remuneration

Sustainability Committee

Membership comprises the Group Management Board and the Head of Sustainability

Chair: Peter Egan

Key objectives:
- to assist the Board in the discharge of its duties relating to the Group's corporate and societal obligations and its reputations as a responsible corporate citizen

Chief Executive Officer

Peter Egan

Key objectives:
- responsible for the overall management of the business
- responsible for the implementation of strategy and policy

Group Management Board

Membership comprises the two Executive Directors, divisional Managing Directors and Group function heads

Chair: Peter Egan

Key objectives:
- implementation of the Board's strategy
- monitoring financial and competitive performance
- business development and projects
- succession planning across the business

Compliance with the Code

The Company has applied the Principles and complied with the Provisions of the Code throughout the year ended 31 December 2024, other than in relation to the following:

Provision	Explanation
36	**Post-employment shareholding requirement** We believe that our current approach provides for a sufficient long-term alignment of interests between executives and Shareholders through, for example, the LTIP and the existing personal shareholding requirement (which applies during employment). The Remuneration Committee has in addition, for LTIPs granted in 2019 and thereafter, introduced a two-year post-vesting holding period. Furthermore, as previously disclosed, during 2019, the Committee also increased the personal shareholding requirement from 100% to 200% of basic salary. We will keep this under regular review as market practice in this area develops.
38	**Pensions** We have not yet fully aligned Executive Director pensions with the wider workforce; however, we have established a pathway to alignment towards the rate applicable to the majority of the wider workforce: • the CEO's entitlement has been capped at the cash value of his 2019 entitlement such that, over time, the rate payable will reduce. For 2024 this equated to a contribution rate of 8.8 per cent of the CEO's salary (2023: 9.1 per cent): and • the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and then reduced to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the UK workforce (currently 6 per cent).

Section 1: Board Leadership & Company Purpose

Principles

A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Overview of the Board

The Board comprises the Non-Executive Chair, two Executive Directors and, with effect from 1 August 2023 (following the appointment of Kirsty Homer to the Board as an additional Independent Non-Executive Director) four Independent Non-Executive Directors and has overall responsibility for the performance and long-term sustainable success of the Group. Operating in an effective and entrepreneurial spirit, the Board is responsible for health and safety, leadership, agreeing the strategic direction of the Group, sustainability, promoting high standards of internal control, risk management and corporate governance, setting the budget, overseeing performance and discharging certain legal responsibilities. The Board also plays a key role in developing and monitoring our culture, our values, our brand and our reputation.

The Board has spent time in the business both collectively and as individuals, exploring specific business areas through presentations, meetings and dialogue with colleagues and our stakeholders. Throughout the year, the Board, supported by its Committees, has covered a broad range of topics to ensure that we continually review and challenge matters of importance to our stakeholders.

Further details on the Group's mission, vision, values, targets and culture, together with information on our strategy and business model, are set out within the Strategic Report on pages 5 to 49.

Specific Responsibilities of the Board

The Board, in addition to routine consideration of both financial and operational matters, determines the strategic direction of the Group. The Board has a formal schedule of matters specifically reserved for its decision which can only be amended by the Board itself.

The specific responsibilities reserved for the Board include:

- development and approval of the Group's long-term objectives, overall strategy, mission, vision, values and targets;
- health and safety matters;
- sustainability matters;
- approval of the annual budget;
- monitoring of operational and financial performance against plans and budgets;
- approval of major acquisitions, disposals and capital expenditure;
- approval of any changes to the capital structure of the Group;
- design and approval of dividend policy;
- approval of appointments to the Board and of the Company Secretary;
- consideration of succession planning for key members of the management team; and
- determining the terms of reference for the Board committees.

Roles in the Boardroom

Non-Executive Chair	Senior Independent Non-Executive Director
Jock Lennox Leads the Board and ensures its overall effectiveness in discharging its duties • shapes the culture in the boardroom and promotes openness, challenge and debate • sets the agenda for Board meetings, focusing on strategy, performance, value creation, risk management, culture, stakeholders and accountability • chairs meetings ensuring there is timely information flow before meetings and adequate time for discussion and debate • fosters relationships based on trust, mutual respect and open communication inside and outside the boardroom • leads relations with major shareholders in order to understand their views on governance and performance against strategy	**Chris Girling** Provides a sounding board for the Chair and serves as an intermediary for other directors and shareholders • provides the Chair with support in the delivery of objectives, where necessary • works closely with the Nomination Committee, leads the process for the evaluation of the Chair and ensures orderly succession of the Chair's role • acts as an alternative contact for shareholders, providing a means of raising concerns other than with the Chair or senior management
Independent Non-Executive Directors	**Executive Directors**
Chris Girling **Nicola Keach** **Kirsty Homer** **Nick Gregg (Resigned 31 December 2024)** Ensure that no individual or small group of individuals can dominate the Board's decision making • independent non-executive directors meeting the independence criteria set out in the Code (excluding the chair), currently comprise 50% of Board membership • provide constructive challenge, give strategic guidance, offer specialist advice and hold executive management to account	**Peter Egan (CEO)** **Yvonne Monaghan (CFO)** Lead the implementation of the Group's strategy set by the Board • the Group CEO is responsible for delivering the strategy and the overall management of the Group • the Group CEO leads the Group Management Board and ensures its effectiveness in managing the overall operations and resources of the Group • the executive directors provide information and presentations to the Board and participate in Board discussions regarding Group management, financial and operational matters
Designated Non-Executive Director for Workforce Engagement	**Company Secretary**
Kirsty Homer (From 1 November 2024) **Nick Gregg (Until 1 November 2024)** Provides an effective engagement mechanism for the Board to understand the views of the workforce • brings the views and experiences of the workforce into the boardroom • enables the Board to consider the views of the workforce in its discussions and decision making	**Christopher Clarkson** Supports the Chair and ensures directors have access to the information they need to perform their roles • provides a channel for Board and committee communications and provides a link between the Board and management • advises the Board on corporate governance matters and supports the Board in applying the Code and complying with other statutory and regulatory requirements

Key Board Activities in the Year

Key activities of the Board during 2024 included, inter alia:

- ongoing monitoring of the Group's Health and Safety performance;
- regular review, and formal approval in February and August, of the Group's risk assessment processes and principal risks and uncertainties;
- the review and approval of the half year and full year financial statements;
- the review and approval of major capital and investment projects;
- succession planning, including consideration and approval of the appointment of Kirsty Homer as the Chair of the Remuneration Committee in succession to Nick Gregg;
- consideration and approval of the acquisition of Empire;
- consideration and recommendation of a final dividend, for the financial year ended 31 December 2023, of 1.9 pence per Ordinary Share paid in May 2024;
- consideration and approval of an interim dividend of 1.3 pence per Ordinary share paid in November 2024; and
- consideration and approval of the 2025 – 2027 Budget.

Insight into the Boardroom

The following is a summary of some of the significant matters considered by the Board at certain of its meetings throughout the year:

January	February/March
• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A and strategy update • Financial performance • Sustainability performance update • Employee engagement • Insurance programme review • Board Evaluation Review • Corporate Governance Code Compliance Review • Investor analysis • Approval of Modern Slavery Statement • Approval of Whistleblowing Policy	• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A update • Sustainability matters (incl. FY22 performance data; FY23 performance and FY24 targets; FY23 Annual Report disclosures; and decarbonisation roadmap) • Employee engagement • Financial performance (incl. FY23 results) and appointment of sub-committee re: FY23 final results • Going concern and viability assessment • Investor analysis • Biannual major risk assessment • Draft final results announcement • Draft Annual Report and Accounts • Draft Investor Presentation • Draft AGM Notice • Policies review • UK Corporate Governance Code 2024 overview
May	**June**
• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A and strategy update • Employee engagement • Financial performance • Pension schemes update • Investor feedback and analysis re: FY23 results • Provisional AGM Voting • Institutional Feedback • AGM	• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business Updates) • Strategy meeting (incl. supplier updates) • M&A strategy update • Capital investment strategy and update • NOMAD update (incl. AIM Rules briefing) • Employee engagement • Financial performance • Bank Facility term extension

Corporate Governance Report

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August/September	October
• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A and strategy update (incl. Empire) • Johnsons Celtic Linen investment • Sustainability update and Sustainability Report • Employee Engagement • Financial performance (incl. FY24 interim results and interim dividend) and appointment of sub-committee re: FY24 interim results • Investor analysis • Biannual major risk assessment • Draft interim results announcement • Going concern assessment • Remuneration Committee Chair succession • UK Corporate Governance Code 2024 update • Fraud Prevention Policy	• Minutes/matters arising • Financial performance • Health & Safety update and strategy review • IT & Cyber Security update • CEO's trading and operational review (incl. Business updates) • Capex approvals • M&A update • Strategy update • Sustainability update (incl. third party assurance; and decarbonisation roadmap) • Bank Facility – Transition from AIB to BOI • Investor analysis

November
• Minutes/matters arising • Health & Safety and Environmental matters • CEO's trading and operational review (incl. Business updates) • M&A and strategy update • Employee engagement • Financial performance • Consideration and approval of 2025-2027 Budget • Investor analysis • Annual review and approval of updates to Whistleblowing Policy; Anti-Bribery and Corruption Policy; and Anti-Facilitation of Tax Evasion Policy; Share Dealing Policy/Code • Approval of Tax Strategy • Review and approval of Committee Terms of Reference • Review of NED fees

Consideration of Stakeholder Interests

The examples below give an insight into how the Board had regard for the interests of its stakeholders in certain of its principal decision-making processes during the year:

Principal Decision: **Sustainability and Climate Change**
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

The Board recognises the seriousness of the implications of climate change and sustainability matters for the Group, its stakeholders and the planet, and has taken the decision to make this a central part of the Board's deliberations and oversight. During the year, the Board approved for publication the Group's third Sustainability report. The Board firmly believes that embedding a best-in-class sustainability programme throughout our operations will help position us as a leader in responding to the challenges faced by the textile services industry and prove to be a differentiator for our customers.

Principal Decision: **Acquisition of Empire**
Stakeholders: Employees, Customers, Suppliers, Communities, Shareholders

On 2 September 2024, the Company acquired the entire issued share capital of Empire Linen Services Limited ("Empire") for a cash consideration of £20.6 million on a debt free, cash free basis and subject to an adjustment for normalised working capital. In making its decision to approve the acquisition of Empire, the Board considered a number of factors including the strategic rationale for the acquisition; the potential for operational synergies with the Group's existing HORECA business operations; the scope for further growth opportunities; and post-acquisition development opportunities for Empire's people as part of an enlarged group. After careful consideration, the Board resolved that it was for the benefit of the Company and its stakeholders and was most likely to promote the success of the Company for the benefit of its members as a whole, to proceed with the acquisition of Empire.

Principal Decision: **Interim Dividend**
Stakeholders: Shareholders

In September 2024, and in line with the Company's progressive dividend policy, the Board approved an interim dividend of 1.3 pence per Ordinary share which was paid on 1 November 2024. In reaching this decision, the Board carefully considered a number of factors including the available profit, the importance of a dividend to the Company's shareholders and the Board's intention to reduce dividend cover from the Company's historical level of cover of 3 times cover to 2.5 times cover by financial year 2024.

Board Committees

The Committees of the Board which met during 2024 are:

- the Audit Committee;
- the Nomination Committee; and
- the Remuneration Committee.

Each Committee has written terms of reference, which are available on the Group's website. Separate reports for each of these Committees are included in this Annual Report.

Linked to the launch of our refreshed sustainability strategy an additional Committee of the Board, the Sustainability Committee, was established in 2022. The Sustainability Committee's membership is comprised of the Group's Management Board (which includes the Company's Executive Directors) plus the Group's Head of Sustainability and is chaired by the Chief Executive Officer. Whilst not members of the Sustainability Committee, the Non-Executive Chair of the Company and the Independent Non-Executive Directors of the Company are also entitled to attend meetings of the Sustainability Committee. The Sustainability Committee's purpose is to assist the Board in the discharge of its duties relating to the Group's corporate and societal obligations and its reputation as a responsible corporate citizen. Specific responsibilities delegated to the Sustainability Committee include, inter alia:

- Review and recommend changes, as appropriate, to the Group's sustainability strategy.
- Assess the impact of the Group's activities on its communities, people and the environment.
- Determine appropriate targets that will further improve the sustainability of the Group.
- Ensure the sustainability policy is fully understood and implemented by the Group's business operations.
- Ensure the Group's programme on achieving sustainability targets is regularly reported to the Board.
- Review statements and reports to be published by the Group on sustainability.

Further details relating to the work of the Sustainability Committee during 2024 can be found on pages 28 to 42.

Group Management Board

The Group Management Board is chaired by the Chief Executive Officer. Topics covered by the Group Management Board include:

- health and safety;
- sustainability;
- an update by the Chief Executive Officer on the business and business environment;
- divisional Managing Director updates;
- Group function heads' updates;
- substantial business developments and projects;
- employee welfare and engagement matters;
- talent and succession planning;
- competitor analysis; and
- strategy.

Annually, the Group Management Board conducts a strategic review to identify key issues, plans and objectives to be presented to the Board. The agreed strategy is then used as a basis for developing the upcoming financial budget and operating plans.

Investor Relations

We are committed to communicating our strategy and activities clearly to our Shareholders in order to ensure that they receive a balanced and complete view of our performance. The Board considers that the Preliminary Announcement, the Annual Report, including the Chief Executive's Operating Review and the Financial Review which are contained therein, the Interim Report and trading update statements made during the year present a balanced and clear assessment of the Group's position and prospects.

Furthermore, we undertake an extensive investor relations programme in order to maintain an active dialogue with our investors. The programme includes:

- formal presentations of full year and half-year results;
- briefing meetings with major institutional Shareholders after the half-year results, preliminary statement and at the time of any other significant market update, to ensure that the investor community receives a balanced and complete view of our performance and the issues we face;
- regular meetings between institutional investors and analysts and the Chief Executive Officer and the Chief Financial Officer to discuss business performance;
- hosting investor and analyst sessions at which senior management from relevant businesses deliver presentations which provide an overview of each of the individual businesses and operations;
- engagement with potential investors through roadshow meetings; and
- attendance by senior executives across the business at relevant meetings throughout the year.

Feedback is provided to the Board on any issues raised at these meetings. External brokers' reports are circulated to the Directors. The Shareholders' views of the investor meetings following the interim and final results are obtained by the Group's broker and circulated to the Board.

During 2024, Jock Lennox met with a number of major Shareholders in order to more fully understand their views and to provide them with an opportunity to raise any questions they had outside of the normal Investor Relations process. The feedback received was consistent with that given to the CEO and CFO. Jock will once again extend this invitation to our major Shareholders during 2025. Committee chairs are also available to engage with major Shareholders regarding their areas of responsibility.

In addition to the investor relations programme, the Annual General Meeting ('AGM'), which is normally attended by all Directors, provides the Board with the opportunity to communicate with private and institutional investors and we encourage their participation at the meeting. Shareholders attending the AGM have the opportunity to meet and question the Board to discuss appropriate topics either during the meeting or with the Directors after the formal proceedings have ended. Such dialogue provides the Board with valuable feedback and helps them to understand the views of shareholders.

We also have a section of our website which is dedicated to shareholders and analysts (www.jsg.com/investor-relations/) which includes all of our financial results presentations since 2010. In addition, with effect from the publication of the 2024 interim results in September 2024, a recording of the sell-side analyst presentation is also published on the investor relations section of the Company's website shortly following each relevant meeting.

Culture, Workforce Policies, Whistleblowing & Workforce Engagement

Our Culture & Workforce Policies

Our corporate culture defines who we are, what we stand for and how we do business. Our strong reputation has been built on the solid foundation of an ethical culture, underpinned by a well-defined and effective system of governance. The Board defines the purpose of the Group, identifies the values that guide it and remains committed to upholding the highest ethical standards, operating on the principle that the tone at the top sets the standard for the rest of the business.

Our employees are central to our business. We strive to create an inspiring working environment where everyone is engaged and motivated and we want our employees to use their skills, combined with our support, to deliver a great service to our customers. Our people strategy is summed up by our ambition to be a brilliant place to work – that means making Johnson Service Group PLC a place where our people feel engaged and inspired to be at their best.

The employment policies of the Group embody the principles of equal opportunity and are tailored to meet the needs of its different businesses and the locations in which they operate. The Group has a written code on business ethics (the 'Code of Ethics') which sets out guidelines for all employees to enable the Group to meet the highest standards of conduct in business dealings, including those with overseas suppliers.

Further details of our culture and employment policies are set out within the report on Sustainability.

Whistleblowing

The Code also provides for companies to create an environment in which the workforce feels it is safe to raise concerns; the Board wholly agrees that creating such an environment is a core part of an ethical and supportive business culture. Appropriate whistleblowing and anti-bribery and corruption policies are therefore in place and employees are encouraged to raise concerns about any wrongdoing or malpractice without fear of victimisation, discrimination, disadvantage or dismissal. These policies are reviewed and, where relevant, updated on a regular basis. The Board conducted its most recent annual review and approval of these policies in November 2024.

Further details are set out within our Audit Committee Report.

Workforce Engagement

From 1 November 2024, Kirsty Homer succeeded Nick Gregg as the Non-Executive Director responsible for Workforce Engagement. Whilst the Board is aware of the three methods of engagement specified in the Code, it is conscious that the methods specified are not the only ways of engaging with the workforce and that engagement through a range of both formal and informal channels may be more appropriate. Such additional or alternative channels may include, but not be limited to:

- meeting groups of elected workforce representatives;
- meeting future leaders without senior management present;
- visiting regional sites;
- inviting colleagues from different business functions to board meetings; and
- surveys.

A further round of employee engagement surveys has recently been completed across the Group. Across the surveys we scored highly in areas such as role clarity, teamwork and manager support. A number of opportunities for further improvements and initiatives were also identified and these are set out on page 31.

Further details, including how the Group engages with the workforce, are set out within the report on Sustainability.

Section 2: Division of Responsibilities

Principles

F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgment throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Composition of the Board

As at 31 December 2024, the Board consisted of the Non-Executive Chair (the 'Chair'), four Independent Non-Executive Directors and two Executive Directors. Upon completing nine years' service as an Independent Non-Executive Director of the Company, Nick Gregg stood down as an Independent Non-Executive Director and retired from the Board on 31 December 2024. The four Independent Non-Executive Directors in office as at 31 December 2024 and the three who remain in post as at the date on which this Report was approved by the Directors of the Company, are considered to be independent in character and judgment and are a strong element within the Board, with their views carrying significant weight in the decision-making process.

Biographies of the Directors of the Company are shown on pages 52 to 53. With the exception of Nick Gregg, who stood down as an Independent Non-Executive Director of the Company and retired from the Board on 31 December 2024, they all held office throughout the year, and up to the date of approving this Report.

		Date first appointed to the Board	Date first elected to the Board	Tenure since appointment (as at 31 December 2024)
Non-Executive Directors				
Jock Lennox	Non-Executive Chair	5 January 2021	5 May 2021	4 years
Chris Girling	Senior Independent Non-Executive Director	29 August 2018	8 May 2019	6 years 4 months
Nicola Keach	Independent Non-Executive Director	1 June 2022	4 May 2023	2 year 7 months
Kirsty Homer	Independent Non-Executive Director	1 August 2023	1 May 2024	1 year 5 months
Nick Gregg[1]	Independent Non-Executive Director	1 January 2016	5 May 2016	9 years
Executive Directors				
Peter Egan	Chief Executive Officer	1 April 2018	3 May 2018	6 years 9 months
Yvonne Monaghan	Chief Financial Officer	31 August 2007	17 June 2008	17 years 4 months

Note 1: On 31 December 2024, upon completing nine years' service as an independent Non-Executive Director of the Company, Nick Gregg stepped down as an Independent Non-Executive Director of the Company and retired from the Board.

Corporate Governance Report

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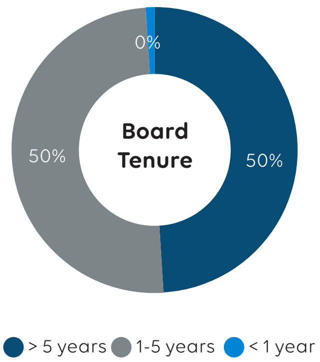
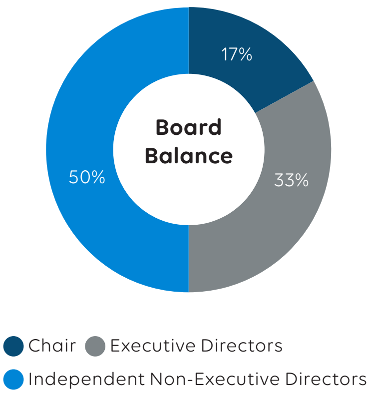
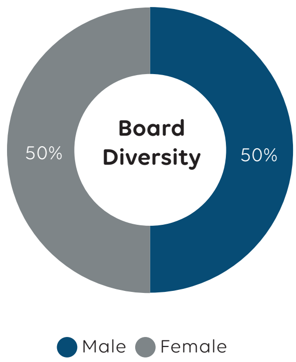
Tenure, Balance & Diversity

The charts below depict the tenure, balance and diversity of the Board as at the date of this report:







As referenced within Provision 23 of the Code, the Group Management Board, whose membership comprises the Executive Directors, divisional Managing Directors and certain Group function heads, is comprised of six males and three females, a proportionate ratio of 67% to 33%.

As explained further in the Nomination Committee Report on pages 78 to 79, although the Company's shares are admitted to trading on the AIM division of the London Stock Exchange, the Board is cognisant of governance developments regarding Board composition and diversity, including the provisions of the FCA's Listing Rules (applicable to issuers with equity shares admitted to the premium or standard segment of the FCA's Official List (the "Main Market")) requiring at least 40 per cent of the Board to be women; at least one of the senior Board positions (Chair, Chief Executive, Chief Financial Officer or Senior Independent Director) to be a woman; and at least one member of the Board to be from an ethnic minority background, as well as the conclusions and recommendations of the Hampton-Alexander and Parker Reviews regarding board composition in FTSE 350 companies.

The Board, in line with recruitment activities throughout the Group, is committed to consider diversity, in its broadest sense, as a key element in senior appointments and recognises the importance of and benefits that diversity of background, gender, ethnicity and experience can bring to debate and decision making. Against this backdrop, and although not a Main Market company, the Board welcomes and intends to meet, over time, the Board diversity and composition requirements applicable to Main Market companies. The Board is pleased to have made strong progress in this regard having welcomed the appointment of Kirsty Homer to the Board, as an additional Independent Non-Executive Director, in August 2023, increasing the proportion of female representation on the Board, at the time, to 43 per cent. With effect from the 31 December 2024, following Nick Gregg's retirement as an Independent Non-Executive Director of the Company, the proportion of female representation on the Board has increased to 50 per cent. In addition, the Board has, since 2007, had a female Chief Financial Officer. However, work on Board composition and diversity continues and the Board's composition does not, currently, include at least one member from an ethnic minority background. Accordingly, the Board will continue to have regard to and will seek to promote diversity of background, gender, ethnicity and experience in Board composition as and when vacancies arise and new roles are identified over time. Demand for talent amongst UK listed companies in this regard is high and it is therefore acknowledged that, as an AIM company, achieving Board composition in alignment with the diversity requirements of the Listing Rules (applicable to Main Market companies) may take time.

Division of Responsibility of Chair and Chief Executive Officer

The Code requires that there is a clear division of responsibility between the Chair and the Chief Executive Officer, each of which has clearly defined roles. The Chair should be responsible for the effective running of the Board whilst the Chief Executive Officer is responsible for operating the business and implementing the Board's strategies and policies.

The role of the Chair is set out in writing and agreed by the Board. The Chair is responsible for:

- the effective leadership, operation and governance of the Board;
- ensuring the effectiveness of the Board;
- setting the agenda, style and tone of Board discussions;
- ensuring the directors receive accurate, timely and clear information; and
- maintaining a close working relationship with the Chief Executive Officer.

The role of the Chief Executive Officer is set out in writing and agreed by the Board. The Chief Executive Officer is responsible for:

- management of the Group's business;
- implementation of the Group's strategy and policies;
- maintaining a close working relationship with the Chair;
- chairing the Group Management Board meetings; and
- chairing the Sustainability Committee.

Board Meetings and Attendance

There were eight scheduled Board meetings during 2024 and, additionally, a further three unscheduled meetings in relation to, inter alia, M&A activity, capital investment projects and other corporate activity.

On the rare occasion that a Director is unavoidably unable to attend a meeting, they would generally hold a briefing with the Chair prior to the meeting so that their comments and input can be taken into account at the meeting. The Chair would provide an update to them after the meeting.

Individual attendance at the meetings, including Audit Committee, Nomination Committee and Remuneration Committee attendance, is set out in the table below. Where n/a appears in the table, the individual is not a Committee member but may attend the meeting at the invitation of the relevant Committee Chair. By way of example, Jock Lennox, Peter Egan and Yvonne Monaghan were each invited to attend, and did so attend, each meeting of the Audit Committee.

	Board (Scheduled)	Board (Unscheduled)	Audit Committee	Nomination Committee (Scheduled)	Nomination Committee (Unscheduled)	Remuneration Committee (Scheduled)	Remuneration Committee (Unscheduled)
Maximum Number of Meetings	**8**	**3**	**4**	**3**	**3**	**3**	**1**
Jock Lennox	8	3	n/a	3	3	3	1
Chris Girling	8	3	4	3	3	3	1
Nick Gregg[1]	8	3	4	3	1	3	1
Nicola Keach	8	3	4	3	3	3	1
Kirsty Homer	8	3	4	3	3	3	1
Peter Egan	8	3	n/a	n/a	n/a	n/a	n/a
Yvonne Monaghan	8	3	n/a	n/a	n/a	n/a	n/a

Note 1: On 31 December 2024, upon completing nine years' service as an Independent Non-Executive Director of the Company, Nick Gregg stepped down as an Independent Non-Executive Director of the Company and retired from the Board.

In addition to the meetings set out above, the Chair and the Independent Non-Executive Directors have met during the year without the Executive Directors being present.

External Executive Search Consultants

Appointments to the Board involve a rigorous selection process, led by the Nomination Committee, and external independent executive search consultants are usually engaged. Further information is set out within the Nomination Committee Report.

Induction, Training and Knowledge

Appropriate training is available to Directors upon appointment and as required on an ongoing basis. Furthermore, on appointment, Directors participate in a customised induction programme to familiarise them with the Group.

The Directors have access to the advice and services of the Company Secretary and it is acknowledged that individual Directors may wish to seek independent professional advice in connection with their responsibilities and duties. The Company will meet reasonable expenses incurred in this regard.

Supply of Information

To assist the Board in performing its responsibilities, information, appropriate in quality and timeliness, is received in an agreed format for each scheduled Board meeting.

Service Agreements

The service agreements of the Executive Directors and copies of the letters of appointment of the Chair and the Independent Non-Executive Directors are available for inspection during business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Company and will be available for inspection for fifteen minutes prior to, and during, the Annual General Meeting.

External Appointments

The Board supports Executive Directors having a non-executive directorship as part of their continuing development provided they have sufficient time to balance their commitments to the Group with any external role. Such positions must receive prior Board approval. In accordance with the Code, full-time executive directors would not ordinarily take on more than one non-executive directorship in a FTSE 100 company.

The role of an Independent Non-Executive Director requires a time commitment in the order of 20 days per year plus additional time as necessary to properly discharge their duties. There is no restriction on outside appointments provided that they do not prevent the Directors from discharging their responsibilities to the Company effectively. Prior to appointment, each prospective Non-Executive Director must confirm that they will have sufficient time available to be able to discharge their responsibilities to the Company effectively and that they have no conflicts of interest.

The Board remains confident that individual members continue to devote sufficient time to undertake their responsibilities effectively. The commitments of each Executive Director are set out on pages 52 to 53.

Section 3: Composition, Succession & Evaluation

Principles

J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

Nomination Committee

The role of the Nomination Committee is to, inter alia, monitor the performance, appropriateness and future succession of the Company's executive and Board talent in order to ensure that the Board comprises individuals with the right blend of skills, knowledge and experience to maintain a high degree of effectiveness in discharging its responsibilities. Appointments to the Board are recommended, as appropriate, by the Nomination Committee. Board appointments are subject to approval by the Board as a whole. Further details are outlined in the Nomination Committee Report, on pages 78 to 79.

Performance Evaluation

Each year, the Independent Non-Executive Directors conduct a performance evaluation of the Chair, after taking into account the views of the Executive Directors. The Chair also conducts an appraisal of each member of the Board, Board composition and the format and effectiveness of the Board meetings. In addition, the Remuneration Committee regularly reviews the performance of each Executive Director.

Commencing at the end of the third quarter of 2024, an independent formal external evaluation of the Board and its committees was conducted by Gould Consulting ('Gould'), which is independent of, and has no other links with, the Company or its Directors. This review built on the independent review undertaken by Gould in 2021. The evaluation comprised a series of online questionnaires for the Board and each of its principal committees for completion by each member of the Board, each committee member and the Company Secretary. The evaluation was carefully structured and designed to bring about a genuine debate on relevant issues and identify any areas for potential improvements in Board processes.

The evaluation focused on the following key areas:

- Strategic oversight, purpose and culture;
- Stakeholder engagement;
- Chairing of the Board;
- Dynamics and functioning of the Board;
- Board composition, skills and succession planning;
- Board support;
- Risk management and internal control; and
- Board Committees.

Based on the agreed themes, the questionnaires were designed to encourage thought provoking and candid responses. Individual interviews were then conducted by Gould with each Board member. In addition, Gould attended the October 2024 Board meeting as silent observers.

The evaluation confirmed that the Board and its Committees continue to remain effective. In addition, in light and as part of the continued evolution and growth of the Group, the evaluation highlighted three key areas of focus for the Board:

Strategy & Risk Appetite

To support the Group's growth, the Board should continue to develop its framework for aligning long-term strategy with risk appetite. This will drive and facilitate the Board's robust evaluation of strategic decisions against defined risk parameters and develop further Board deliberations on risk appetite in the context of long-term strategy.

People Strategy & Succession

Succession planning must remain a priority, with an emphasis on aligning the Group's people strategy with its future goals. Key focus areas include talent development, culture, resourcing, and organisational design to support capacity for growth and to mitigate related risk.

Board Discussions

As the Group grows in size and complexity, the Board should maintain the focus of its meetings on critical performance and forward-looking strategic issues to manage increasingly complex agendas effectively.

An action plan addressing these recommendations has been developed, with progress to be closely monitored and regularly reviewed at Board meetings throughout the year.

As a result of the above reviews and evaluations, it is considered that the performance of each Director continues to be effective, that each Director demonstrates sufficient commitment to their role and that the contribution of each Director continues to be important to the Company's long-term sustainable success.

Re-election of Directors

Each year, all Directors will retire and offer themselves for re-election, if they wish to continue serving and are considered by the Board to be eligible. Accordingly, each current member of the Board, as at the date of this Report, will be proposed for re-election at this year's Annual General Meeting of the Company.

Biographical details of all the Directors are set out on pages 52 to 53 and are also available for viewing on the Company's website (www.jsg.com).

Section 4: Audit, Risk & Internal Control

Principles

M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.

O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Audit Committee

The Board has established an Audit Committee, comprising the independent Non-Executive Directors, which is responsible for:

- ensuring that formal and transparent policies and procedures are in place to protect the interests of Shareholders in relation to financial reporting, internal control and risk management;
- monitoring the financial reporting process and the integrity of the annual and interim financial statements;
- determining whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and whether they provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy;
- considering, and ultimately approving for publication, any formal announcements relating to the Company's financial performance;
- reviewing and challenging, as necessary, the judgments and actions of management in relation to the financial statements;
- monitoring, reviewing and concluding upon the system of internal control;
- ensuring the maintenance of a control environment and the appropriate management of risk;
- recommendation of appointment of, and liaison with, the external auditor;
- reviewing and setting the terms of engagement and the remuneration of the external auditor;
- annual review and monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process;
- development and implementation of policy on the engagement of the external auditor to supply non-audit services;
- reviewing the Group's systems and controls for the prevention and detection of fraud or bribery; and
- reviewing arrangements under which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ensuring that arrangements are in place for the proportionate and independent investigation and appropriate follow-up action.

The Audit Committee reports to the Board on how it has discharged its responsibilities. Further details are outlined in the Audit Committee Report, on pages 71 to 77.

Robust Risk Assessment

Throughout the year, and as described further within the Audit Committee Report, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future position, performance, solvency or liquidity. Details of the principal risks and uncertainties facing the Group, together with how the risks and uncertainties are being managed or mitigated, are set out on pages 43 to 49.

Internal Audit

The Group's internal audit process is undertaken by the centralised Group Finance team, which has a Group-wide remit and is independent of the business operations. The team undertakes an on-going programme to provide assurance on the adequacy and effectiveness of internal control and risk management processes across the Group's operations. Further details are set out within the Audit Committee Report.

Internal Control

The Board, with advice from the Audit Committee, is satisfied that an effective system of internal controls and risk management processes are in place which enable the Company to identify, evaluate and manage key risks. These processes have been in place since the start of the financial year and up to the date of approval of the financial statements. Further details of risk management frameworks and how the Audit Committee has reviewed the effectiveness of the system of internal control are described further within the Audit Committee Report. Following the Financial Reporting Council's publication of the 2024 UK Corporate Governance Code ("2024 UKCGC"), the Audit Committee and the Board acknowledges and is evaluating the requirements of the 2024 UKCGC regarding, inter alia, the monitoring and review of the Company's risk management and internal control framework.

Going Concern

The Board considered the going concern review performed by management, in particular, the appropriateness of key judgments, assumptions and estimates underlying the financial forecasts that underpin the review, together with a review of the level of forecast available headroom against the Group's committed borrowing facilities and compliance with key financial covenants.

Further details of the going concern assessment are provided on page 56.

Future Prospects

The Board has assessed the future prospects of the Group in accordance with Provision 31 of the Code. Based on the results of this analysis, and having considered the nature and extent of the Company's principal risks and uncertainties, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 36-month period of its assessment. Details of the assessment performed by the Board, including an assessment of those risks most likely to impact the Group's future prospects, are set out on pages 43 to 49.

Section 5: Remuneration

Principles

P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.

Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

R. Directors should exercise independent judgment and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Remuneration Committee

In line with the authority delegated by the Board, the Committee sets the Company's Remuneration Policy and is responsible for determining remuneration terms and conditions of employment for the Chair of the Board, the Executive Directors and those members of the Group Management Board whom are not Executive Directors.

The Committee:

- ensures that the Executive Directors are appropriately incentivised to enhance the Group's performance and rewarded for their contribution to the success of the business by designing, monitoring and assessing incentive arrangements, including setting stretching targets and assessing performance and outcomes against them;
- reviews the remuneration arrangements for other senior executives within the Group, namely those members of the Group Management Board who are not Executive Directors;
- in undertaking its responsibilities above, reviews and monitors the remuneration and related policies and culture applying to the wider workforce, taking these into account when considering, developing and setting remuneration policies and packages for Executive Directors and the Group Management Board; and
- maintains an active dialogue with Shareholders, ensuring their views and those of their advisors are sought and considered when setting executive remuneration.

The Committee regularly reports to the Board on how it has discharged its responsibilities.

Further details of the Remuneration Committee's responsibilities and the Group's Remuneration Policy, together with details of how the policy has been applied in 2024 and how it is expected to be applied in 2025, are outlined in the Directors' Remuneration Report, on pages 80 to 100.

Corporate Governance Report Approval

The Corporate Governance Report incorporates the Audit Committee Report, Nomination Committee Report and Directors' Remuneration Report, as well as the report on Sustainability.

The Corporate Governance Report was approved by the Board on 3 March 2025.

By order of the Board.

Christopher Clarkson
Company Secretary

3 March 2025

Audit Committee Report

Letter from Chris Girling, Chair of the Audit Committee

Dear Shareholder.

On behalf of the Board, I am pleased to present the Audit Committee's Report for the financial year ended 31 December 2024.

The Year in Review

The Audit Committee continued to fulfil its duties throughout the year, maintaining oversight of the integrity of the Company's financial reporting, key accounting judgments and related disclosures, and the robustness of the Group's risk management and internal control systems. In discharging its duties, the Committee works to a structured agenda closely linked to the events in the Company's reporting cycle.

I am pleased to report that the Group's risk and financial management structures have operated effectively during the year under review. The continued support, constructive engagement and level of responsiveness of my Committee colleagues and management have enabled the Committee to fulfil its role in providing effective scrutiny and challenge. In this regard, I would like to thank colleagues across the Group who assisted the Committee during the year for their support.

As in previous years, the Committee's primary focus was on the integrity of the Group's financial reporting activities. In considering the financial statements for 2024, the Committee concentrated on the key accounting judgments and disclosures relating to the financial statements, with careful consideration given to the Group's viability disclosures and its ability to continue as a going concern, with particular scrutiny being given to the reports prepared and assumptions used by management to support those statements. The Committee concluded that the Company had adopted an appropriate approach in all significant areas.

For the first time, certain of the Group's non-financial sustainability related data in the 2024 Annual Report and Accounts has received limited third-party assurance from an independent third party. The independent assurance statement can be found on page 42.

At the request of the Board, the Committee also considered the Group's Principal Risks and Uncertainties disclosures for the financial year ended 31 December 2024. The Committee is satisfied that the statements made by executive management on pages 43 to 49 of this Annual Report are appropriate based on what is currently known to management as at the date of this Report.

In the pages that follow, we have sought to provide shareholders and other stakeholders with details of the work that was undertaken by the Committee during the year. This has enabled the Committee to provide assurance to the Board on the effectiveness of the internal controls framework and the integrity of the Group's 2024 Annual Report and financial statements.

Evaluation of the Competence and Effectiveness of the Committee

Each year, as part of an overall review of the Board and its Committees, the Audit Committee critically reviews its own performance and considers where improvements can be made. In so doing it considers, amongst other things, those matters discussed by the Audit Committee, such as:

- composition, structure and activities;
- how well the Committee oversees the financial reporting process;
- its review of the work of the external auditor;
- the effectiveness of the process for raising concerns;
- its monitoring of the management of risk;
- how well it understands and evaluates the effectiveness and conclusions of internal control and the adequacy of the related disclosures;
- whether the Committee's terms of reference are appropriate for the particular circumstances of the Company and comply with prevailing legislation and best practice;
- whether the number and length of time of Committee meetings are sufficient to meet the role and responsibilities of the Committee and coincide with key dates within the financial reporting and audit cycle; and
- identification of additional training needs for Committee members.

Overall, the performance of the Committee continued to be rated highly and the Committee was considered to have discharged its duties effectively. By virtue of my former executive and non-executive roles (full details of which are set out on page 53), together with the results of the above evaluation, the Board considers that I have recent and relevant financial experience. The Board further concluded that the Committee, as a whole, has sufficient competence relative to the sector in which the Company operates.

The Year Ahead

The Audit Committee fulfils a key role in assisting the Board in ensuring that the integrity of the Group's financial statements and the effectiveness of the Group's internal financial controls and risk management systems are maintained. The Committee will continue to focus on ensuring our internal control processes continue to operate effectively and remain appropriate for the changing environment in which the Group operates. This key role of the Audit Committee will assume further significance in light of the requirements of the Financial Reporting Council's 2024 UK Corporate Governance Code with regard to, inter alia, monitoring and review of the Company's risk management and internal control framework. Through the Audit Committee's composition, resources and the commitment of its members, I believe that it remains well placed to meet these challenges and to discharge its duties in the year ahead.

I hope that you find this report informative and can continue to take assurance from the work undertaken by the Committee this year. We seek to respond to shareholders' expectations in our reporting and, as always, welcome any feedback from shareholders or other stakeholders.

Chris Girling
Chair, Audit Committee

3 March 2025

Responsibilities of the Audit Committee

The Board has established an Audit Committee (the 'Committee'), comprising the Independent Non-Executive Directors, to which it has delegated day to day responsibility for, inter alia, the following:

- ensuring that formal and transparent policies and procedures are in place to protect the interests of Shareholders in relation to financial reporting, internal control and risk management;
- monitoring the financial reporting process and the integrity of the annual and interim financial statements;
- determining whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and whether they provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy;
- considering, and ultimately approving for publication, any formal announcements relating to the Company's financial performance;
- reviewing and challenging, as necessary, the judgments and actions of management in relation to the financial statements;
- monitoring, reviewing and concluding upon the system of internal control, including the work of internal audit;
- ensuring the maintenance of a control environment and the appropriate management of risk;
- recommending the appointment of, and ongoing liaison with, the external auditor;
- reviewing and setting the terms of engagement and the remuneration of the external auditor;
- annual review and monitoring of the external auditor's independence and objectivity and the effectiveness of the audit process;
- development and implementation of policy on the engagement of the external auditor to supply non-audit services;
- reviewing the Group's systems and controls for the prevention and detection of fraud or bribery; and
- reviewing arrangements under which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ensuring that arrangements are in place for the proportionate and independent investigation and appropriate follow-up action.

The Committee regularly reports to the Board on how it has discharged its responsibilities. The full terms of reference of the Committee are available on the Company's website, or on request to the Company Secretary.

Members of the Committee have continued to take an active role including spending time with the operations teams and also participating in key discussions on areas of financial judgment. These actions have allowed the Committee to have an even greater input and to develop greater awareness of the day-to-day challenges that the business faces and the potential consequences of such challenges.

This report sets out how the Committee has discharged its responsibilities.

Composition of the Committee

The Committee meets at least three times per year and also meets in private with the external auditor.

In accordance with Provision 24 of the Code, small companies (i.e. those below the FTSE 350) should establish a Committee of at least two independent non-executive directors. Membership of the Committee at each of its meetings during the year is shown below and is, therefore, in accordance with the Code:

	February	August	November
Chris Girling (Committee Chair)	✓	✓	✓
Kirsty Homer	✓	✓	✓
Nicola Keach	✓	✓	✓
Nick Gregg[1]	✓	✓	✓

Note 1: On 31 December 2024, upon completing nine years' service as an independent Non-Executive Director of the Company, Nick Gregg stepped down as an Independent Non-Executive Director of the Company and retired from the Board.

What the Committee did in 2024

In 2024, the Committee discharged its responsibilities by:

- reviewing the Group's draft financial statements (for the year ended 31 December 2023), preliminary announcements (for the year ended 31 December 2023) and interim results statement (for the six-month period ended 30 June 2024) prior to Board approval and reviewing the external auditor's reports thereon;
- reviewing and considering the significant matters in relation to the financial statements, as further detailed below;
- reviewing the plan of the external auditor for the audit of the Consolidated and Company Financial Statements, confirmations of the auditor's independence and proposed audit fee and approving terms of engagement for the audit;
- considering and agreeing the annual internal audit plan together with any findings and recommendations arising thereon;
- monitoring and reviewing the effectiveness of the internal audit function;
- considering the review of material business risks, including reviewing internal control processes used to identify and monitor principal risks and uncertainties;
- reviewing the Executive and Non-Executive Directors' expenses;
- monitoring the reporting, and follow up of items reported, on the employee whistleblowing hotline established in line with the Code of Ethics;
- reviewing the Committee's composition and confirming that there is sufficient expertise and resource for it to fulfil its responsibilities effectively;
- considered the preparation for, and the ongoing workstreams in respect of, the reforms of the UK Corporate Governance Code;
- approving the appointment of Jacobs U.K. Limited ('Jacobs') as independent limited assurance provider in respect of certain of the Group's non-financial sustainability related data in the 2024 Annual Report and Accounts; and

- reviewing and approving the response to a letter from the Financial Reporting Council (FRC), as further detailed below.

FRC Correspondence

The Committee reviewed a letter to the Company from the FRC following their review of the Company's annual report and accounts for the year ended 31 December 2023 ("FY2023 Annual Report and Accounts") in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The FRC requested further information about the treatment of lease liabilities and deferred tax liabilities in goodwill impairment testing. The Committee was pleased to note that the FRC were satisfied with the response received from the Company and the Company agreed to provide additional disclosure in its 2024 annual report and accounts, to clarify why lease liabilities and certain deferred tax liabilities are included within the carrying value for each cash-generating unit (CGU). The Committee notes that the FRC's review of the FY2023 Annual Report and Accounts provides no assurance that the FY2023 Annual Report and Accounts were correct in all material respects; the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements. The FRC's letter(s) are written on the basis that the FRC (which includes its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Fair, Balanced and Understandable

At the request of the Board, the Committee has considered whether, in its opinion, the 2024 Annual Report and Accounts are fair, balanced and understandable, and whether they provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

The Committee received a full draft of the report. Feedback was provided by the Committee, highlighting the areas it was felt would benefit from further clarity. The draft report was then amended to incorporate this feedback ahead of final approval.

When forming its opinion, the Committee reflected on the information it had received and its discussions throughout the year. Following its review, the Committee was of the opinion that the 2024 Annual Report and Accounts were fair, balanced and understandable on the basis that:

- the description of the business agrees with our own understanding;
- the risks reflect the issues that concern us;
- appropriate weight has been given to the 'good and bad' news;
- the discussion of performance properly reflects the 'story' of the year; and
- there is a clear and well-articulated link between all areas of disclosure.

Significant Matters Considered in Relation to the Financial Statements

The Committee has assessed whether suitable accounting policies have been adopted and whether management has made appropriate judgments and estimates. Throughout the year, the Group Finance team has worked to ensure that the business is transparent and provides the required level of disclosure regarding significant issues considered by the Committee in relation to the financial statements, as well as how these issues were addressed, while being mindful of matters that may be business-sensitive.

This section outlines the main areas of judgment that have been considered by the Committee to ensure that appropriate rigour has been applied. Accounting policies can be found in the Statement of Significant Accounting Policies.

Transition of the Company Financial Statements to FRS 101 Reduced Disclosure Framework

The Committee considered the proposed application of FRS 101 Reduced Disclosure Framework ('FRS 101') to the Company financial statements, with effect from 1 January 2023. The Committee noted that FRS 101 sets out disclosure exemptions available to qualifying parent companies that otherwise apply UK-adopted international accounting standards. Having considered the implications of applying the exemptions which are available under FRS 101, and noting the positive engagement between the Company, its NOMAD and AIM Regulation in respect of the same, the Committee concluded it was appropriate to transition the Company financial statements to FRS 101.

Impairment

As part of the year end process, management assessed whether goodwill (in respect of the Group) and investments (in respect of the Company) had suffered any impairment, in accordance with the accounting policy stated within this Annual Report.

The Committee reviewed and challenged management's overall impairment testing of goodwill and investments. The Committee considered the appropriateness of key assumptions and methodologies for both value in use models and fair value measurements. This included challenging projected cash flows, growth rates and discount rates. The Committee concluded that the methodology and assumptions used by management were reasonable.

Acquisition Accounting

In September 2024, the Group acquired the entire share capital of Empire Linen Services Limited ('Empire').

External specialists were engaged to assist management in valuing the customer contracts and customer relationships and brands acquired. The Committee considered the methodology and assumptions used in determining the fair value of the customer contracts and customer relationships and brands acquired, as this was considered by the Committee to be the area of most judgment. The Committee was satisfied that the fair value had been calculated based upon relevant historical and prospective information and financial data specific to the business combination, with an appropriate discount factor applied. The Committee further considered the accounting policy alignment adjustments and, again, considered them to be reasonable. The Committee also reviewed the proposed disclosures relating to the acquisitions for inclusion within the Consolidated Financial Statements and were in agreement that the requirements of IFRS 3, 'Business Combinations' had been satisfied.

Post-employment Benefits

The valuation of all post-employment benefits is based on statistical and actuarial calculations, using various assumptions including discount rates, inflation, life expectancy of scheme members and cash commutations. The Committee reviewed the actuarial assumptions underpinning the valuation and were satisfied that all assumptions are within ranges considered generally acceptable given the size, demographic and duration of the Group schemes.

Accounting for Complex Customer Arrangements

As in previous years, the Group offers rebates to certain customers based on agreed fixed rates relating to the volume of services provided and goods purchased. The Committee does not consider the Group's rebates to be highly complex as: they are predominantly volume related; there are generally written agreements in place; and historical estimates of rebates have been seen to be accurate. However, following FRC guidance this has been highlighted as an area of focus. The Committee has discussed any judgments made in accruing customer rebates with management and the auditor. The Committee is satisfied that the amounts accrued are appropriate.

Going Concern Assessment

The Committee reviewed in detail the going concern assessment prepared by management, which comprised monthly cash flow projections for the period to 30 June 2026 (the assessment period), reflecting an initial set of assumptions around financial projections and trading performance. Detailed explanations had been provided by management with regard to the assumptions used in the cash flow projections. The Committee carefully studied the assumptions and considered that they were sensible and appropriate to the circumstances.

The Committee also considered the stress tests that had been performed by management, which reflected subdued trading conditions and which were designed to stress test liquidity and covenant compliance. Again, the Committee carefully studied the assumptions used in the stress tests and considered that they were sensible and appropriate to the circumstances.

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group and Company, the Committee concluded that there was a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 30 June 2026. Accordingly, and having reassessed the principal risks and uncertainties, the Committee considered, and reported to the Board as such, that it was appropriate to adopt the going concern basis in preparing the Group and Company financial statements.

Alternative Performance Measures (APMs)

Throughout the Annual Report and financial statements, we refer to a number of APMs. APMs are used by the Group to provide further clarity and transparency of the Group's financial performance. The APMs are used internally by management to monitor business performance, budgeting and forecasting, and for determining Directors' remuneration and that of other management throughout the business. The Committee is aware that the APMs are non-IFRS measures and should not be regarded as a complete picture of the Group's performance.

APMs used by the Group are as follows:

- adjusted operating profit, which refers to continuing operating profit before amortisation of intangible assets (excluding software amortisation), goodwill impairment and exceptional items;
- adjusted profit or loss before and after taxation, which refers to adjusted operating profit or loss less total finance cost;
- adjusted EBITDA, which refers to adjusted operating profit or loss plus the depreciation charge for property, plant and equipment, textile rental items and right of use assets plus software amortisation;
- adjusted earnings per share, which refers to earnings per share calculated based on adjusted profit or loss after taxation; and
- net debt excluding IFRS 16 liabilities.

The Committee considers that the APMs, all of which exclude the effects of non-recurring items or non-operating events, provide useful information for stakeholders on the underlying trends and performance of the Group. Furthermore, the Committee is content that where APMs are stated, they are presented with equal prominence to the statutory figures. The Committee also considered the accounting policy in respect of APMs and noted that it referred to a number of limitations of APMs as well as providing clear signposts to where APMs are reconciled to statutory performance measures within the Annual Report and financial statements.

Assessment of External Auditor Effectiveness

The Committee annually reviews the performance of the external auditor. In forming its conclusion as to the performance of the external auditor, the Committee reviews amongst other matters:

- feedback on the effectiveness and performance of the external audit;
- the external auditor's fulfilment of the agreed audit plan in respect of 2024;
- reports highlighting the material issues, critical accounting judgments and key sources of estimation uncertainty that arose during the conduct of the audit;
- the external auditor's objectivity and independence during the process, including its own representation about its internal independence processes; and
- the challenges raised by the external auditor during the audit.

The Committee concluded that the audit process as a whole had been conducted robustly, the external audit team selected to undertake the audit had done so thoroughly and professionally, and the external auditor had applied sufficient experience and understanding of the Company's industry, consulted with experts as necessary, and is of sufficient size to conduct a national audit.

The performance of Grant Thornton UK LLP ('Grant Thornton') as external auditor to the Company in respect of the year ending 31 December 2024 was, therefore, considered to be effective. In addition, the Committee was satisfied that management had provided the external auditor with appropriate access to its operations and personnel, systems, records and supporting information, whilst acting professionally and with appropriate challenge, enabling the audit to be conducted effectively.

Assessment of External Auditor Independence

The Company has adopted a policy on the independence of the auditor which is consistent with the ethical standard published by the Financial Reporting Council.

Independence Safeguards

The external auditor is required to adhere to a rotation policy whereby the audit engagement partner is rotated after five years. Grant Thornton were appointed in March 2021, four years ago.

Ethical Standards and ISA (UK) 260 require the external auditor to report to the Committee, on a timely basis, all significant facts and matters that may bear upon their integrity, objectivity and independence. During the year, the external auditor drew a number of matters to the attention of the Committee in relation to independence and were able to confirm that sufficient safeguards were in place and that there were no significant facts or matters that impacted their independence as external auditor.

Furthermore, Grant Thornton confirmed that it had complied with the Financial Reporting Council's Ethical Standard and that as a firm, and each covered person, that it was independent and able to express an objective opinion on the financial statements of the Group and Company.

Non-Audit Services

A key issue for the Committee that may impair auditor independence, and the auditor's objective opinion on the financial statements, is the engagement of the external auditor for the provision of non-audit services. In response to the Financial Reporting Council's Revised Ethical Standard 2019 (the '2019 Ethical Standard'), non-audit services should be provided by a professional services firm other than the Company's appointed external auditor. The 2019 Ethical Standard provides that fees payable to the external auditor in respect of non-audit related services should be no more than 70% of the average audit fees over the previous three years. The 2019 Ethical Standard includes a 'whitelist' of permitted non-audit related services.

Fees Payable to the Auditor

Fees payable (including expenses) to Grant Thornton in 2024 in respect of audit related services amounted to £590,000 (2023: £712,000).

Fees payable (including expenses) to Grant Thornton in 2024 in respect of non-audit related services amounted to £15,000 (2023: £15,000). The non-audit related procedures were in relation to the performance of agreed upon procedures in respect of informally reviewing, but not auditing, the Group's Consolidated Interim Financial Statements.

Independence Assessment by the Committee

In assessing and concluding upon the independence and objectivity of the external auditor, the Committee takes into account the assurances and information provided by the external auditor at the planning stage of the audit, including a written disclosure of the relationships that could have an impact on the external auditor's independence and objectivity and the safeguards put in place to address such threats. As part of this process, the Committee receives a statement from the external auditor advising that all covered partners and staff annually confirm their compliance with Grant Thornton's ethics and independence policies and procedures including, in particular, that they have no prohibited shareholdings and their ethics and independence policies are fully consistent with the requirements of the 2019 Ethical Standard.

In addition, the Committee meets with the external auditor three times during the year without the presence of management and I, as Audit Committee Chair, have had regular contact with the audit engagement partner. The Committee also has authority to take independent advice, as it determines necessary, in order to resolve issues on auditor independence. No such advice was required during the year.

Accordingly, the Committee has concluded that Grant Thornton was independent of the Group.

Reappointment of the External Auditor

The Committee has recommended to the Board to propose to Shareholders the reappointment of Grant Thornton as auditor until the conclusion of the AGM in 2026. Full details are set out in the Notice of Annual General Meeting on pages 180 to 188. There are no contractual restrictions over choice of auditor.

Role of 'Internal Audit'

The Group's internal audit process is undertaken by the centralised Group Finance team, which has a Group-wide remit and is independent of the business operations. The team, which includes a number of qualified accountants, undertakes an on-going programme to provide assurance on the adequacy of internal control and risk management processes across the Group's operations. The team is responsible for reviewing and reporting on the effectiveness of internal controls and risk management systems to the Committee and, ultimately, the Board. The Director of Group Finance attends each Committee meeting to present the findings of such reviews and to report on performance against the agreed annual audit plan, such plans being agreed during the year by the Committee. The Committee considers the current internal audit arrangements to be effective and appropriate for the Group and shall keep this under review.

Internal Control and Risk Management

Whilst day to day responsibility has been delegated to the Committee, the Board is ultimately responsible for the overall system of internal control for the Group and for reviewing its effectiveness. The Board's agenda includes a bi-annual consideration, or more frequently if appropriate, of risk and control and it receives reports thereon from the Audit Committee.

The Committee carries out a review, at least annually, covering all material controls, including financial, operational and compliance controls, and the risk management systems. The Committee also receives regular reports from the Group Finance Team in respect of internal audit and, where necessary, recommendations for improvement are considered and agreed. This process has been regularly reviewed by the Board.

The main features of the internal control framework are detailed below.

1. Financial Reporting

There is a detailed budgeting and forecasting process with the annual budget and forecast both challenged, stress tested and, ultimately, approved by the Board. Monthly financial results, together with updated forecasts as appropriate, are reported against the corresponding figures for the budget and the previous year with corrective and/or investigative action initiated by the Board as appropriate.

2. Treasury Management

The Group's treasury activities are operated within Board approved guidelines. Facilities are approved by the Board and all transactions are controlled and monitored. Monthly summaries of treasury management activities are prepared for the Board. Speculative transactions are not undertaken.

3. Risk Management

There is an on-going process for identifying, evaluating and managing the Group's Principal Risks and Uncertainties that has been in place throughout the financial year and up to the date of approval of the financial statements. The identification of business risks is carried out in conjunction with operating management and reviewed by the Committee and the Board. The Board regularly assesses the financial implications and effectiveness of the control process in place to mitigate or eliminate these risks. The Group has insurance cover where it is considered appropriate and cost effective.

4. Financial Control

Each business maintains financial controls and procedures appropriate to its own operating environment. The Group has a centralised finance function, independent to the operating businesses and which can second additional resources from around the Group, which reviews the systems and procedures within each business and reports regularly to the Committee. A review of control procedures is undertaken in respect of all new acquisitions and action taken where necessary to bring the controls up to the level required by the Group. The Group has clearly defined guidelines for the review and approval of capital expenditure projects. These include annual budgets and designated levels of authority.

The system of internal control is designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Audit Committee Report

Continued >

The key elements of the Group's on-going processes for the provision of effective internal control and risk management systems, in place throughout the year and at the date of this Report, include:

- regular Board meetings to consider matters reserved for Directors' consideration;
- regular management reporting, providing a balanced assessment of key risks and controls;
- an annual Board review of corporate strategy, including a review of material business risks and uncertainties;
- established organisational structure with clearly defined lines of responsibility and levels of authority;
- a centralised Group finance function which is independent to the operating businesses and which implements the annual internal audit plan and provides independent assurance to management, the Committee and the Board on the effectiveness of internal controls and risk management;
- documented policies and procedures;
- regular review by the Board of financial budgets, forecasts and covenants with performance reported to the Board monthly; and
- a detailed investment process for major projects, including capital investment coupled with a post investment appraisal analysis.

In reviewing the effectiveness of the system of internal control the Committee has:

- received six-monthly reports, compiled by the Group Financial Controller following discussion with key senior managers, that set out the key risks facing the Group and indicate whether controls and risk management processes in each business unit have operated satisfactorily. These reports are reviewed in detail, challenged where appropriate and approved by the Committee for use in the Annual Report;
- regularly reviewed the financial and accounting controls;
- reviewed the internal audit reports; and
- monitored management's responsiveness to the findings and recommendations arising from the above.

No significant failings or weaknesses were identified.

In respect of Group financial reporting, the finance department is responsible for preparing the Group financial statements using a well-established consolidation process and ensuring that accounting policies are in accordance with International Financial Reporting Standards. There is a detailed budgeting process with an annual budget both challenged, stress-tested and approved by the Board. Monthly results are reported against the corresponding figures for the budget and the previous year with corrective action initiated by the Board as appropriate. All financial information published by the Group is subject to approval by the Committee.

The Group's treasury activities are operated within Board approved guidelines. Facilities are approved by the Board and all transactions are controlled and monitored. Monthly summaries of treasury management activities are prepared for the Board. Speculative transactions are not undertaken.

There have been no changes in the Company's internal control over financial reporting during the year under review that have materially affected, or are reasonably likely to materially affect, the Company's control over financial reporting.

Following the Financial Reporting Council's publication of the 2024 UK Corporate Governance Code ("2024 UKCGC"), the Audit Committee and the Board acknowledges and is evaluating the requirements of the 2024 UKCGC regarding, inter alia, the monitoring and review of the Company's risk management and internal control framework.

Bribery Act 2010 (the 'Act')

The Group is committed to conducting its business with the highest degree of integrity. This commitment includes a zero-tolerance approach towards all forms of bribery, corruption, fraud and theft. The Group has in place an appropriate policy, which sets out how employees must act to ensure that our zero-tolerance approach to bribery and corruption is upheld, and regularly re-enforces its Code of Ethics. In addition, our employee Code of Conduct (the 'Code of Conduct') sets out the requirements and guidelines on expected behaviours for all employees to act with honesty, integrity and fairness to others to ensure the Group meets the highest standards of conduct in business dealings. The Code of Conduct, which encompasses a high-level overview of each of the Group's more detailed policies, including the Code of Ethics, is available on our internal intranet system and hard copies can be obtained from our Human Resources teams.

On joining the Group, whether by way of acquisition or otherwise, all employees will be made aware of these standards and procedures to ensure compliance is achieved. Senior employees are also required to sign an annual statement of compliance with the Code of Ethics. Appropriate Board approved procedures are in place to prevent employees and other associated persons committing offences under the Act. Engaging in fraud, bribery or corruption is unlawful and any employee, director or officer found to have breached the Code of Conduct will be liable to disciplinary action which may result in dismissal or other serious sanctions. Breaches of the Code of Conduct by third parties may result in immediate termination for breach of all contracts with the Group. These procedures are subject to regular monitoring and review.

Modern Slavery Act

We are committed to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains or in any part of our business. To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, all Directors have been briefed on the subject and we have provided training to relevant employees. The Company's modern slavery compliance statement, pursuant to section 54(1) of the Modern Slavery Act 2015, for the financial year ended 31 December 2024 was approved by the Board in January 2025. Further details can be found on page 36.

Whistleblowing

The Group is committed to a culture of openness, honesty and accountability and believes that it is fundamental that any concerns our employees have can be raised in confidence and without fear of victimisation. To this end, the Group has in place a whistleblowing policy which encourages employees to report any malpractice, illegalities, wrongdoing or matters of similar concern (together 'ethical wrongdoing') by other employees, former employees, contractors, suppliers or advisors. Examples of ethical wrongdoing include bribery, corruption, fraud, dishonesty and illegal practices which may endanger employees or other parties.

Any matters raised through the whistleblowing process are reported to the Committee. Where such matters are raised a proportionate investigation is undertaken either by independent management or an appropriate external party under the direction and guidance of the Committee.

During the current and preceding financial years, a number of matters were raised via the whistleblowing process. These mostly related to employee related grievances and were escalated to the relevant manager or other investigating officer for investigation.

Chris Girling
Chair, Audit Committee

3 March 2025

Nomination Committee Report

Letter from Jock Lennox, Chair of the Nomination Committee

Dear Shareholder.

On behalf of the Board, I am pleased to present the Nomination Committee's Report for the financial year ended 31 December 2024.

Objectives

The key objective of the Nomination Committee (the 'Committee') is to monitor the performance, appropriateness and future succession of the Company's executive and Board talent in order to ensure that the Board comprises individuals with the right blend of skills, knowledge, experience and diversity to maintain a high degree of effectiveness in discharging its responsibilities. Appointments to the Board are recommended, as appropriate, by the Committee. Board appointments are subject to approval by the Board as a whole.

Composition

The Committee has been chaired by myself with remaining membership, for the financial year ended 31 December 2024, comprised of the Company's four other Independent Non-Executive Directors. As at the date on which this Report was approved by the Directors of the Company, following Nick Gregg's retirement from the Board, on 31 December 2024, the Committee membership is comprised of myself, as chair, and the three other Independent Non-Executive Directors of the Company. Membership of the Committee is therefore in compliance with Provision 17 of the Financial Reporting Council's UK Corporate Governance Code 2018 (the 'Code').

Roles and Responsibilities

The principal responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board and its committees;
- identifying and nominating candidates to fill Board vacancies;
- keeping up to date and fully aware of the strategic and commercial changes affecting the Group and the markets in which it operates;
- keeping under review the leadership needs of the business with a view to ensuring the continued ability to compete effectively in the marketplace;
- assessing the roles of the existing Directors in office to ensure that there continues to be a balanced board in terms of skills, knowledge, experience and diversity;
- considering the continuing service of a Director; and
- providing recommendations for reappointment of Directors retiring by rotation.

The Committee reports to the Board on how it has discharged its responsibilities. The full terms of reference of the Committee are available on the Company's website, or on request to the Company Secretary.

The Committee undertakes its responsibilities proactively, recognising it is important to plan Board succession well in advance, and to ensure that the Company's Board and executive leadership skills are fully aligned to the Company's long-term strategy. The Committee therefore takes care to ensure that there is a continuous pipeline of high-performing and executive talent beneath Board level.

What the Committee did in 2024

The main focus of the Committee's work during the year included:

- following initiation of a review process in October 2024, reviewing the performance of the Executive Directors and concluding that their performance continues to be effective and that each demonstrates sufficient commitment to their role;
- recommending to the Board the appointment, with effect from 1 November 2024, of Kirsty Homer as Remuneration Committee Chair and designated Non-Executive Director for Workforce Engagement, in succession to Nick Gregg;
- reviewing the independence of each Non-Executive Director, including each Non-Executive Director's actual, potential or perceived conflicts of interest and concluding that each Non-Executive Director was independent in character and judgment and that there were no circumstances that were likely to affect their judgment;
- considering the structure and composition of the Board and, in particular, succession planning for both Executive and Non-Executive roles as well as key management roles within the Group;
- reviewing the Committee's terms of reference and conducting the annual review of the Committee's performance; and
- recommending each Director for re-election at the Annual General Meeting.

Diversity Policy

Our policy remains to make appointments based on merit and to identify the most suitable candidate to join the Board having regard to the individual's skills, experience and knowledge. When considering succession plans the Board remains cognisant of the need to ensure that there is a diverse range of individuals who are included in the plan. The business as a whole continues to promote diversity and inclusion from within, particularly in respect of supporting female employees to progress up the career ladder. In furtherance of the Group's sustainability agenda, in November 2022, the Board approved for adoption a new Group wide Equality, Diversity & Inclusion (ED&I) policy for publication internally and externally. This policy is intended as the overarching statement for the whole Group across this topic and will apply to all employees, contractors and agency staff across the Group. Further details can be found on page 31.

We are proud to have a diverse workforce and, as explained further on page 31, we are committed to promoting Equity, Diversity & Inclusion throughout the business to build a culture that is inclusive to all, actively values difference, ensures everyone is treated fairly and is free from unlawful discrimination. Accordingly, the aim of our policy is to ensure that diversity in its broadest sense, including gender, ethnicity, age, sexuality, social class, education, experience, ways of thinking and more, is reflected throughout the business including within the composition of the Board, to provide the range of perspectives, insights and challenge needed to support good decision making.

Although the Company's shares are admitted to trading on the AIM division of the London Stock Exchange, the Board is cognisant of governance developments regarding Board composition and diversity, including the provisions within the FCA's Listing Rules (applicable to issuers with equity shares admitted to the premium or standard segments of the FCA's Official List (the "Main Market")) requiring at least 40 per cent of the Board to be women; at least one of the senior Board positions (Chair, Chief Executive, Chief Financial Officer or Senior Independent Director) to be a woman; and at least one member of the Board to be from an ethnic minority background, as well as the conclusions and recommendations of the Hampton-Alexander and Parker Reviews regarding board composition in FTSE 350 companies.

Against this backdrop, and although not a Main Market company, the Board welcomes and intends to meet, over time, the Board diversity and composition requirements applicable to Main Market companies. The Board is pleased to have made strong progress in this regard having welcomed the appointment of Kirsty Homer to the Board, as an additional Independent Non-Executive Director, in August 2023, increasing the proportion of female representation on the Board, at the time, to 43 per cent. In addition, the Board has, since 2007, had a female Chief Financial Officer. However, work on Board composition and diversity continues and the Board's composition does not, currently, include at least one member from an ethnic minority background. Accordingly, the Board will continue to have regard to and will seek to promote diversity of background, gender, ethnicity and experience in Board composition as and when vacancies arise and new roles are identified over time. Demand for talent amongst UK listed companies in this regard is high and it is therefore acknowledged that, as an AIM company, achieving Board composition in alignment with the diversity requirements of the Listing Rules (applicable to Main Market companies) may take time.

Accordingly, the Board, together with the Nomination Committee, will:

- continue to aim to ensure appropriate balance in all aspects of diversity in its broadest sense, including gender, ethnicity, age, sexuality, social class, education, experience, ways of thinking and more, at Board and Senior Management level, without the need for quotas;
- seek to ensure that Board candidates bring the right skills, knowledge and experience to complement the existing balance of the Board, taking into account the diversity benefits the candidate can bring to the Board's composition;
- only work with executive search consultants that have adopted a voluntary code of conduct addressing diversity;
- take into account any regulatory requirements and best practice guidance when reviewing the balance and composition of, and succession plans for, the Board and Senior Management, whilst having regard to the individual skill sets and the general and sector-specific knowledge needed to drive corporate performance; and
- remain fully aware of the need to ensure that the business recruits and maintains a diverse workforce.

Jock Lennox
Chair, Nomination Committee

3 March 2025

Directors' Remuneration Report

Letter from Kirsty Homer, Chair of the Remuneration Committee

Dear Shareholder.

On behalf of the Board, I am pleased to present our 2024 Directors' Remuneration Report, my first since assuming the role of Chair of the Remuneration Committee on 1 November 2024. I would like to thank my predecessor, Nick Gregg, for being instrumental in driving the development of our approach to executive remuneration and for his invaluable support since I joined the Company as an independent Non-Executive Director in August 2023.

As a company having its shares admitted to trading on the AIM division of the London Stock Exchange, we are not required to fully apply the remuneration-related disclosures that Main Market companies incorporated in the UK are subject to. Nevertheless, the Board wishes to ensure that executive remuneration remains both transparent and stable and, therefore, considers it appropriate for the Company to provide Shareholders with detailed information with respect to executive remuneration. Furthermore, and as we have done for many years now, Shareholders will be asked to approve the Directors' Remuneration Report ('DRR') at the forthcoming AGM. We consider that our current approach to remuneration is working well and has the support of the vast majority of Shareholders, as reflected by the voting results at the 2024 AGM where we received 85.71 per cent of votes in favour of the DRR.

For 2025, no changes are proposed to the remuneration policy however, in recognition of the importance placed on margin performance, we have introduced a margin improvement performance metric into the bonus scheme. In addition, in line with our remuneration philosophy, we shall continue to monitor the levels of fixed remuneration to ensure that this remains appropriate and fair relative to the performance, scale and complexity of the business.

Remuneration in 2024

For 2024, as disclosed last year, and following consultation with major shareholders, we made some relatively modest changes to the remuneration policy in respect of award limits for LTIP and bonus. Specifically, the Committee increased the annual bonus limit for 2024 to 150 per cent of base salary for the CEO and to 125 per cent of base salary for the CFO (previously 125 per cent and 110 per cent, respectively). In addition, the LTIP grant in 2024 was at the level of 150 per cent of salary for the CEO and at 125 per cent of salary for the CFO (previously 125 per cent and 110 per cent, respectively). There was also a corresponding increase in the levels of performance required for a full bonus payout and maximum LTIP vesting:

- base salary for each Executive Director was increased by 3.5 per cent with effect from 1 January 2024, such increase being aligned with that of the Group's wider employee population not subject to the National Living Wage;
- we adopted a similar approach to the bonus scheme as applied in 2023, with an adjusted Profit Before Tax ('PBT') measure applying to the vast majority of the bonus, supplemented with targets linked to the sustainability strategy of the business. Achievement against the performance targets was assessed after the end of the financial year and this resulted in a payment of 69.75 per cent of the maximum available to the Executive Directors. No discretion was applied to this outcome. The full targets are disclosed on page 91; and
- in determining the performance conditions for the LTIP, the Committee took into account the Group's business plan as well as the outlook for the sector, general macroeconomic conditions and the range of analysts' consensus forecasts for the financial year ending 31 December 2026. As disclosed in the 2023 Annual Report, following careful consideration, for the 2024 grant the Committee agreed to retain a relative Total Shareholder Return ('TSR') measure and targets for 50 per cent of the award. For the other 50 per cent, the Committee decided to adopt stretching targets linked to adjusted fully diluted Earnings per Share ('EPS'):
    - TSR: 50 per cent of the award is based on the Company's TSR performance relative to that of the constituents of the FTSE 250 ex. Investment Trusts Index (the 'Comparator Group') over the performance period. None of this element will vest if the Company's TSR positions it below the median of the Comparator Group, one quarter will vest if the Company's TSR is equal to the median of the Comparator Group and the whole of this element will vest if the Company's TSR is at or above the upper quartile level when compared to the Comparator Group. Vesting will be on a straight-line basis between median and upper quartile.
    - EPS: The remaining 50 per cent of the 2024 LTIP Award will vest by reference to growth in the Company's EPS over the performance period above the level of EPS achieved in the financial year ended 31 December 2023. None of this element of the award will vest if EPS growth (on a CAGR basis) is less than 9 per cent per annum over the performance period; one quarter will vest for EPS growth of 9 per cent per annum; and the whole of this element will vest if EPS growth is 16 per cent per annum or greater over the performance period. Vesting will be on a straight-line basis between these points.

As disclosed in last year's DRR, these changes ensure that the Group has an approach to Executive Director remuneration that is transparent, fair, competitive, and appropriate for the future growth of the business. Accordingly, whilst the changes to the remuneration policy for 2024 were focused on the incentive scheme elements of Executive Director reward, as the Group continues its growth trajectory, we shall, in line with our remuneration philosophy, continue to monitor the levels of fixed remuneration to ensure that these remain appropriate and fair relative to the performance, scale and complexity of the business. Full details of our remuneration policy and the intended approach for 2025 are set out later in this report.

After the end of the 2024 financial year, the Committee assessed the extent to which the targets had been met for the LTIP award made in 2022, with performance measured over the three-year period to 31 December 2024. Taking into account both the Group's TSR performance relative to the FTSE AIM All-Share Industrial Goods and Services net return index and adjusted Earnings Per Share (EPS) performance over the period, the Committee determined that there would be partial vesting of this award. While the adjusted EPS targets were not met in full, adjusted EPS performance was sufficient to lead to 65.9 per cent vesting for this element of the award and TSR performance against the index was sufficient to lead to 100 per cent vesting for this element of the award. The Committee was satisfied that these EPS and TSR outcomes were aligned with the underlying financial performance of the Company over the performance period. The total vesting level for the 2022 LTIP award was, therefore, 83.0 per cent. No discretion was applied to this outcome.

Remuneration Policy and Changes for 2025

During the year, the Committee undertook its usual review of the remuneration policy and its implementation, taking account of Group progress and growth in the current business environment, the leadership demonstrated by the Executive Directors, the provisions of the 2018 UK Corporate Governance Code (the 'Code'), which applied to the Company during 2024, the Remuneration Regulations which apply to Main Market companies, and general market developments. The Committee takes seriously its role in ensuring the interests of colleagues, Shareholders and other key stakeholders are considered fairly and in the context of wider societal expectations.

The year's review concluded that the overall approach to executive remuneration remains appropriate and is consistent with the principles of the Code. There is a clear linkage between the performance metrics and targets used in the incentive schemes and the long-term growth strategy for the business. As outlined in this report, we have a formal and transparent procedure for developing our executive remuneration policy. Discretion is exercised appropriately when reviewing and authorising remuneration outcomes. No such discretion was exercised in respect of 2024.

UK Corporate Governance Code

The remuneration policy is structured in line with the factors set out in Provision 40 of the Code. Pay is designed to be relatively simple and is disclosed transparently in this report. We take into account the Group's approach for the broader employee base when considering executive remuneration. The size of potential awards under the annual bonus scheme and the LTIP is not considered excessive in the context of wider market practice and the likelihood of rewards which would be inconsistent with performance is limited. We set targets under the incentive schemes which are designed to be challenging but achievable and which do not encourage inappropriate risk-taking. We believe that the strong ethical and governance culture across the Group is echoed by the rigour with which executive remuneration is considered by the Committee and the commitment to openness highlighted in this report.

There remain two areas where we do not fully comply with the Code provisions on remuneration:

1. We have not introduced a formal post-employment shareholding requirement for the Executive Directors. We believe that our current approach provides for a sufficient long-term alignment of interest between executives and Shareholders through, for example, the LTIP (where the further two-year holding period over and above the three-year performance period continues to apply in the event of cessation of employment) and the existing personal shareholding requirement of 200 per cent of basic salary (which applies during employment). We will keep these matters under regular review as market practice in this area continues to develop.
2. Pension rates for the CEO and CFO reflect historic entitlements. We have not yet fully aligned Executive Director pensions with the wider workforce; however, and as previously disclosed, we have established a pathway to alignment towards the rate available to the majority of the wider workforce. Whilst provision for both the CEO and the CFO remains above the workforce average, the effective pension contribution rate for the CEO has moved closer towards the rate payable to the wider workforce, with his maximum entitlement capped at the cash value of his 2019 entitlement such that, over a period of time, the rate payable will reduce. For 2024, this equated to a contribution rate of 8.8 per cent of the CEO's salary (2023: 9.1 per cent). Furthermore, as previously disclosed, the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and then reduced to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the UK workforce (currently 6 per cent).

Looking Ahead

The Committee has agreed to increase the base salary for each of the CEO and CFO by 2.5 per cent with effect from 1 January 2025, such increase being in line with, and in some cases lower than, that for the Group's wider employee population.

The performance measures for the 2025 annual bonus scheme are set out on page 97. We have decided to adopt a broadly similar approach to the bonus scheme as applied in 2024, with an adjusted PBT measure applying to the majority (76.5 per cent) of the bonus, supplemented with targets linked to the adjusted operating margin and sustainability strategy of the business. In recognition of the importance placed by the Board on sustainability, we have retained the 15 per cent weighting in respect of related targets for 2025 and will assess similar performance metrics as were used in 2024. In addition, for 2025, we have decided to introduce a margin improvement performance metric into the bonus scheme construct which will have an 8.5 per cent weighting. Progress on margin is a key focus area for a number of our largest Shareholders and the introduction of this new measure sends a clear signal of the importance placed on this by matter by the Board. Consistent with 2024, the maximum bonus entitlement for the CEO and the CFO will be 150 per cent of salary and 125 per cent of salary, respectively. As in previous years, we will disclose the specific 2025 annual bonus targets and the performance against them in our 2025 Directors' Remuneration Report.

Also consistent with 2024, the LTIP award levels for the CEO and CFO for 2025 will be 150 per cent and 125 per cent of salary, respectively. The 2025 LTIP award will again be made to a wider group of senior employees to ensure that we are providing suitably competitive packages to key people within the organisation. The awards for all participants will have the same performance metrics. For 50 per cent of the award we will retain the same relative TSR measure as used in 2024, namely outperformance of the FTSE 250 ex. Investment Trusts Index. As disclosed in last year's DRR, although Johnson Service Group is not a member of the FTSE 250, it shares many characteristics with companies in the index in terms of size, scale and maturity, and the index provides an appropriate market barometer against which the Company's performance can be tested. We have also decided to retain the same approach to measuring TSR: one quarter of the award will vest for median performance against the peer group over the performance period, rising to full vesting for upper quartile performance or above. Vesting will be on a straight-line basis between median and upper quartile.

For the other 50 per cent of the 2025 LTIP award, the Committee has decided to continue with stretching targets linked to growth in the Company's adjusted diluted EPS from continuing operations over the LTIP performance period. EPS remains our preferred long-term financial metric and we have applied stretching EPS performance targets which are considered suitably challenging in the context of current internal and external forecasts of performance and reflective of the grant level. None of the EPS element of the 2025 LTIP Award will vest if growth in EPS over the performance period (on a CAGR basis) is less than 9% p.a., one quarter will vest if EPS growth is 9% p.a. and the whole of this element of the 2025 LTIP Award will vest if EPS growth is 16% p.a. or greater. Vesting will be on a straight-line basis if EPS growth is between 9% p.a. and 16% p.a.

In terms of wider governance developments, over the course of 2025 the Remuneration Committee will make any changes it considers appropriate having regard to the 2024 UK Corporate Governance Code, which formally applies to the Company for the next reporting period.

Conclusion

We are confident that our incentive schemes for 2025 will provide a robust framework for executive reward for the year ahead and will help reinforce the performance-oriented culture of the business. As normal, we will keep the remuneration policy under regular review and will continue to be cognisant of market developments.

As we have done for many years, we will put our Directors' Remuneration Report to Shareholders for approval at the 2025 AGM. If you have any questions on this issue or any other matter regarding executive remuneration, I am contactable via the Company Secretary.

Kirsty Homer
Chair, Remuneration Committee

3 March 2025

Directors' Remuneration Report

Committee Summary

Remuneration Committee

Membership and Attendance

Throughout 2024, membership of the Remuneration Committee (the 'Committee') comprised of the Independent Non-Executive Directors (including the Non-Executive Chair of the Board) and the Committee was chaired by Nick Gregg until 1 November 2024 whereupon, as part of planned Board succession, Kirsty Homer succeeded him as Committee Chair. On 31 December 2024, upon completing 9 years' service as an Independent Non-Executive Director of the Company, Nick Gregg retired from the Board (and all Board sub-committees, including the Committee) of the Company. None of the members of the Committee have, or had, any personal financial interests in the Company (other than as Shareholders), conflicts of interests arising from cross-directorships or day to day involvement in running the business.

	Member Since	Eligible to Attend[1]	Meetings Attended[1]
Kirsty Homer (Committee Chair)	Aug 2023	4	4
Chris Girling	Aug 2018	4	4
Jock Lennox	Jan 2021	4	4
Nicola Keach	Jun 2022	4	4
Nick Gregg	Jan 2016	4	4

Note 1: Includes scheduled and unscheduled meetings.

Main Responsibilities

In line with the authority delegated by the Board, the Committee sets the Company's Remuneration Policy and is responsible for determining remuneration terms and conditions of employment for the Chair of the Board, Executive Directors and those members of the Group Management Board whom are not Executive Directors.

The Committee:

- ensures that the Executive Directors are appropriately incentivised to enhance the Group's performance and rewarded for their contribution to the success of the business by designing, monitoring and assessing incentive arrangements, including setting stretching targets and assessing performance and outcomes against them;
- reviews the remuneration arrangements for other senior executives within the Group, namely those members of the Group Management Board who are not Executive Directors;
- in undertaking its responsibilities above, reviews and monitors the remuneration and related policies and culture applying to the wider workforce, taking these into account when considering, developing and setting remuneration policies and packages for Executive Directors and the Group Management Board; and
- maintains an active dialogue with Shareholders, ensuring their views and those of their advisors are sought and considered when setting executive remuneration.

The Committee regularly reports to the Board on how it has discharged its responsibilities. The full terms of reference of the Committee are available on the Company's website, or on request to the Company Secretary.

External Advisors

The Committee seeks and considers advice from independent remuneration advisors where appropriate. The current appointed advisors, Korn Ferry, were selected through a thorough process led by the previous Chair of the Committee, Nick Gregg, and were appointed by the Committee in 2019.

The Chair of the Committee has direct access to the advisors as and when required, and the Committee determines the protocols by which the advisors interact with management, in particular the Company Secretary, in support of the Committee. The advice and recommendations of the external advisors are used as a guide, but do not serve as a substitute for thorough consideration of the issues by each Committee member. Advisors attend Committee meetings as and when required by the Committee.

Korn Ferry is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the Remuneration Consultants' Group Code of Conduct in relation to executive remuneration consulting in the UK. This is based upon principles of transparency, integrity, objectivity, competence, due care and confidentiality by executive remuneration consultants. Korn Ferry has confirmed that it has adhered to that Code of Conduct throughout the year for all remuneration services provided to the Group and therefore the Committee is satisfied that its advice is independent and objective. The Remuneration Consultants' Group Code of Conduct is available at remunerationconsultantsgroup.com.

Fees in respect of services provided to the Committee during the current and preceding year, in each case as at 31 December, are as follows:

	2024	2023
	£000	£000
Fees (note 1)	49	15

Note 1: Fees during the current and prior year relate to advice on market practice, governance updates, Shareholder consultation, reward benchmarking and consultancy, attendance at Committee meetings and ad-hoc advice.

Directors' Remuneration Report

Remuneration Policy

Overview

The Committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's business objectives, in line with best practice, and fairly rewards individuals for the contribution that they make to the business, having regard to the size and complexity of the Group's operations and the need to retain, motivate and attract employees of the highest calibre.

The Committee intends that base salary and total remuneration of Executive Directors should be in line with the market. Remuneration is periodically benchmarked against rewards available for equivalent roles in a suitable comparator group with the aim of paying neither significantly above nor below the market for each element of remuneration. The Committee also considers general pay and employment conditions of all employees within the Group and is sensitive to these, to prevailing market conditions, and to governance trends when assessing the level of salaries and remuneration packages of Executive Directors.

The total remuneration package links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components. The remuneration policy is designed to incentivise executives to meet the Company's strategic objectives, such that a significant portion of total remuneration is performance related, based on a mixture of internal targets linked to the Company's strategic business drivers (which can be easily measured, understood and accepted by both executives and Shareholders) and appropriate external comparator groups.

The Committee considers that the targets set for the different elements of performance related remuneration are both appropriate and demanding in the context of the business environment and the challenges with which the Group is faced.

Prior to proposing the adoption of new or amended employee share schemes, the Company will consult in advance with, and seek feedback from, major Shareholders. New schemes may need to be proposed in order for the Company to be able to continue to operate its executive and all employee share schemes, for example, due to the incumbent scheme nearing the end of its lifetime. Existing schemes may need to be amended to reflect current or emerging best practice. Following any consultation process, the adoption of new or amended employee share schemes will then be proposed at the next relevant AGM.

Full details of all current schemes are included within this Report.

Remuneration Policy Table

The current remuneration of Executive Directors comprises base salary, taxable benefits, pension, annual bonus and a Long-Term Incentive Plan ('LTIP'). Details of how the various components of remuneration are delivered are set out below.

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Base Salary Reflects the individual's role, experience and contribution. Set at levels to attract and retain individuals of the calibre required to lead the business and to ensure no over reliance on variable pay.	Base salaries are reviewed annually with any increases normally taking effect on 1 January of each year. Salaries are appropriately benchmarked and reflect the role, job size and responsibility as well as the performance and effectiveness of the individual.	Whilst there is no prescribed formulaic maximum, any increases will take into account prevailing market and economic conditions as well as increases for the wider workforce. Increases may be above this when an Executive Director progresses in the role, gains substantially in experience, there is a significant increase in the scale of the role, or was appointed on a salary below the market. In addition, increases may be agreed in the event of a significant change in the size, scale and / or complexity of the business. Any increase will be appropriately explained in the relevant year's annual report.	None.
Taxable Benefits To provide a competitive level of benefits in order to attract and retain individuals of the calibre required to lead the business.	Taxable benefits, which are not performance related, principally include, but are not limited to, the provision of a car or car allowance and private medical insurance for Executive Directors and their dependants.	The cost of providing these benefits can vary in accordance with market conditions, which will, therefore, determine the maximum value.	None.

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Pension To ensure the Company can provide a fully competitive level of benefits in order to attract and retain individuals of the calibre required to lead the business.	Executive Directors are invited to participate in the Company's defined contribution pension scheme or to take a cash alternative allowance in lieu of pension entitlement. In addition, both the CEO and CFO are members of the Company's defined benefit pension scheme. The CEO left active pensionable service on 31 December 2014 and the CFO left active pensionable service on 31 December 2011.	For the Company's pension cash allowance (or pension contribution as appropriate), the CEO was historically entitled to a maximum employer contribution of 14 per cent of base salary. As previously disclosed, the Committee determined that the CEO's maximum entitlement would be capped at the cash value of his 2019 entitlement such that, over a period of time, the rate payable to the CEO would reduce and move closer to that payable to the wider workforce. For 2024, this equated to a contribution rate of 8.8 per cent on the CEO's salary (2023: 9.1 per cent). The CFO was previously entitled to a maximum pension cash allowance of 17.8 per cent of base salary. As previously disclosed, the pension contribution rate for the CFO reduced to 15 per cent of base salary with effect from 1 January 2023; then reduced to 12 per cent of base salary with effect from 1 January 2024; and then reduced to 9 per cent of base salary with effect from 1 January 2025. For all new executive appointments to the Board, the employer pension contribution rate will be aligned with that available to the majority of the wider workforce, such rate currently being approximately 6 per cent. Further details are set out on pages 90 to 91.	None.

Directors' Remuneration Report

Remuneration Policy

Continued >

Component and Link to Strategy	Operation	Maximum Opportunity	Performance Measures
Annual Bonus To incentivise and reward the achievement of stretching one-year key performance targets set by the Committee at the start of each financial year.	The annual bonus is, ordinarily, earned by the achievement of one-year performance targets set by the Committee at the start of each financial year and is delivered in cash. The Committee sets appropriately challenging targets each year. The Committee retains the discretion to adjust the targets to take account of events which were not foreseen or allowed for at the start of the year when targets were set, for example, acquisitions in the year. The Committee also retains the discretion to adjust the bonus outcomes and/or targets to ensure that they reflect the underlying business performance. The annual bonus is subject to malus and/or clawback. The Chair and the Non-Executive Directors are not eligible to participate in the annual bonus scheme.	For 2025, the maximum amount payable to the CEO is 150 per cent of base salary. The target award is 75 per cent of base salary. The maximum amount payable to the CFO is 125 per cent of base salary. The target award is 62.5 per cent of base salary. In both cases, no bonus is payable for below threshold performance. Payments increase on a straight-line basis from threshold to target and from target to maximum. Maximum performance requires performance significantly ahead of the minimum threshold.	The vast majority of the annual bonus is based on the Group's adjusted profit before taxation result, with performance measured over the financial year. Since 2022 a minority of the annual bonus has been based on specific and measurable sustainability targets. For 2025 the weighting for this element of the bonus will remain at 15 per cent of the total. An additional financial measure has been introduced for 2025 based on margin improvement. This will have a weighting of 8.5 per cent of the total bonus. The profit before taxation element will therefore account for 76.5 per cent of the total bonus.
LTIP To incentivise and reward Executive Directors for the delivery of longer-term financial performance and Shareholder value. Share-based to provide alignment with Shareholder interests.	An annual conditional award of ordinary shares which may be earned after a single three-year performance period, based on the achievement of stretching performance conditions. Participants are required to hold vested LTIP shares (net of any shares sold to meet tax and social security liabilities) for a period of two years post vesting. Calculations of the achievement of the performance targets are independently performed and are approved by the Committee. To ensure continued alignment between Executive Directors' and Shareholders' interests, the Committee also reviews the underlying financial performance of the Group and retains its discretion to adjust vesting if it considers that performance is unsatisfactory. Malus and clawback rules operate in respect of the LTIP. LTIP awards may be granted with an entitlement to dividend equivalents on any shares which vest.	In 2025, annual LTIP awards will be made at the following levels of base salary: CEO: 150 per cent CFO: 125 per cent	The Committee will select the performance measures and weightings prior to the grant of awards that support the Company's longer-term strategy and shareholder value from time to time. Awards have, in most years, been granted with performance conditions linked to the Company's Total Shareholder Return (TSR) and Earnings per Share (EPS) performance. For the 2025 LTIP, the Committee has decided to retain performance conditions linked to TSR and EPS. Further details are set out on pages 94 to 96.

Notes to the Remuneration Policy Table

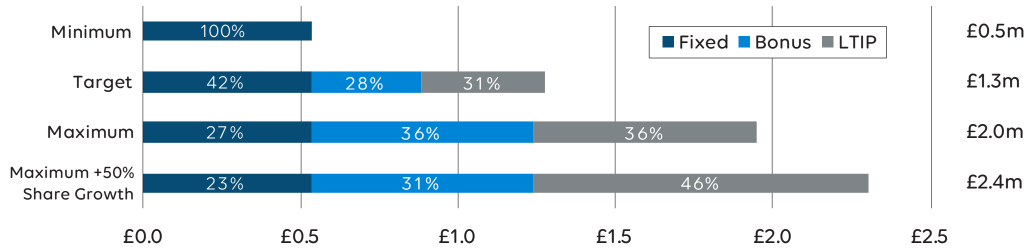
The Remuneration Policy for Executive Directors differs from that of other members of the Group Management Board solely in respect of quantum of the various components and remuneration. Executive Directors have a greater proportion of their total remuneration package at risk than other employees, however, the structure and principles of incentives are broadly consistent. The wider employee population of the Group will receive remuneration that is considered to be appropriate in relation to their geographic location, level of responsibility and performance.

Illustrations of the Application of the Remuneration Policy

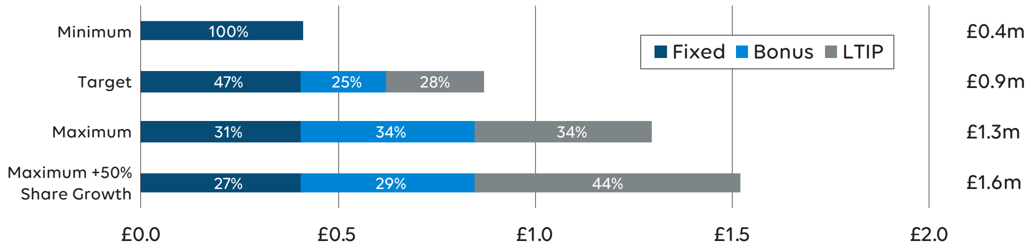
The Company's policy is to provide a total remuneration package that links corporate and individual performance with an appropriate balance between short and long term elements, and fixed and variable components. The charts below show an example of the remuneration that could be receivable by Executive Directors in office at 1 January 2025 under the policy set out in this Directors' Remuneration Report.

Each bar gives an indication of the minimum amount of remuneration payable, remuneration payable at target and at maximum performance to each Executive Director under the policy. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP.

Peter Egan
Illustration Only



Yvonne Monaghan
Illustration Only



The above illustration is based on a number of assumptions:

- fixed remuneration includes:
  - annual base salary as at 1 January 2025;
  - value of taxable benefits received in 2024 as shown in the single figure table on page 90; and
  - pension cash alternative allowance as at 1 January 2025.
- the maximum bonus opportunity is 150% of base salary for the CEO and 125% of base salary for the CFO;
- the maximum LTIP award is 150% of base salary for the CEO and 125% of base salary for the CFO;
- variable remuneration at minimum, target and maximum payout has been assumed at 0%, 50% and 100% respectively of maximum bonus opportunity;
- variable remuneration at minimum, target and maximum payout has been assumed at 0%, 55% and 100% respectively of maximum LTIP opportunity;
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting; and
- no dividend accrual has been incorporated in the values relating to the LTIP.

Note that percentages may not add to 100 due to rounding.

Malus and Clawback

To reflect best practice, and to align with Shareholder interests, malus and clawback provisions apply to awards under the annual bonus and LTIP schemes (together 'Awards').

Those provisions enable the Committee to decide, up until the third anniversary of an Award becoming payable, in circumstances in which the Committee considers it appropriate, to reduce the quantum of an Award, cancel an Award or impose further conditions on an Award. The provisions also enable the Committee to decide, up until the third anniversary of an Award becoming payable that, in the relevant circumstances, the participant must repay to the Company (or any person nominated by the Company) some or all of the cash or shares received under an Award.

The circumstances in which the Committee may apply the malus and clawback provisions include, but are not limited to:

- a material misstatement of the Company's audited financial results;
- a miscalculation of the extent to which a performance target has been met;
- a material failure of risk management by the Company;
- serious reputational damage to the Company;
- misconduct by a participant; and
- a material downturn in the financial position of the Company.

Personal Shareholding Requirement and Holding Periods

In order that their interests are linked with those of Shareholders, Executive Directors are expected to build and maintain a personal shareholding in the Company equal to at least 200 per cent of the value of their base salary over a period of five years. For the current Executive Directors, this five-year period commenced on 31 December 2019 and ended on 31 December 2024. For the purpose of this requirement, the net of tax number of vested but unexercised share awards, which are not subject to any further performance conditions, will be included.

In addition, awards granted under the 2018 Long-Term Incentive Plan (the '2018 LTIP Scheme') in 2019 and thereafter are subject to a two-year post-vesting holding period over and above the three-year vesting period of an LTIP award (the 'Holding Period'). The Holding Period will continue to apply in the event of cessation of employment, save where cessation is by reason of death in which case the Holding Period shall immediately be deemed to have ended.

Approach to Recruitment Remuneration

The Committee would expect to apply the same Remuneration Policy as that which applies to existing Executive Directors when considering the recruitment of a new Executive Director.

Nevertheless, other arrangements may be established specifically to facilitate recruitment of a particular individual, albeit that any such arrangement would be made within the context of minimising the cost to the Company. An example might be the need to provide a level of compensation for forfeiture of bonus entitlements and/or unvested long term incentive awards from an existing employer, if any, or the additional provision of benefits in kind and other allowances, such as relocation, education and tax equalisation, as may be required in order to achieve a successful recruitment. Any arrangement established specifically to facilitate the recruitment of a particular individual would be intended to be of comparable form, timing, commercial value and capped as appropriate. The quantum, form and structure of any buyout arrangement will be determined by the Committee taking into account the terms of the previous arrangement being forfeited. The buyout may be structured as an award of cash or shares, however, the Committee will normally have a preference for replacement awards to be made in the form of shares, deliverable no earlier than the previous awards.

Where an Executive Director is appointed from either within the Company or following corporate activity/reorganisation, the normal policy would be to honour any legacy incentive arrangements to run off in line with the original terms and conditions.

The policy on the recruitment of new Non-Executive Directors would be to apply the same remuneration elements as for the existing Non-Executive Directors.

Executive Directors' Service Agreements

It is the Company's policy that Executive Directors have rolling service agreements. Peter Egan is employed under a service agreement dated 30 March 2018, as amended by a Variation Letter dated 21 December 2018 relating to his appointment to Chief Executive Officer from 1 January 2019. Yvonne Monaghan is employed under a service agreement dated 14 January 2004, as amended with the appointment to Chief Financial Officer on 31 August 2007.

The length of Board service as at 31 December 2024 for Peter Egan and Yvonne Monaghan was six years, nine months and seventeen years, four months respectively.

The current Executive Directors' service agreements contain the key terms shown in the table below:

Provision	Detailed Terms
Remuneration[1]	▪ base salary, pension and benefits ▪ car benefit ▪ family private health insurance ▪ life assurance ▪ 30 days' paid annual leave ▪ participation in the annual bonus plan, subject to plan rules ▪ participation in the LTIP, subject to plan rules
Change Of Control	▪ no special contractual provisions apply in the event of a change of control
Notice Period	▪ 12 months' notice from the Company ▪ 6 months' notice from the directors
Termination[2,3]	▪ payment in lieu of notice for a period of up to 12 months
Restrictive Covenants	▪ during employment and for a period of up to 12 months after leaving

Note 1: Whilst service agreements outline the components of remuneration payable, they do not prescribe how remuneration levels may be adjusted from year to year.

Note 2: In the event of termination without cause, the Company has a contractual obligation to compensate the Executive Director for the unexpired period of his or her notice. The Company will seek to reduce this payment by means of the Executive Director's duty to mitigate this payment wherever possible.

Note 3: Whilst unvested awards will ordinarily lapse upon termination, the Committee may in its absolute discretion allow for awards to continue until the normal vesting date or to be accelerated (for example on death), subject to achievement of the attendant performance conditions. In such circumstances, awards vesting will normally be prorated on a time apportioned basis, unless the Committee determines otherwise. Any such discretion in respect of leavers would only be applied by the Committee to 'good leavers' where it considers that continued participation is justified, for example, by reference to performance prior to the date of leaving. 'Good leaver' status may apply in circumstances of, inter alia, cessation of employment due to death, ill-health, disability, redundancy or retirement. The malus and clawback provisions would continue to apply in the event that any such discretion was exercised.

Chair's Service Agreement

The Chair has a fixed term appointment. The fee for the Chair, which is commensurate with his experience and contribution to the Group, is reviewed annually with any increase generally taking effect from 1 January. The Chair does not participate in decisions regarding his own remuneration. The Chair is not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business expenses and travel will be reimbursed. The Chair's appointment is terminable without compensation on three months' notice from either side.

The Chair is expected to devote such time as is necessary for the proper fulfilment of the role. Whilst this is not ordinarily expected to exceed 40 days per annum, the nature of the role makes it impossible to be specific about the maximum time commitment.

The Chair is encouraged, but is not required, to hold a personal shareholding in the Company.

As at 31 December 2024, the unexpired term of the Chair's letter of appointment was:

	Date of Latest Letter of Appointment[1]	Term Start Date	Term End Date	Unexpired Term at 31 December 2024
Jock Lennox	23 November 2023	5 January 2024	4 January 2027	2 years

Note 1: Jock Lennox was first appointed to the Board on 5 January 2021 pursuant to a letter of appointment dated 4 January 2021.

Non-Executive Directors' Service Agreements

Non-Executive Directors each have fixed term appointments. Fees payable to the Non-Executive Directors, which are commensurate with their experience and contribution to the Group, are reviewed annually by the Board with any increase ordinarily taking effect on 1 January. Non-Executive Directors do not participate in decisions regarding their own remuneration. Non-Executive Directors are not eligible for pension scheme membership, bonus or incentive arrangements. Costs in relation to business expenses and travel will be reimbursed. A Non-Executive Director's appointment is terminable without compensation on three months' notice from the Company and one month's notice from the individual.

Non-Executive Directors are expected to devote such time as is necessary for the proper fulfilment of the role. Whilst this is not, ordinarily, expected to exceed 20 days per annum, the nature of the role makes it impossible to be specific about the maximum time commitment.

Non-Executive Directors are encouraged, but are not required, to hold a personal shareholding in the Company.

At 31 December 2024, the unexpired terms of the Non-Executive Directors letters of appointment were:

	Date of Latest Letter of Appointment[1]	Term Start Date	Term End Date	Unexpired Term at 31 December 2024
Chris Girling	22 August 2024	29 August 2024	28 August 2027	2 years 8 months
Nicola Keach	31 May 2022	1 June 2022	31 May 2025	5 months
Kirsty Homer	13 July 2023	1 August 2023	31 July 2026	1 year 7 months
Nick Gregg	24 August 2021	1 January 2022	31 December 2024	–

Note 1: Chris Girling was first appointed to the Board on 29 August 2018; Nicola Keach was first appointed to the Board on 1 June 2022; and Kirsty Homer was first appointed to the Board on 1 August 2023. Nick Gregg was first appointed to the Board on 1 January 2016. Upon completing nine years' service as an Independent Non-Executive Director, Nick Gregg stepped down as a Non-Executive Director and retired from the Board on 31 December 2024.

Directors' Remuneration Report

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Single Total Figure of Remuneration (Audited)

	Note	Peter Egan		Yvonne Monaghan	
		2024	2023	2024	2023
		£000	£000	£000	£000
FIXED PAY					
Base Salary		473	457	355	343
Taxable Benefits	1	17	16	19	19
Pension	2	42	42	43	51
		532	515	417	413
PERFORMANCE RELATED PAY					
Bonus	3	495	542	309	358
LTIP	3,4	567	154	374	101
SAYE	5	1	–	1	–
		1,063	696	684	459
SINGLE TOTAL FIGURE OF REMUNERATION		**1,595**	**1,211**	**1,101**	**872**

Note 1: Taxable benefits relate to the provision of a car allowance and private medical insurance. Peter Egan's car benefit for the year was £14,500 (2023: £14,500) and his private medical insurance benefit was £2,368 (2023: £1,659). Yvonne Monaghan's car benefit for the year was £17,500 (2023: £17,500) and her private medical insurance benefit was £1,895 (2023: £1,327).

Note 2: Details of the amounts shown for Pension are set out below.

Note 3: Details of the performance measures and weighting as well as the achieved results for the bonus and LTIP components are shown on pages 91 and 93 to 94 respectively. No bonus was deferred. The LTIP numbers in the table for 2024 reflect the indicative value of the shares which are due to vest in March 2025, based on performance measured up to 31 December 2024 and a share price of 145.67 pence, being the average price over the last three months of 2024. In respect of Peter Egan, £112,000 of the gain is attributable to share price appreciation over the performance period. In respect of Yvonne Monaghan, £74,000 of the gain is attributable to share price appreciation over the performance period.

Note 4: The 2023 comparative has been updated to reflect the share price on the date of vesting (22 March 2024: 130.40 pence).

Note 5: The amount disclosed for 2024 represents the value of the SAYE options which vested on 1 December 2024. The value has been calculated by reference to the difference between the exercise price of 125.75 pence and the market price on the vesting date of 144.0 pence.

Pensions

Executive Directors are contractually entitled to receive retirement benefits, which are calculated on base salary, under one or more of the Group's contributory defined benefit or defined contribution schemes. Details of the schemes are given in note 26 of the Consolidated Financial Statements.

Defined Benefit Entitlement

Each Executive Director who served during the year has left active pensionable service in the Johnson Group Defined Benefit Scheme (the 'JGDBS'), which is of the defined benefit type, and is entitled to a preserved benefit.

The accrued pension entitlement, which is the amount that would be paid annually on retirement (at normal retirement age), for Peter Egan at 31 December 2024 was £15,300 (2023: £14,600) and allows for revaluation in deferment from the date of leaving to the date of calculation. Pension entitlement is calculated based on the total period of pensionable service to the Company, both before and after becoming a Director.

Yvonne Monaghan took a partial transfer of benefits from the JGDBS on 31 March 2012 and her date of retirement from the JGDBS was 16 September 2021.

Defined Contribution Entitlement – Peter Egan

From 1 January 2015, Peter became a deferred member of the JGDBS. From that date, he was contractually entitled to a monthly employer pension contribution, equal to up to 14 per cent of his monthly salary, which was paid to the JSG Pension Plan (the 'Plan'), a defined contribution scheme. The majority of UK employees within the Group are eligible to participate in the Plan. Employer contribution rates to the Plan are on a matching plus basis determined with reference to the employee's own pension contribution together with their salary banding. The employer contribution rate that is currently available to the majority of the wider UK workforce is approximately 6 per cent, whilst the maximum employer contribution is 14 per cent, based upon a 7 per cent employee contribution, for all UK employees currently earning an annual salary greater than or equal to £126,169. With effect from April 2019, Peter opted to receive a cash alternative allowance in lieu of an employer pension contribution. From that date, the cash alternative allowance payable to Peter was 12.3 per cent of his base salary – adjusted downwards from the 14 per cent referred to above in order to take account of the impact of employer's national insurance.

Had Peter received a cash alternative allowance for the whole of 2019, it would have equated to £41,613. As previously disclosed, having regard to developments in executive pensions and in order that the employer rate in respect of Peter progresses towards the rate available to the majority of the wider workforce, the Committee determined that Peter's entitlement in 2020 and thereafter would be capped at the cash value of his 2019 cash alternative entitlement. The effect of this is that as Peter's salary increases, his cash alternative allowance, as a percentage of salary, will progress towards that available to the majority of the wider workforce. The cash alternative allowance payable in the year was £41,613 (2023: £41,613), equating to a contribution rate of 8.8 per cent of his salary (2023: 9.1 per cent).

Defined Contribution Entitlement – Yvonne Monaghan

From 1 January 2012, Yvonne opted to become a deferred member of the JGDBS and was contractually entitled to receive a monthly cash alternative allowance equal to 17.8 per cent of her monthly salary. As previously disclosed, and as noted in the letter from the Chair of the Remuneration Committee, the pension contribution rate for Yvonne reduced to 15 per cent of her base salary with effect from 1 January 2023; then reduced to 12 per cent of her base salary with effect from 1 January 2024; and then reduced to 9 per cent of her base salary with effect from 1 January 2025. The cash alternative allowance payable in the year was £42,568 (2023: £51,410).

2024 Bonus Achievement

The annual bonus is normally earned by the achievement of one-year performance targets set by the Committee, ordinarily at the start of each financial year, adjusted accordingly to take account of events which were not foreseen or allowed for at the start of the year when targets were set, for example, acquisitions or changes in accounting policy.

For 2024, whilst the vast majority (85 per cent) of the bonus opportunity was based on the Group's adjusted PBT result, measured over the financial year, a number of specific and measurable sustainability targets were applied to a minority portion (15 per cent) of the bonus.

The performance targets for 2024 are as set out below:

	Minimum £m	Target £m	Maximum £m	Achieved £m	Bonus Achieved as % of Maximum Opportunity
Adjusted PBT (excluding notional interest)	47.8	51.7	59.4	54.8	70.3%

For the 15 per cent of the bonus based on sustainability, the targets and the performance achieved are set out in the table below.

Target	Weighting	Minimum	Maximum	Achievement	Bonus Achieved as % of Maximum Opportunity
Carbon Emissions 3% Reduction on 2023 Carbon Emissions intensity • 2024 Tonnes CO_2e/ Tonnes processed target: 0.308	5%	Reduction of 3%	Reduction greater than 3%	Reduction of 4.93%	100%
Water Consumption 2% Reduction on 2023 Water intensity • 2024 m^3/ Tonnes processed target: 7.105	5%	Reduction of 2%	Reduction greater than 2%	Reduction of 7.61%	100%
Plastic 10% Reduction on total volume of plastic purchased versus 2023 baseline • 2024 Tonnes purchased target: 858	5%	Reduction of 10%	Reduction greater than 10%	Deemed not achieved	0%
Total	**15%**				**66.7%**

The Committee believes that these targets were appropriately stretching in the context of expected levels of performance for the business over 2024. Performance against the targets was assessed after the end of the financial year and this resulted in a bonus outcome as set out in the tables above. The overall bonus, inclusive of both the financial and sustainability measures, was assessed at 69.75 per cent of maximum. The Committee felt that this represented a strong result in the wider market context and was a fair reflection of the Company's overall performance over the period both in terms of profit performance and against the set of sustainability measures used for incentive purposes.

Bonuses will be paid in cash and are subject to malus and clawback provisions.

Directors' Remuneration Report

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Interests In Share Capital

The interests of the Directors who were in office at 31 December 2024, together with the interests of their close family, in the shares of the Company at the start and close of the financial year, were as follows:

	Beneficial		Conditional (note 4)		
	31 December 2024 Ordinary shares of 10p each	31 December 2023 Ordinary shares of 10p each	31 December 2024 LTIP / SAYE options	31 December 2023 LTIP / SAYE options	Share ownership guidelines
Peter Egan	**449,061**	384,061	**1,521,984**	1,107,263	Note 1
Yvonne Monaghan (note 3)	**694,955**	694,955	**1,006,368**	742,291	Note 1
Jock Lennox	**72,000**	72,000	**–**	–	Note 2
Chris Girling	**17,333**	17,333	**–**	–	Note 2
Nick Gregg	**33,695**	33,695	**–**	–	Note 2
Nicola Keach	**–**	–	**–**	–	Note 2
Kirsty Homer	**–**	–	**–**	–	Note 2

Note 1: Executive Directors are expected to build up and maintain a personal shareholding in the Company equal to at least 200 per cent of their base salary. Further details of each Executive Director's personal shareholding are set out in the table below.

Note 2: Non-Executive Directors are encouraged, but are not required, to hold a personal shareholding in the Company.

Note 3: In addition to the beneficial and conditional interests shown above, Yvonne Monaghan is a Trustee of the Johnson Charitable Trust (the 'Trust'). The Trust, having originally been founded in 1927, is intended for the benefit of employees or former employees of the Company, its associated companies or a company that was historically a subsidiary of the Company or the respective spouses, widowed spouses, children or other dependants of such employees or former employees. The Trust owns 588,452 Ordinary shares of 10 pence each in the Company. The Company considers this to be a Non-Beneficial interest.

Note 4: Further details of the split between LTIP (with performance conditions attached) and SAYE (no performance conditions attached) options are set out below.

Note 5: There have been no changes in the Directors' interests in the shares of the Company during the period 31 December 2024 up until the date of signing this report.

	Beneficial Shareholding (No.)	Conditional Shareholding[1] (No.)	Deemed Shareholding (No.)	Share Price[2] (p)	Value of Deemed Shareholding (£000)	Base Salary[2] (£000)	Value of Deemed Shareholding as a % of Base Salary
Peter Egan	449,061	69,329	518,390	135.6	703	473	149%
Yvonne Monaghan	694,955	48,140	743,095	135.6	1,008	355	284%

Note 1: Vested shares, that are not subject to further performance conditions, which have not yet been exercised can count towards the shareholding requirement on a net of tax basis.

In respect of Peter Egan, the 117,723 options granted on 22 March 2021 under the 2018 LTIP Scheme which vested in March 2024 are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 62,393 shares. In addition, as disclosed on page 93, the 6,936 options granted on 1 October 2021 under the SAYE Scheme vested on 1 December 2024. In combination, these options represent the Conditional Shareholding set out above. The 389,080 options granted on 16 March 2022 under the 2018 LTIP Scheme are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 206,212 shares. However, these options are not included in the Conditional Shareholding above as they will not vest until 16 March 2025. Had they been included, the resulting percentage for Peter Egan would be 208%.

In respect of Yvonne Monaghan, the 77,743 options granted on 22 March 2021 under the 2018 LTIP Scheme which vested in March 2024 are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 41,204 shares. In addition, as disclosed on page 93, the 6,936 options granted on 1 October 2021 under the SAYE Scheme vested on 1 December 2024. In combination, these options represent the Conditional Shareholding set out above. The 256,945 options granted on 16 March 2022 under the 2018 LTIP Scheme are not subject to any further performance conditions and consequently, on a net of tax basis, represent a further 136,181 shares. However, these options are not included in the Conditional Shareholding above as they will not vest until 16 March 2025. Had they been included, the resulting percentage for Yvonne Monaghan would be 336%.

Note 2: Share price and base salary are as at 31 December 2024.

Whilst Peter Egan is currently below the 200% shareholding requirement, having regard to the lack of significant levels of LTIP vesting over the last few years; the fact that Peter Egan has purchased shares out of his own resources during the five-year measurement period; and the fact that the 389,080 options granted to him on 16 March 2022 under the 2018 LTIP Scheme are due to vest in March 2025 and will not be subject to any further performance conditions, the Committee is satisfied with his level of personal shareholding. This will be kept under annual review.

Beneficial Interests in Share Options (Audited)

The interests of the Directors, who have served during the year, in share options of the Company at the commencement (or date of appointment if later) and close (or date of resignation if earlier) of the financial year were as follows:

	Date of Grant	At 31 December 2023	Options Granted During Year	Options Lapsed During Year	Options Cancelled During Year	Options Exercised During Year	At 31 December 2024	Option Price
Peter Egan								
Scheme 1	22 March 2021	117,723	–	–	–	–	**117,723**	nil
Scheme 3	1 October 2021	6,936	–	–	–	–	**6,936**	129.75p
Scheme 1	16 March 2022	469,029	–	(79,949)	–	–	**389,080**	nil
Scheme 1	8 March 2023	487,934	–	–	–	–	**487,934**	nil
Scheme 2	8 March 2023	25,641	–	–	–	–	**25,641**	117.0p
Scheme 1	7 May 2024	–	474,590	–	–	–	**474,590**	nil
Scheme 2	7 May 2024	–	20,080	–	–	–	**20,080**	149.40p
		1,107,263	**494,670**	**(79,949)**	**–**	**–**	**1,521,984**	
Yvonne Monaghan								
Scheme 1	22 March 2021	77,743	–	–	–	–	**77,743**	nil
Scheme 3	1 October 2021	6,936	–	–	–	–	**6,936**	129.75p
Scheme 1	16 March 2022	309,743	–	(52,798)	–	–	**256,945**	nil
Scheme 1	8 March 2023	322,228		–	–	–	**322,228**	nil
Scheme 2	8 March 2023	25,641		–	–	–	**25,641**	117.0p
Scheme 1	7 May 2024	–	296,795	–	–	–	**296,795**	nil
Scheme 2	7 May 2024	–	20,080	–	–	–	**20,080**	149.40p
		742,291	**316,875**	**(52,798)**	**–**	**–**	**1,006,368**	

Scheme 1 - The Johnson Service Group 2018 Long-Term Incentive Plan (the '2018 LTIP Scheme')

Scheme 2 - The Johnson Service Group 2018 Long-Term Incentive Plan CSOP Section (the '2018 Approved LTIP Scheme')

Scheme 3 - The Johnson Service Group Sharesave Plan ('SAYE Scheme')

None of the terms or conditions of the share options were varied during the year.

Details of the 2018 LTIP, the 2018 Approved LTIP and the SAYE Scheme are given on pages 95 to 96 of the Directors' Remuneration Report.

Awards Exercised in 2024

No Director exercised any awards during 2024.

Awards Vested and Lapsed in 2024

Under the 2018 LTIP Scheme, awards were granted to certain employees on 16 March 2022 with an exercise price of £nil (the '2022 LTIP Award'). The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 117.6 pence.

The number of options granted to each of the Executive Directors was as follows:

	2018 LTIP Scheme
Peter Egan	469,029
Yvonne Monaghan	309,743

The number of options granted to each of Peter Egan and Yvonne Monaghan were equivalent to 125 per cent and 110 per cent, respectively, of their base salaries at the time. The performance period was the three financial years starting 1 January 2022 and ending 31 December 2024.

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Whilst the award does not vest until 16 March 2025, the performance period ended on 31 December 2024. The extent to which the performance conditions were met is set out below:

	Minimum Target	Maximum Target	Result	% of Award Vesting	No. of Options to Vest (Peter Egan)	No. of Options to Vest (Yvonne Monaghan)
EPS for 2024	9.5p	10.6p	10.1p	65.9%	154,566	102,074
TSR (over Index)	Index +0% p.a.	Index +7% p.a.	Index +11% p.a.	100.0%	234,514	154,871
					389,080	**256,945**

The EPS performance condition was based on the Company's adjusted diluted EPS from continuing operations as at 31 December 2024. The TSR performance condition was based on the annualised growth in the Company's TSR over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services net return index (the 'Index').

Based on the performance achieved as set out above, the Remuneration Committee determined that there would be partial vesting of the 2022 LTIP Award. The Committee was satisfied that the TSR and EPS achieved were aligned with the underlying financial performance of the Company over the performance period. The total vesting level for the 2022 LTIP Award was 83.0 per cent. No discretion was applied to this outcome.

Outstanding LTIP Awards

2023 LTIP Award

Awards were granted, under the 2018 LTIP Scheme, to certain employees on 8 March 2023 with an exercise price of £nil. In addition, linked awards were granted on the same date, under the 2018 Approved LTIP Scheme, with an exercise price of 117.0 pence. The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 117.0 pence.

The number of options granted to each of the Executive Directors was as follows:

	2018 LTIP Scheme	2018 Approved LTIP Scheme
Peter Egan	487,934	25,641
Yvonne Monaghan	322,228	25,641

The number of options under the 2018 LTIP Scheme to each of Peter Egan and Yvonne Monaghan were equivalent to 125 per cent and 110 per cent, respectively, of their base salaries at the time. The performance period is the three financial years starting 1 January 2023 and ending 31 December 2025. The performance conditions are as set out below within 'Overview of Share Option Schemes'. If the minimum performance criteria were to be achieved, 25 per cent of the scheme interests would become receivable.

2024 LTIP Award

Awards were granted, under the 2018 LTIP Scheme, to certain employees on 7 May 2024 with an exercise price of £nil. In addition, linked awards were granted on the same date, under the 2018 Approved LTIP Scheme, with an exercise price of 149.4 pence. The closing mid-market share price of Johnson Service Group PLC on the day immediately preceding the date of grant was 149.4 pence.

The number of options granted to each of the Executive Directors was as follows:

	2018 LTIP Scheme	2018 Approved LTIP Scheme
Peter Egan	474,590	20,080
Yvonne Monaghan	296,795	20,080

The number of options under the 2018 LTIP Scheme to each of Peter Egan and Yvonne Monaghan were equivalent to 150 per cent and 125 per cent, respectively, of their base salaries at the time. The performance period is the three financial years starting 1 January 2024 and ending 31 December 2026. The performance conditions are as set out below within 'Overview of Share Option Schemes'. If the minimum performance criteria were to be achieved, 25 per cent of the scheme interests would become receivable.

Holding Period

Each of the awards above are subject to an additional holding period for two years from the date on which the award vests (the 'Holding Period'). During the Holding Period, which will continue to apply in the event of cessation of employment, the award holder may not normally dispose of any of the shares which vest except to cover any income tax or social security contributions arising on the exercise of the award.

Overview of Share Option Schemes

2018 LTIP Scheme

The 2018 LTIP Scheme was approved by Shareholders at the 2018 AGM; a summary of the principal features of the rules of the 2018 LTIP Scheme is included within the 2018 Notice of AGM.

The 2018 LTIP Scheme includes an 'unapproved' section, under which nil cost awards are made.

The first award under the 2018 LTIP Scheme was granted in March 2019, with further awards granted on an annual basis thereafter. Full details of the performance conditions for each outstanding award are included in this report. Details of the performance conditions for earlier awards and the extent to which the conditions were met can be found in previous Directors' Remuneration Reports.

Performance Conditions

An award was granted under the 2018 LTIP Scheme in March 2022 (the '2022 LTIP Award'). A summary of the performance conditions for this award is included in the section above which explains the performance achieved against the relevant targets.

A further award was granted under the 2018 LTIP Scheme in March 2023 (the '2023 LTIP Award'). Following careful consideration, the Committee agreed two separate performance targets:

- 50 per cent of the 2023 LTIP Award will vest by reference to the annualised growth in the Company's TSR over the performance period relative to the annualised growth in the FTSE AIM All-Share Industrial Goods and Services Index (the 'Index') over the performance period. None of this element of the 2023 LTIP Award will vest if the TSR growth is less than the Index growth, one quarter will vest if the TSR growth is equal to the Index growth and the whole of this element of the 2022 LTIP Award will vest if the TSR growth is at least seven per cent above the Index growth. Vesting will be on a straight-line basis between these points.
- The remaining 50 per cent of the 2023 LTIP Award will vest by reference to the Company's adjusted profit before tax ('PBT') per share as at 31 December 2025. None of the PBT per share element of the 2023 LTIP Award will vest if PBT per share growth is less than 5 per cent per annum above the level of PBT per share for the financial year ended 31 December 2022. One quarter of this element will vest for PBT per share growth of 5 per cent per annum, and the whole of this element will vest for PBT per share growth of 10 per cent per annum or greater. Vesting will be on a straight-line basis if PBT per share growth is between 5 per cent and 10 per cent per annum.

For the purpose of calculating TSR and Index growth, the average of the net return index over the dealing days falling in the period of one month ending on the last day of the performance period will be compared to the average of the net return index over the dealing days falling in the period of one month immediately preceding the first day of the performance period, in each respect of the Company and for the Index.

A further award was granted under the 2018 LTIP Scheme in May 2024 (the '2024 LTIP Award'). Following careful consideration, the Committee agreed two separate performance targets:

- 50 per cent of the award to vest by reference to the Company's TSR performance relative to that of the constituents of the FTSE 250 ex. Investment Trusts Index (the 'Comparator Group') over the performance period. None of this element will vest if the Company's TSR positions it below the median of the Comparator Group, one quarter will vest if the Company's TSR is equal to the median of the Comparator Group and the whole of this element will vest if the Company's TSR is at the upper quartile level or above when compared to the Comparator Group. Vesting will be on a straight-line basis between median and upper quartile.
- The remaining 50 per cent of the 2024 LTIP Award will vest by reference to growth in the Company's adjusted fully diluted earnings per share from continuing operations ('EPS') over the Performance Period above the level of EPS achieved in the financial year ended 31 December 2023. None of this element of the award will vest if EPS growth (on a CAGR basis) is less than 9 per cent per annum over the performance period; one quarter will vest for EPS growth of 9 per cent per annum; and the whole of this element will vest if EPS growth is 16 per cent per annum or greater over the performance period. Vesting will be on a straight-line basis between these points.

2018 Approved LTIP Scheme

The rules of the 2018 LTIP Scheme also include a 'CSOP' section (the '2018 Approved LTIP Scheme'), under which UK tax-advantaged market value options are awarded and which are linked to the nil cost awards under the 2018 LTIP Scheme. The linked awards give the holder the same potential gross gain as if they had just received the 2018 LTIP Scheme award, however, as the 2018 Approved LTIP Scheme is tax favoured, in certain circumstances all or part of any gain on the 2018 LTIP Scheme award will be received through the 2018 Approved LTIP Scheme and therefore taxed at a lower rate, or even zero.

The actual number of shares the award holder will receive when exercising options will depend on the date of exercise, whether the performance conditions of the 2018 LTIP Scheme are achieved, the extent to which they are achieved and also on how much of the gain (if any) can be delivered through the 2018 Approved LTIP Scheme. Part of the total award will be forfeited once the gain is determined, however, this will still leave the holder with the same gross gain that would have been received had only an award been made under the 2018 LTIP Scheme arrangement.

As set out above, on 8 March 2023 and 7 May 2024 certain employees (including the Executive Directors) were granted awards under the 2018 Approved LTIP Scheme, linked to the awards granted on the same date under the 2018 LTIP Scheme.

SAYE Scheme

The SAYE Scheme is open to all employees, including Executive Directors, who have completed one years' continuous service at the date of invitation (reduced from two years' continuous service for grants prior to 2024) and who open an approved savings contract.

Directors' Remuneration Report

Annual Remuneration Report

Continued >

When the savings contract is started, options are granted to acquire the number of shares that the total savings will buy when the savings contract matures. Details of the exercise periods and normal expiry dates are given in note 29 of the Consolidated Financial Statements.

Total Shareholder Return

The performance graph below shows the Company's TSR performance against the performance of the FTSE 250 ex. Investment Trusts Index over the ten-year period to 31 December 2024. The Index has been selected for this comparison as, in the opinion of the Directors, although the Group is not a member of the FTSE 250, it shares many characteristics with companies in the index in terms of size, scale and maturity, and the index provides an appropriate market barometer against which the Group's performance can be tested.

Non-Executive Directors' Remuneration (Audited)

Details of the amounts received by the Chair and the Non-Executive Directors during the year ended 31 December 2024 are as follows:

	2024 £000	2023 £000
Current Directors		
Jock Lennox	156	151
Chris Girling	71	63
Kirsty Homer[1]	52	20
Nicola Keach	51	49
Previous Directors		
Nick Gregg[2]	61	57
	391	**340**

Note 1: The 2024 figure in the above table for Kirsty Homer includes her pro-rated receipt of the £10,000 per annum supplementary fee for the Chair of the Remuneration Committee following her appointment as Remuneration Committee Chair with effect from 1 November 2024. In 2023, the annualised fee payable to Kirsty Homer was £49,042; the 2023 figure in the above table reflects the total amount of fees received by Kirsty Homer in 2023 following her appointment with effect from 1 August 2023.

Note 2: As previously disclosed, as part of the Company's planned Board succession, with effect from 1 November 2024, Nick Gregg stepped down as Remuneration Committee Chair and was succeeded by Kirsty Homer. To support transition and handover of responsibilities to Kirsty Homer, Nick continued to receive the £10,000 per annum supplementary fee for the Chair of the Remuneration Committee until 31 December 2024 whereupon Nick stepped down and retired from the Board, having completed nine years' service as an independent Non-Executive Director of the Company.

Non-Executive Director fees are subject to annual review with any increases generally applying with effect from 1 January. The Board has approved a 2.5 per cent increase to base fees for Non-Executive Directors with effect from 1 January 2025. The Remuneration Committee has also agreed a 2.5 per cent increase to the fee for the Board Chair with effect from the same date.

Total Directors' Remuneration (Audited)

The aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2024, together with the aggregate total amount of remuneration received by all Directors in office during the year ended 31 December 2023, is shown below:

	2024 £000	2023 £000
Executive Directors	2,696	2,083
Non-Executive Directors	391	340
	3,087	**2,423**

Payments to Past Directors

Nick Gregg, former Non-Executive Director, stepped down as a Non-Executive Director and retired from the Board with effect from 31 December 2024. Save for the payment of any accrued fees and / or expenses that were unpaid as at 31 December 2024, there were no payments of money or other assets made to any former directors during the financial year ended 31 December 2024.

Payments for Loss of Office

There were no loss of office payments made to former directors during the year.

Implementation of Remuneration Policy in 2025

The Committee anticipates the remuneration policy to apply as follows in the year ending 31 December 2025:

Base Salary[1]	CEO: £484,509 CFO: £363,598
Taxable Benefits	Car allowance, medical insurance
Pension	CEO: Capped at the cash value of 2019 entitlement (£41,613) CFO: 9 per cent of base salary
Bonus[2]	CEO: Up to 150 per cent of base salary. CFO: Up to 125 per cent of base salary. Targets: 1) 76.5 per cent of maximum entitlement to be based on the Group's financial results using the adjusted PBT result excluding notional interest; 2) 8.5 per cent of maximum entitlement to be subject to the satisfaction of performance targets linked to margin improvement; and 3) to reflect our continued commitment to sustainability, 15 per cent of maximum entitlement to be subject to the satisfaction of targets linked to plastic consumption, water consumption and carbon emission reductions.
LTIP[1]	CEO: Grant at 150 per cent of base salary. CFO: Grant at 125 per cent of base salary. Targets: 1) 50 per cent of the award to be based on the Company's TSR performance relative to that of the constituents of the FTSE 250 ex. Investment Trusts Index over the performance period. None of this element will vest if the Company's TSR positions it below the median of the comparator group, one quarter will vest if the Company's TSR is equal to the median of the group and the whole of this element will vest if the Company's TSR is at the upper quartile level or above when compared to the peer group. Vesting will be on a straight-line basis between median and upper quartile. 2) The remaining 50 per cent of the award will vest by reference to growth in the Company's adjusted fully diluted EPS over the three-year performance period. None of this element will vest if EPS growth (on a CAGR basis) is less than 9% p.a., one quarter will vest if EPS growth is equal to 9% p.a. and the whole of this element will vest if EPS growth is 16% p.a. or greater. Vesting will be on a straight-line basis if EPS growth is between 9% p.a. and 16% p.a.

Note 1: Base salary payable in 2025 reflects a 2.5 per cent increase on the base salary payable in 2024.

Note 2: Annual bonus targets are considered by the Committee and the Board to be commercially sensitive as they could inform the Company's competitors of its budgeting. Consequently, we do not publish details of the targets on a prospective basis, however, we will provide full and transparent disclosure of the targets and the performance against these targets on a retrospective basis in next year's Annual Report at the same time that the bonus outcome is reported.

Directors' Remuneration Report

Annual Remuneration Report

Continued >

CEO Pay Ratio

The Companies (Miscellaneous Reporting) Regulations 2018 provide companies with a number of options for gathering the data required to calculate the ratio. We have chosen to use "Option B" to calculate the CEO pay ratio which involves the use of data previously gathered for UK gender pay gap reporting purposes. This option was chosen given the size and complexity of the exercise required to produce these ratios using other means and on the basis that the Company has already completed comprehensive data collation and analysis for the purposes of its UK gender pay gap reporting.

The total pay and benefits of our UK employees at the 25th, 50th and 75th percentile and the ratios between the CEO and these employees, using the CEO's single total remuneration figure are as follows:

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	**65:1**	**63:1**	**43:1**
2023	49:1	45:1	32:1
2022	32:1	25:1	19:1
2021	33:1	31:1	28:1
2020	23:1	19:1	16:1
2019	46:1	31:1	26:1

The table below sets out the salary and total pay and benefits for the three identified quartile point employees:

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024 Salary	£23,287	£23,451	£35,913
2024 Total Pay and Benefits	£24,590	£25,238	£37,472

As explained in previous reports, our pay ratios have fluctuated between each reported year to date (not least due to the impact of the Covid pandemic on employee remuneration) and no overall trend in the median pay ratio is observed at this time.

The majority of our employees work either within one of our processing facilities or in distribution. Irrespective of the specific role, we aim to apply the same reward principles for all employees, in particular, that overall remuneration should be competitive when compared to similar roles in other organisations from which we draw our talent. We are aware that year-to-year movements in the pay ratio will be driven largely by our CEO's variable pay outcomes. These movements will significantly outweigh any other changes in pay within the organisation. Whatever the CEO pay ratio, the Company will continue to invest in competitive pay for all employees.

The Committee also recognises that, due to the specific nature of the Company's business and the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for employees, as well as differences in employment and remuneration models between companies, the ratios reported above may not be comparable to those reported by other companies.

UK Gender Pay Gap Reporting

Background

Under legislation that came into force in 2017, all UK companies with 250 or more employees must publish and report specific figures about their gender pay gap. In respect of the Group, the legislation applies to Johnsons Textile Services Limited (the "Reporting Company") which for the period under review employed the vast majority of employees within the UK. Whilst a similar reporting requirement also applies within the Republic of Ireland, the below disclosures are in respect of the UK reporting requirements only.

Employers must publish the gap in pay between men and women on both a mean basis (average hourly salary) and a median basis (pay per hour based on the person 'in the middle' of the distribution of pay). In relation to bonus pay, employers are required to disclose both a mean and median basis for average bonus pay received. Furthermore, the percentage of employees receiving bonuses by gender must be disclosed. In addition, employers are required to disclose the distribution of gender by pay quartile – in other words, splitting the workforce into four groups based on their pay and showing the proportion of males and females in each group.

The information provided below reflects the results of the most recent comprehensive data collation and analysis for the purposes of our external gender pay gap reporting. The 'Gender Pay Gap' calculations relate to the pay period in which the snapshot date, 5 April 2024, falls for each full-pay relevant employee only. The 'Gender Bonus Gap' calculations relate to the period 6 April 2023 to 5 April 2024 for all relevant employees.

Gender Pay Gap

The Company provides the following information in respect of its Gender Pay Gap:

Difference in the hourly rate of pay (mean)	7.6%
Difference in the hourly rate of pay (median)	6.5%

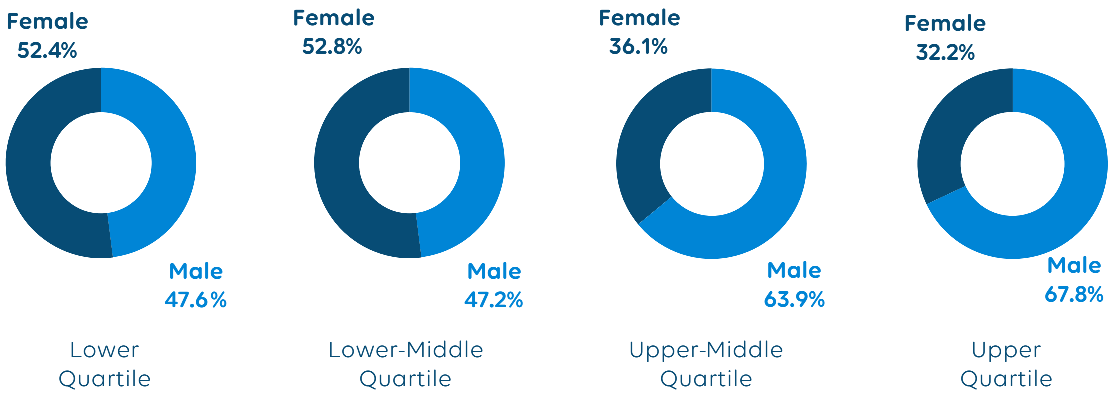
Gender Bonus Gap

The Company provides the following information in respect of its Gender Bonus Gap:

Difference in bonus pay (mean)	36.8%
Difference in bonus pay (median)	0.0%
Percentage of male employees who receive bonus pay	12.0%
Percentage of female employees who receive bonus pay	15.3%

Distribution of Male and Female Employees by Quartile

The proportions of male and female full-pay relevant employees in the lower, lower-middle, upper-middle and upper quartile bands were as follows:



Explanatory Commentary

The results show that, as in previous years, there is a gender pay gap. Whilst having fewer females than males in senior and leadership roles has an impact, it is also significantly influenced by two industry related factors:

1. laundries operate large transport fleets and hence employ a significant number of drivers. The role generally commands a higher pay scale and is predominantly populated by males; and
2. laundry operations are very labour intensive with such roles being predominantly in the lower quartiles. A higher proportion of these roles are currently performed by females.

The Group strives to ensure that it provides a workplace where all our people feel valued and equal and we continue to take action to address the gap and to make sure our employment policies and practices are fair. This includes actively reviewing decisions around annual pay, bonus pay and promotion opportunities and the Group will continue to endeavour to provide a training and development platform for all individuals to grow, both personally and in their work role, irrespective of gender.

Relative Importance of Spend on Pay

The following table sets out the amounts payable in dividends; amounts paid in connection with the Company's share buyback programmes; and total employee costs in respect of the years ended 31 December 2024 and 31 December 2023. The Committee does not consider that there are any other significant distributions or payments outside the ordinary course of business that warrant disclosure.

	2024 £m	2023 £m	% Change
Dividends payable[1]	16.6	11.7	41.9%
Share buyback programme[2]	–	29.9	n/a
Total employee costs	229.0	204.7	11.9%

Note 1: The 2024 dividend comprises an interim dividend of 1.3 pence (2023: 0.9 pence) per Ordinary share and a proposed final dividend of 2.7 pence (2023: 1.9 pence) per Ordinary share. This total dividend of 4.0 pence per Ordinary share, subject to the approval of Shareholders and based upon the number of shares in issue as at the date of this report, will amount to a dividend distribution for the year of £16.6 million (2023: £11.7 million).

Note 2: Details of the share buyback programmes undertaken during the previous year are set out on page 113 of the Group's 2023 Annual Report and Accounts.

Directors' Remuneration Report

Annual Remuneration Report

Continued >

Other Details

The mid-market price of the Ordinary shares of 10p each on 31 December 2024 and 31 December 2023 was 135.6 pence and 141.6 pence, respectively. During the year, the mid-market price of the Ordinary shares of 10p each ranged between 122.0 pence and 171.2 pence (2023: 94.0 pence and 145.4 pence).

Annual General Meeting

The table below shows the voting outcome at the 2024 AGM, held on 1 May 2024, for the 2023 Directors' Remuneration Report.

No. of Votes 'For'[1]	% of Votes Cast	No. of Votes 'Against'	% of Votes Cast	Total No. of Votes Cast	No. of Votes 'Withheld'[2]
245,645,785	85.71%	40,942,618	14.29%	286,588,403	14,445

Note 1: Includes 'Discretionary' votes.

Note 2: A vote 'Withheld' is not a vote under English law and is not counted in the calculation of votes 'For' or 'Against' a resolution.

At the 2025 AGM, due to be held on 1 May 2025, Shareholders will be invited to vote on the Directors' Remuneration Report for 2024.

Kirsty Homer
Chair, Remuneration Committee

3 March 2025

Group Financial Statements

Independent Auditor's Report to the members of Johnson Service Group PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Johnson Service Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024, which comprise:

Group	Parent Company
Consolidated Income Statement	Company Statement of Changes in Shareholders' Equity
Consolidated Statement of Comprehensive Income	Company Balance Sheet
Consolidated Statement of Changes in Shareholders' Equity	Notes to the Company Financial Statements, including material accounting policy information
Consolidated Balance Sheet	
Consolidated Statement of Cash Flows	
Notes to the Consolidated Financial Statements, including material accounting policy information	

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. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 31 December 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;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group and the parent 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing management's paper containing their assessment of going concern, including forecasts covering the period to 30 June 2026;
- Testing the mathematical accuracy of those forecasts, as approved by the Board. We also tested the accuracy of management's forecasting by a comparison of prior period forecasts to actual data and assessed the forecasts prepared for consistency with other areas of the audit;
- Utilising industry data and other external information to challenge the reasonableness of management's assumptions;
- Assessing compliance with financial covenants within the group's facilities for the period to 30 June 2026 and the available headroom to the group; and
- Assessing the reverse stress test performed by management, determining if the scenario is plausible, and assessing the adequacy of the related disclosures within the Annual Report and Accounts.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as rising national insurance and living wages. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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.

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 and the parent company'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.

In relation to the group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

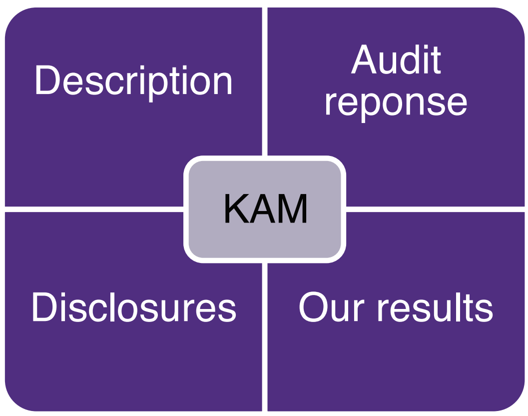
Our approach to the audit

Grant Thornton

Overview of our audit approach
Overall materiality: Group: £2.42m, which represents approximately 0.5% of the group's revenue. Parent Company: £1.55m, which represents approximately 0.25% of the parent company's total assets.
Key audit matters were identified as: • Customer (rebate) arrangements (same as previous year); and • Acquisition accounting: valuation of intangible assets acquired (same as previous year) Our auditor's report for the year ended 31 December 2023 included one key audit matter that has not been reported as a key audit matter in our current year's report. The key audit matter relating to the carrying value of goodwill has been removed due to the significant headroom on each of the cash-generating units in the entity's base case forecast when assessing for impairment.
We performed audits of the financial statements of the parent company, and of the financial information of three other components using component materiality (full scope audit). We performed specific audit procedures relating to two further components. We performed analytical procedures at group level for the remaining nine components in the group during the year. In total, our procedures covered 89% of the group's revenue, 86% of the group's total assets and 94% of the group's profit before tax.

Key audit matters

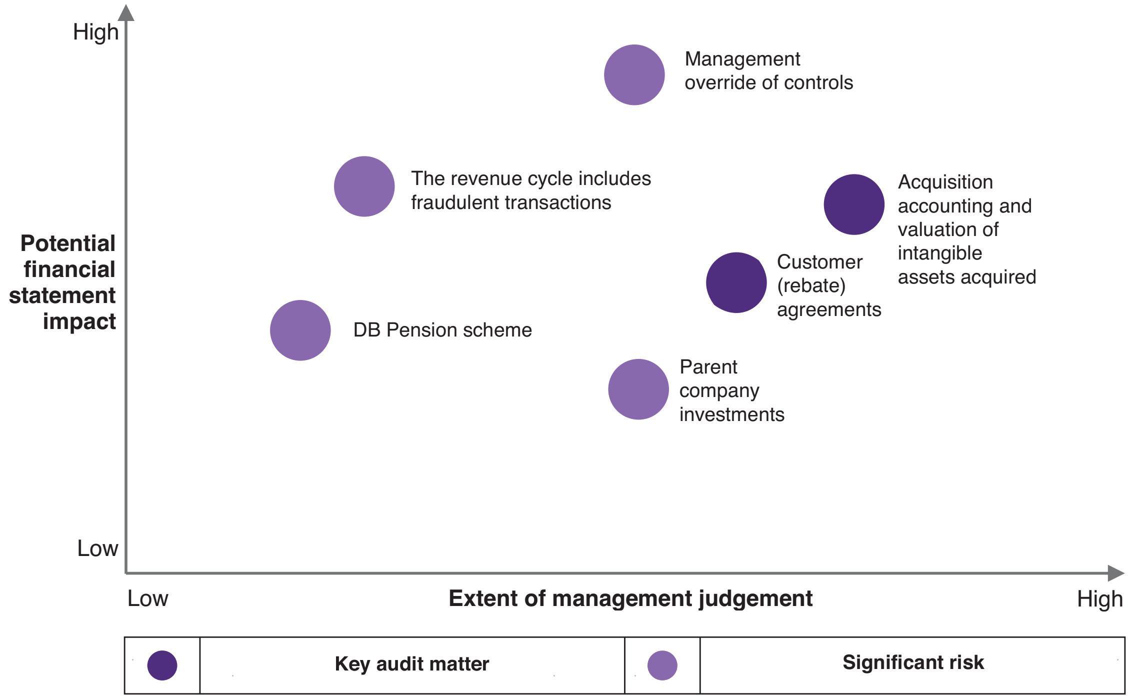
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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.



Independent Auditor's Report to the members of Johnson Service Group PLC

Continued >

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Key Audit Matter – Group

Customer (rebate) arrangements

We identified the completeness and accuracy of customer (rebate) arrangements, pinpointed to those rebate arrangements which feature management judgement, as one of the most significant assessed risks of material misstatement due to fraud and error.

Through its divisional trading activities, the group has rebate agreements in place across certain key customers. These vary on a customer-by-customer basis but largely relate to volume of sales made throughout the year.

The complexity of such arrangements also vary, with some based on retrospective information and others requiring management judgement. We have pinpointed the significant risk to the accuracy and completeness of rebate arrangements which feature management judgement.

The level of rebate granted is based on contractual terms which are specific to each customer. These are not uniform, which means that there is inherently an element of complexity which gives rise to an increased risk of error or fraud occurring in respect of these balances. This includes both the amounts recognised within the income statement and within the balance sheet at the year end.

Relevant disclosures in the Annual Report and Accounts

- Financial statements: Statement of Significant Accounting Policies, Rebates
- Audit committee report: Accounting for Complex Customer Arrangements

How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- For a sample of customers, recalculated the rebate recognised within both the income statement and the balance sheet based on contractual terms by reviewing customer contracts for rebate terms;
- Performed year-on-year analysis of the accrual balance per customer to consider the reasonableness of the year-end balance recognised. We tested the completeness of the rebate recognised by assessing contractual arrangements within the group's key customers to corroborate that these were not indicative of unrecorded (rebate) arrangements;
- Held discussions with employees outside of the finance function to understand new rebate arrangements entered into in the year;
- Obtained an understanding of significant revenue deductions or credits issued to customers in the year to determine if these related to rebate agreements;
- Tested transactions post year end by agreeing to source documentation such as customer sales agreements and invoices, to determine whether they were accounted for in the correct period and determining whether post year-end activity was indicative of unrecorded customer arrangements; and
- Assessed the ageing of the accruals at year end and performed specific procedures to gain comfort over the aged amounts which were released in the year.

Our results

Based on our audit work, we did not identify material misstatements in relation to customer (rebate) arrangements.

Key Audit Matter – Group	How our scope addressed the matter – Group
Acquisition accounting: valuation of intangible assets acquired The group completed the acquisition of Empire Linen Services Limited in September 2024. We identified the acquisition accounting associated with this acquisition, pinpointed to the valuation of the intangible assets related to the acquisition of Empire Linen Services Limited, as one of the most significant assessed risks of material misstatement due to error. Under IFRS 3 'Business Combinations', management is required to recognise, separately from goodwill, the assets acquired and liabilities assumed and then recognise goodwill on purchase. Assets, liabilities and intangible assets should be recognised at fair value. Management make judgements to identify specific intangible assets that are acquired, and make estimates to value these assets. The process for assessing the valuation of intangible assets is complex and is subject to judgements around items such as future cash flows of the acquired entities and discount rates, and therefore this has been included as a key audit matter.	In responding to the key audit matter, we performed the following audit procedures: • Read the share purchase agreement, and documented key details around the acquisition including details of consideration paid; • Assessed whether the requirements of control as defined by IFRS 10 'Consolidated Financial Statements' have been achieved; • Assessed whether the group's accounting policy for the valuation of intangible assets acquired is in accordance with IFRS 3 and determined whether the fair value measurements were accounted for in accordance with the stated accounting policy; • Obtained the acquisition date balance sheet of the acquired entity and performed procedures to assess the appropriate recognition of the material assets and liabilities acquired; • Obtained management's purchase price allocation used and considered whether all acquired intangible assets had been appropriately identified and included within management's valuation exercise; • Challenged the reasonableness of key assumptions made in the calculations, such as growth rates, customer attrition rates and discount rates, considering if assets and liabilities transferred have been recognised at fair value, per the requirements of IFRS 3; • Used our internal valuation experts to inform our challenge of management, specifically that the methodology used in the valuation calculations and assumptions used are reasonable; and • Assessed whether the group's disclosures with respect to the intangible asset recognised and fair value of assets and liabilities acquired are in accordance with our expectations .
Relevant disclosures in the Annual Report and Accounts • Financial statements: Note 34, Business combinations. • Audit committee report: Acquisition Accounting.	**Our results** Based on our audit work, we have not identified material misstatements with respect to acquisition accounting and valuation of intangible assets acquired.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

Our application of materiality

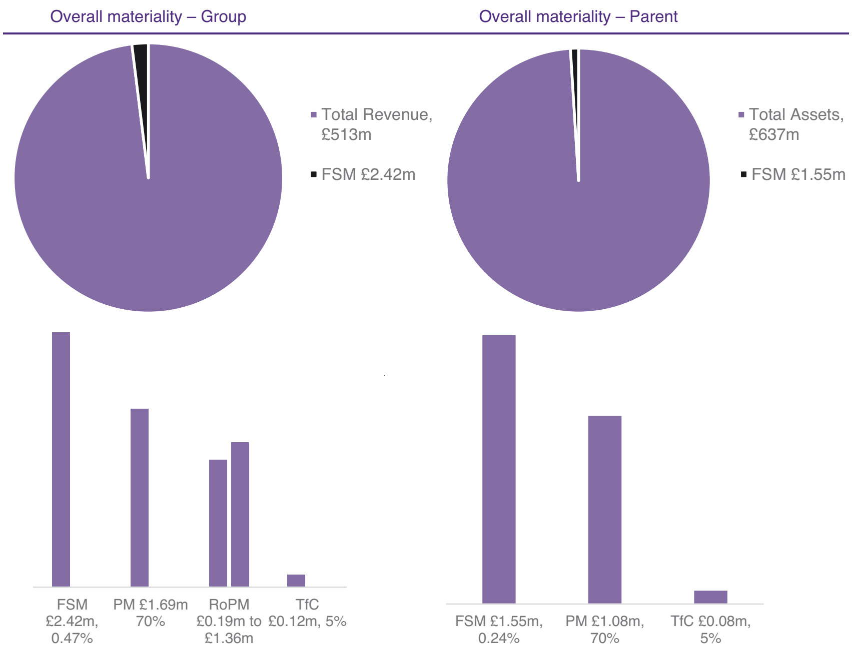
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£2.42m (2023: £2.25m), which represents approximately 0.5% of the group's revenue.	£1.55m (2023: £1.40m), which represents 0.25% of the parent company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • We determined revenue to be the most appropriate benchmark for the group due to this having importance in both external financial reporting and internal management reporting. This is a key driver of business activity and is a measure on which growth is monitored. • A market-based measurement percentage was chosen which reflected our knowledge of the business from the prior year audit, as well as our risk assessment of the business. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2023 to reflect the increase in the group's revenue.	In determining materiality, we made the following significant judgements: • We determined total assets to be the most appropriate benchmark because the parent company does not trade and largely holds investments in subsidiary undertakings. • A market-based measurement percentage was chosen which reflected our knowledge of the business from the prior year audit, as well as our risk assessment of the business. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2023 to reflect the growth in parent company total assets.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£1.69m (2023: £1.60m), which is 70% (2023: 70%) of financial statement materiality. The range of component performance materialities used across the group was £1.19m to £1.36m.	£1.08m (2023: £0.98m), which is 70% (2023: 70%) of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgements: • Our risk assessment procedures did not identify any significant changes in business objectives and strategy of the group; • We considered qualitative and quantitative factors when evaluating the impact of prior period adjusted and unadjusted misstatements; and • We considered whether there were any significant control deficiencies identified in the prior year.	In determining performance materiality, we made the following significant judgements: • Our risk assessment procedures did not identify any significant changes in business objectives and strategy of the parent company; • We considered qualitative and quantitative factors when evaluating the impact of prior period adjusted and unadjusted misstatements; and • We considered whether there were any significant control deficiencies identified in the prior year.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	

Materiality measure	Group	Parent company
Specific materiality	We determined a lower level of specific materiality for the following areas: • Related party transactions; and • Directors' remuneration	We determined a lower level of specific materiality for the following areas: • Related party transactions; and • Directors' remuneration
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£0.12m (2023: £0.11m), which represents 5% of group materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£0.08m (2023: £0.07m), which represents 5% of parent company materiality and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality and the range of component materiality interacts with our overall materiality and the threshold for communication to the audit committee.



FSM: Financial statement materiality, PM: Performance materiality, RoPM: Range of performance materiality at 4 components, TfC: Threshold for communication to the audit committee.

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, their environments, and its system of internal control including common controls

- The engagement team obtained an understanding of the group and its environment, including common controls, and assessed the risks of material misstatement at the group level; and
- The engagement team further considered the effect of the group organisational structure on the scope of the audit, and used this to inform our assessment of risk.

Identifying components at which to perform audit procedures

- The engagement team performed an evaluation of identified components to assess the components which would be in scope and to determine the planned audit response based on whether we determined there to be a risk of material misstatement in the subsidiary, or if the entity was considered to be financially significant to the group.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Of the group's 15 components, we identified four which, in our view, required an audit of their financial information using component materiality (full scope audit), due to being assessed as having a risk of material misstatement to the group. As a result of this, we performed an audit of the financial statements of the parent company and of the financial information of three components, JTSL (Workwear Division), JTSL (Restaurant and Catering Division), JTSL (Hotel Linen Division).

- There is one new component identified within the period, as a result of the acquisition of Empire Linen Services Limited. This entity was neither financially significant nor had a risk of material misstatement to the group, and as such was not in scope for the group audit.
- We identified key audit matters of the group as customer (rebate) arrangements and the valuation of intangible assets acquired as part of the business combination. The audit procedures performed in respect of these have been included within the key audit matters section of our report.
- We performed specific audit procedures in respect of two components, Johnson Group Properties PLC and Semara Estates Limited.
- We performed analytical procedures at group level over the remaining nine components. These procedures, together with the additional procedures outlined above, were designed to give us the audit evidence needed for our opinion on the group financial statements as a whole.

Performance of our audit

- Together, the components subject to full-scope audits covered 89% of the group's revenue, 86% of the group's total assets and 94% of the group's profit before tax.
- All work including component work was performed by the group audit team.
- Audit work undertaken has been performed primarily on site at the company head office, with some remote working throughout the audit. Planning and interim testing was also performed during various site visits throughout the period.

The components within the scope of further audit procedures accounted for the following percentages of the group's results, including the key audit matters identified:

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT
Full-scope audit	4	86	89	94
Specific scope procedures	2	0	0	0
Full-scope and specific scope procedures coverage	6 (2023: 3)	86 (2023: 94)	89 (2023: 96)	94 (2023: 97)
Analytical procedures	9 (2023: 10)	14 (2023: 6)	11 (2023: 4)	6 (2023: 3)
Total	15 (2023: 13)	100	100	100

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code subject to our voluntary review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 56;
- the directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate as set out on page 56;
- the director's statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as set out on page 56;
- the directors' statement on fair, balanced and understandable as set out on page 57;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 69;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems as set out on page 69; and
- the section describing the work of the audit committee as set out on page 69.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 57, 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 the 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the group and the industry in which they operate. We determined that the most significant laws and regulations are: the Companies Act 2006, UK-adopted international accounting standards, Financial Reporting Standard 101 'Reduced Disclosure Framework', the UK Corporate Governance Code and taxation laws;
- We obtained an understanding of how the parent company and the group are complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the group engagement team included:
  - Assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgements made by management in significant accounting estimates;
  - Obtaining an understanding around rebate agreements and releases of aged accrual balances including obtaining an understanding of the legal requirements of such agreements;
  - Identifying and testing journal entries, in particular any journal with unusual characteristics;
  - Engaging with our internal tax specialist to address the risk of non-compliance with taxation legislation; and
  - Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

Independent Auditor's Report to the members of Johnson Service Group PLC

Continued >

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the group engagement team included consideration of the group engagement team's knowledge of the industry in which the group operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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 our 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.

Jonathan Maile FCA Bsc (Hons)
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
3 March 2025

Consolidated Income Statement

	Note	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Revenue	1,2	**513.4**	**465.3**
Impairment loss on trade receivables	18	(1.2)	(1.7)
All other costs	2	(457.5)	(420.0)
Operating profit	1,2	**54.7**	**43.6**
Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items	1,2	62.3	50.5
Amortisation of intangible assets (excluding software amortisation)	13	(7.2)	(5.3)
Exceptional items	6	(0.4)	(1.6)
Operating profit	1,2	**54.7**	**43.6**
Finance cost	7	(7.5)	(6.0)
Profit before taxation		**47.2**	**37.6**
Taxation charge	9	(11.7)	(10.4)
Profit for the year from continuing operations		**35.5**	**27.2**
Profit for the year from discontinued operations	35	**0.1**	**0.1**
Profit for the year attributable to equity holders		**35.6**	**27.3**
Earnings per share	11		
Basic earnings per share			
– From continuing operations		8.5p	6.4p
– From discontinued operations		–	–
From total operations		**8.5p**	**6.4p**
Diluted earnings per share			
– From continuing operations		8.4p	6.4p
– From discontinued operations		–	–
From total operations		**8.4p**	**6.4p**

See note 11 for Adjusted basic earnings per share and Adjusted diluted earnings per share.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Profit for the year		**35.6**	**27.3**
Items that will not be subsequently reclassified to profit or loss			
Re-measurement and experience gains on post-employment benefits	26	3.8	8.8
Taxation in respect of re-measurement and experience gains		(0.9)	(2.2)
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges (net of taxation) – fair value losses	27	(0.1)	(0.5)
– transfers to administrative expenses	27	0.5	0.4
Net gain/(loss) on hedge of a net investment	27	1.1	(0.3)
Exchange differences on translation of foreign operations		(1.2)	0.3
Total other comprehensive income for the year		**3.2**	**6.5**
Total comprehensive income for the year		**38.8**	**33.8**

The notes on pages 130 to 163 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Hedge Reserve £m	Retained Earnings £m	Total Equity £m
Balance at 31 December 2022	**43.9**	**16.8**	**1.6**	**1.2**	**(0.5)**	**221.6**	**284.6**
Profit for the year	–	–	–	–	–	27.3	27.3
Other comprehensive (loss)/income	–	–	–	–	(0.1)	6.6	6.5
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**(0.1)**	**33.9**	**33.8**
Share options (value of employee services)	–	–	–	–	–	1.0	1.0
Share buybacks	(2.5)	–	–	2.5	–	(29.8)	(29.8)
Deferred tax on share options	–	–	–	–	–	0.1	0.1
Dividend paid	–	–	–	–	–	(10.6)	(10.6)
Transactions with Shareholders recognised directly in Shareholders' equity	**(2.5)**	**–**	**–**	**2.5**	**–**	**(39.3)**	**(39.3)**
Balance at 31 December 2023	**41.4**	**16.8**	**1.6**	**3.7**	**(0.6)**	**216.2**	**279.1**
Profit for the year	–	–	–	–	–	35.6	35.6
Other comprehensive income	–	–	–	–	0.4	2.8	3.2
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**0.4**	**38.4**	**38.8**
Share options (value of employee services)	–	–	–	–	–	1.5	1.5
Deferred tax on share options	–	–	–	–	–	0.2	0.2
Issue of share capital	0.1	0.5	–	–	–	–	0.6
Dividend paid	–	–	–	–	–	(13.3)	(13.3)
Transactions with Shareholders recognised directly in Shareholders' equity	**0.1**	**0.5**	**–**	**–**	**–**	**(11.6)**	**(11.0)**
Balance at 31 December 2024	**41.5**	**17.3**	**1.6**	**3.7**	**(0.2)**	**243.0**	**306.9**

The Group has an Employee Benefit Trust (EBT) to administer share plans and to acquire shares, using funds contributed by the Group, to meet commitments to employee share schemes. At 31 December 2024 the EBT held 9,024 shares (2023: 9,024).

Consolidated Balance Sheet

	Note	As at 31 December 2024 £m	As at 31 December 2023 £m
Assets			
Non-current assets			
Goodwill	12	153.6	144.4
Intangible assets	13	29.0	19.1
Property, plant and equipment	14	160.0	134.5
Right of use assets	15	43.0	40.0
Textile rental items	16	73.4	71.9
Trade and other receivables	18	0.5	0.4
Post-employment benefit assets	26	3.8	–
		463.3	**410.3**
Current assets			
Inventories	17	2.3	1.9
Trade and other receivables	18	82.4	83.3
Reimbursement assets	19	2.6	3.9
Cash and cash equivalents		11.5	9.6
Assets classified as held for sale		0.2	–
		99.0	**98.7**
Liabilities			
Current liabilities			
Trade and other payables	20	94.3	92.8
Borrowings	22	8.9	8.3
Current income tax liabilities		0.7	0.5
Lease liabilities	23	6.2	5.5
Derivative financial liabilities	27	0.3	0.6
Provisions	25	3.2	4.9
		113.6	**112.6**
Non-current liabilities			
Post-employment benefit obligations	26	0.3	0.3
Deferred income tax liabilities	24	28.9	15.0
Trade and other payables	21	0.2	0.3
Borrowings	22	71.2	63.0
Lease liabilities	23	40.8	37.7
Derivative financial liabilities	27	–	0.2
Provisions	25	0.4	0.8
		141.8	117.3
Net assets		**306.9**	**279.1**
Equity			
Capital and reserves attributable to the company's shareholders			
Share capital	29	41.5	41.4
Share premium	31	17.3	16.8
Merger reserve		1.6	1.6
Capital redemption reserve		3.7	3.7
Hedge reserve		(0.2)	(0.6)
Retained earnings		243.0	216.2
Total equity		**306.9**	**279.1**

The notes on pages 130 to 163 are an integral part of these Consolidated Financial Statements. The financial statements on pages 113 to 163 were approved by the Board of Directors on 3 March 2025 and signed on its behalf by:

Yvonne Monaghan
Chief Financial Officer

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Cash flows from operating activities			
Profit for the year		35.6	27.3
Adjustments for:			
Taxation charge	9	11.7	10.4
Total finance cost	7	7.5	6.0
Depreciation		89.6	80.6
Amortisation	13	7.9	5.7
Profit on disposal of property, plant and equipment		–	(0.1)
(Increase)/decrease in inventories		(0.4)	0.4
Increase in trade and other receivables		(2.5)	(10.2)
Increase in trade and other payables		2.0	9.5
Deficit recovery payments in respect of post-employment benefit obligations		–	(1.6)
Share-based payments	30	1.5	1.0
Decrease in provisions		(0.9)	(0.3)
Cash generated from operations		152.0	128.7
Interest paid		(7.5)	(5.7)
Taxation paid		(2.7)	(1.6)
Net cash generated from operating activities		**141.8**	**121.4**
Cash flows from investing activities			
Acquisition of businesses (net of cash acquired)	34	(19.6)	(29.7)
Purchase of other intangible assets		(6.0)	–
Purchase of property, plant and equipment		(44.5)	(31.1)
Purchase of software		(0.1)	–
Proceeds from sale of property, plant and equipment		0.3	0.2
Purchase of textile rental items		(63.2)	(61.9)
Proceeds received in respect of special charges	16	2.3	3.3
Interest received		0.1	–
Net cash used in investing activities		**(130.7)**	**(119.2)**
Cash flows from financing activities			
Proceeds from borrowings		56.7	100.6
Repayment of borrowings		(47.2)	(54.6)
Capital element of leases		(6.3)	(7.6)
Share buyback	29	–	(29.9)
Proceeds from issue of share capital		0.6	–
Dividends paid to company shareholders		(13.3)	(10.6)
Net cash used in financing activities		**(9.5)**	**(2.1)**
Net increase in cash and cash equivalents		**1.6**	**0.1**
Cash and cash equivalents at beginning of the year		0.9	0.8
Effect of exchange rate fluctuations on cash held		(0.3)	–
Cash and cash equivalents at end of the year	36	**2.2**	**0.9**
Cash and cash equivalents comprise:			
Cash		11.5	9.6
Overdraft		(9.3)	(8.7)
Cash and cash equivalents at end of the year		**2.2**	**0.9**

The notes on pages 130 to 163 are an integral part of these Consolidated Financial Statements.

Statement of Significant Accounting Policies

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

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

The Group and Company financial statements were authorised for issue by the Board on 3 March 2025.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the information presented, unless otherwise stated. These financial statements and notes have been rounded to the nearest £0.1 million, unless otherwise stated. Accounting policies have been applied consistently throughout all periods.

The Consolidated Financial Statements of the Group have been prepared on a going concern basis in accordance with UK-adopted international accounting standards. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and defined benefit pension plans where plan assets are measured at fair value.

The preparation of financial statements in conformity with UK adopted international standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed below in the section entitled 'Judgments made in accounting policies' and 'Sources of estimation and uncertainty'.

Going concern

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group and Company, the Directors have a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 30 June 2026. Accordingly, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the Group and Company financial statements. See the Directors' Report for the full going concern assessment.

Changes in accounting policy and disclosures

(a) Standards and amendments that are effective for the first time in 2024 and could be applicable to the Group:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

(b) Standards, amendments and interpretations to existing standards that are not yet effective (have not been endorsed by the UKEB) and have not been early adopted by the Group:

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

None of above accounting standard changes are expected to have a material impact on the Group.

Judgments made in applying accounting policies

In the course of preparing these financial statements, certain judgments are made by the Group in the process of applying the Group's accounting policies. Those that have the most significant effect on either the amounts recognised in the financial statements or the presentation thereof are discussed below.

Going concern

The Consolidated Financial Statements are prepared on a going concern basis. Additional information on the judgments management has applied in adopting the going concern assumption is set out on page 56.

Sources of estimation and uncertainty

The Group makes estimates and assumptions concerning the future. Whilst such estimates and assumptions are believed to be reasonable under the circumstances, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Post-employment benefits

The Group operates two post retirement defined benefit arrangements (note 26). Asset valuations are based on the fair value of scheme assets. The valuations of the liabilities of the schemes are based on statistical and actuarial calculations, using various assumptions including discount rates, future inflation rates and pension increases, life expectancy of scheme members, flexible retirement options and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes. Any of these differences could impact the assets or liabilities recognised in the Balance Sheet in future years.

Forward looking statements

The terms 'expect', 'should be', 'will be', 'is likely to' and similar expressions identify forward looking statements.

Although the Board believes that the expectations reflected in these forward looking statements are reasonable, such statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those currently expressed or implied in such forward looking statements.

Factors which may cause future outcomes to differ from those foreseen in forward looking statements include, but are not limited to: general economic conditions and business conditions in the Group's markets; exchange and interest rate fluctuations; customers' acceptance of its products and services; the actions of competitors; and legislative, fiscal and regulatory developments.

Consolidation

The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The accounting periods of subsidiary undertakings are co-terminus with those of the Company. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed at acquisition, where necessary, to ensure consistency with the policies adopted by the Group.

Inter-company transactions include those relating to internal property leases between Johnson Group Properties PLC and Harkglade Limited (the property holding companies of the Group) and each of our other businesses. Under IFRS 16, each of the lessees are required to recognise an asset (the right to use the leased item) and a financial liability to pay rentals. On consolidation, each of the right of use asset, lease liability, depreciation and interest recognised by the lessee, relating to internal property leases, is therefore eliminated.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Where consideration due to vendors is deferred, but is not contingent on future events, it is included in consideration when assessing the total acquisition cost and is accrued within trade and other payables until such a time that the amounts are settled. Where consideration due to vendors is contingent on future events, management's assessment of the fair value of the amounts payable are included in consideration when assessing the total acquisition cost and is accrued within trade and other payables until such a time that the amounts are settled. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised immediately in the Consolidated Income Statement. As per IFRS 3, where new information is obtained within the measurement period about facts and circumstances that existed as at the acquisition date and, if known, would have affected the amounts recognised as at that date, the fair value of assets and liabilities acquired should be adjusted accordingly. The measurement period does not exceed one year from the acquisition date. Costs directly attributable to acquisitions are expensed to the Consolidated Income Statement as an exceptional item.

The results from overseas operations have been translated into sterling at the weighted average euro rate of exchange for the period of £1 = €1.181 (2023: £1 = €1.155) where this is a reasonable approximation to the rate at the dates of the transactions. Euro denominated assets and liabilities have been translated at the relevant rate of exchange at the balance sheet date of £1 = €1.210 (2023: £1 = €1.154).

Segment reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors. For reporting purposes, operating segments are aggregated into reporting segments where operating segments are considered to have similar economic conditions and characteristics and where the aggregation of operating segments provides information that enables users to evaluate the nature and financial effects of the business activities in which the Group engages and the economic environments in which it operates.

Alternative Performance Measures (APMs)

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

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

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

Limitations of APMs

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

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

Reconciliation of APMs to Statutory Performance Measures

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

- Adjusted operating profit – note 1
- Adjusted profit before and after taxation – note 8
- Adjusted EBITDA – note 8
- Adjusted EPS – note 11
- Net debt excluding IFRS 16 lease liabilities – note 36

Revenue recognition

Rendering of services

Revenue recognition is based on the principle that revenue is recognised when the performance obligation is satisfied i.e. control of a service transfers to a customer and is measured based on the consideration specified in a contract with a customer. The Group's contracts are repeat service-based contracts where value is transferred to the customer over time as the services are delivered. The provision of clean items of workwear/linen is a repetitive service of the same nature even though the number of items delivered may vary based on customer needs. As such, the Group's contracts have a single performance obligation as this is a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group applies the practical expedient under IFRS 15 B16 and recognises the revenue in the amount to which the Group has a right to invoice.

Revenue recognised is the amount of consideration to which the Group expects to be entitled to, in accordance with the existing contract, in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties, such as VAT.

Customers are generally invoiced weekly or monthly for service contracts with the vast majority of customers on 30 – 60 day credit terms.

Revenue from services provided to customers not invoiced as at the balance sheet date is recognised as unbilled receivables as where the service has already been performed, the Group has an unconditional right to consideration before it invoices where only the passage of time is required before payment of that consideration is due. This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

Contract modifications occur on a regular basis to record change in stock requirements for customers or price changes. The Group accounts for a contract modification when it is approved by the parties to the contract. Following a contract modification, the customer is billed in line with the delivery of the remaining performance obligations. Changes in stock requirements do not result in additional distinct services being provided as the service provided is of the same nature with the amount of garments/linen varying. Given the provision of clean items of garments/linen is a repetitive service of the same nature, any remaining services following a modification are distinct from those previously provided. The remaining consideration in the original contract not yet recognised as revenue is combined with the additional consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. This effectively accounts for the modification as a termination of the original contract and the inception of a new contract for all performance obligations that remain unperformed. This approach would also apply to any mid-contract price increases.

The Group applies the practical expedient included in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligation for contracts as the Group recognises revenue in line with the value of the services received by the customer to date.

Supply of goods

Where sale of goods occur, revenue is recognised at a point in time when goods are delivered to customers. Revenue recognised is the amount of consideration to which the Group expects to be entitled to, in accordance with the existing contract, in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties, such as VAT.

Invoices are raised to customers for the sale of goods following delivery.

The breakdown of revenue within the Group is presented, by operating segment, in the Segment Analysis (note 1).

Rebates

Rebates payable to customers are recognised in line with relevant contractual terms. Rebates payable to customers are contingent on the occurrence or non-occurrence of a future event e.g. the customer meeting certain agreed criteria. Rebates are recorded using the most likely method (the single most likely amount in a range of possible consideration amounts). Accruals are made for each individual rebate based on the specific terms and conditions of the customer agreement, including where they are subject to a demand from the customer. Management makes estimates on an ongoing basis, primarily based on current customer spending, historic data and its accumulated experience, in order to assess customer revenues and to calculate total rebates earned to be recorded as deductions from revenue. Rebates are charged directly to the Consolidated Income Statement over the period to which they relate.

Costs incurred to obtain a contract

The incremental costs incurred to directly obtain a contract with a customer are capitalised and recognised as an asset within Trade and other receivables (note 18) where management expects to recover those costs. Such costs are subsequently amortised over the period consistent with the Group's transfer of the related goods or services to the customer. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period where incurred.

The costs capitalised include sales commission paid to employees where payment is identified as relating directly to the signing of a customer contract. Where consideration is paid to customers relating to a contract for a period over which services will be provided, the Group also capitalises these costs. The costs are amortised over the average contract life.

Management is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the Group expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services under the relevant contract. An impairment is recognised immediately where such losses are forecast.

The movement in the asset balance in the period therefore represents additional payments made, subsequent amortisation and any required impairment.

Exceptional items

Items that are material in size, non-operating or non-recurring in nature are presented as exceptional items in the Consolidated Income Statement, within the relevant account heading. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include, but are not restricted to, restructuring of businesses, gains or losses on the disposal of certain properties, one off gains or losses relating to pension liabilities, one off income relating to non-trading activities, gains and losses related to capital insurance claims and expenses incurred and costs relating to business acquisitions and any subsequent reorganisation cost.

Employee benefits

Post-employment benefits

The Group operates various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset/liability recognised in the Balance Sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit surplus/obligation is calculated periodically by an independent actuary using the projected unit credit method. The present value of the defined benefit surplus/obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past service costs are recognised immediately in the Consolidated Income Statement. Interest cost on plan liabilities and interest income on plan assets are recognised in finance costs. Curtailment gains arising from amendments to the terms of a defined benefit plan such that a significant element of future service by current employees will no longer qualify for benefits, or will only qualify for reduced benefits, are recognised in the Consolidated Income Statement. Re-measurement gains and losses arising from experience adjustments and changes in actuarial and demographic assumptions are charged or credited to the Consolidated Statement of Comprehensive Income in the period in which they arise.

For defined contribution plans, contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment benefit obligations

The Group provides unfunded post-retirement healthcare benefits to a limited number of current and future retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The liability is recognised on the Balance Sheet within 'Post-employment benefit obligations'. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Consolidated Statement of Comprehensive Income in the year in which they arise.

Statement of Significant Accounting Policies

Continued >

Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The economic cost of awarding shares and share options to employees is recognised as an expense in the Consolidated Income Statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models, principally Binomial and Monte Carlo models. The fair value at the grant date of the award is recognised in the Consolidated Income Statement over the vesting period of the award. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. Any revision to the original estimate is reflected in the Consolidated Income Statement with a corresponding adjustment to equity to the extent it relates to past service and the remainder over the rest of the vesting period. All options cancelled are fully expensed to the Consolidated Income Statement upon cancellation. 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. Any amount charged or credited to the Consolidated Income Statement by any of the Group's subsidiaries is reflected in the books of the Company via an increase or decrease in investments, with a corresponding increase or decrease to equity. These entries are eliminated within the Consolidated Financial Statements. See the Directors' Remuneration Report for further information.

Bonus plans

The Group recognises an expense and a liability for bonuses based on the profit attributable to the Group or business as appropriate and other pre-determined performance criteria. The Group recognises an accrual where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

The Group recognises termination benefits when it is demonstrably committed to the termination of the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Discontinued operations and assets held for sale

Business components that represent separate major lines of business or geographical areas of operations are recognised as discontinued if the operations have been disposed of, or meet the criteria of as held for sale under IFRS 5. Assets are classified as held for sale if their carrying value will be principally recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable, expected to be completed within one year and the asset is available for immediate sale in its present condition. Assets held for sale are held at the lower of their carrying value amount on the date they are classified as held for sale and fair value less costs to dispose.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment, or more frequently if there are indicators that an impairment may have arisen. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date. Value in use calculations are considered first followed by fair value less costs to dispose if it is deemed necessary. See note 12 for further information.

Intangible assets

Goodwill

For acquisitions since 28 December 2003, goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired business at the date of acquisition. For acquisitions prior to this date, goodwill is included at the amount recorded previously under UK GAAP. For acquisitions prior to 1 January 2010, the cost of an acquisition includes related expenses but such costs are excluded for acquisitions after this date.

Goodwill on business acquisitions is included in non-current assets. Negative goodwill arising on acquisition is recognised directly in the Consolidated Income Statement.

Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Where an impairment is identified, it is charged to the Consolidated Income Statement within amortisation and impairment of intangible assets (excluding software). Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Capitalised software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are included on the Balance Sheet within intangible assets. Costs are amortised, once commissioned, over their estimated useful lives (four to ten years).

Costs associated with the general development and maintenance of computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of employees involved in software development and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding thirteen years).

Costs incurred in respect of the configuration and customisation of cloud-based software arrangements are expensed as and when the services are received. Configuration and customisation costs which include the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications, are recognised as intangible assets and amortised over their estimated useful lives (not exceeding thirteen years).

Other intangible assets

Other intangible assets comprise customer contracts and relationships and brands, recognised at cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives (three to thirteen years).

For assets resulting from a business combination, fair value is calculated based upon historical and prospective information and financial data specific to each business combination, with an appropriate discount factor applied.

Property, plant and equipment

Property, plant and equipment is stated at cost, less depreciation, which is calculated to write off these assets, by equal annual instalments, over their estimated useful lives. Cost includes expenditure which is directly attributable to the acquisition of the asset. The estimated life of plant, vehicles and fixtures is two to fifteen years. Improvements to short leasehold properties are amortised over the shorter of the terms of the leases and their useful life. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

Properties are depreciated over their estimated remaining useful life not exceeding 50 years commencing on 26 December 1999 or, if later, date of purchase. Land is not depreciated. The Group has not adopted a policy of revaluation but the carrying amounts of freehold and long leasehold properties reflect previous valuations. In the event of an impairment in property value the deficit below cost is charged to the Consolidated Income Statement.

The fit-out costs of new freehold or long leasehold industrial buildings are depreciated, in equal annual instalments, over their expected useful lives which range from 10 to 25 years from the date on which the assets are fully commissioned.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the Consolidated Income Statement during the financial year in which they are incurred.

No depreciation is provided for assets in the course of construction until they are completed and ready in use as management intended.

The cost of property, plant and equipment acquired through business combinations is accounted for as the fair value of assets acquired.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within the Consolidated Income Statement.

Right of use assets and lease liabilities

Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases where costs are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

At the date of lease inception, the Group determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

(a) The right to obtain substantially all the economic benefits from use of the identified asset; and

(b) The right to direct the identified asset's use.

Where a contract is deemed to contain a lease, the lease liability is initially recognised at the commencement date and measured at an amount equal to the present value of the lease payments during the lease term (the non-cancellable period) that are not yet paid.

Lease payments, excluding non-lease components (which are charged to the Consolidated Income Statement on a straight-line basis over the lease term) such as service costs, are discounted using the incremental borrowing rate of the lessee, since the interest rate implicit in the Group's leases is not readily determinable. The incremental borrowing rate is the rate that the Group would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value. The Group consults with its main bankers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a break clause. Periods after extension options/break clauses are only included in the lease term if the lease is reasonably certain to be extended or not be terminated.

Break clause options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of being able to make decisions regarding the Group's processing facilities in order to manage the needs of the Group. The majority of break clauses held are exercisable by either the Group or the lessor.

At the commencement date, it is unlikely that management would consider a break clause to be reasonably certain of being exercised given management would be unlikely to enter into a new lease agreement for a term which it was not their current intention to utilise in full. The lease term is reassessed if a break clause is exercised or the likelihood of exercise becomes reasonably certain. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group. An example of a significant change for the Group may include changing economic conditions and customer requirements impacting the Group's activities or long-term strategy.

All property break clause options held by the Group have not been included in the lease liability unless otherwise stated i.e. the periods after the break clauses have been included in the lease term. This is due to the fact the Group could not move the plants to other locations without significant cost and disruption, for reasons such as the Group will have made significant leasehold improvements to the property to meet the requirements of a laundry processing facility, the costs involved in moving plant and machinery, the availability of a workforce and the lack of suitable alternative premises.

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each subsequent lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Income Statement over the lease period using the effective interest method.

The right of use asset is initially recognised at the commencement day and measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date, plus any initial direct costs incurred by the Group, less any lease incentives received.

The right of use asset is subsequently depreciated in accordance with the requirements in IAS 16 'Property, Plant and Equipment' which results in depreciation on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis. IAS 36 'Impairment of Assets' is also applied to determine whether the right of use asset is impaired and to account for any impairment loss identified. An impairment can be recognised where onerous property leases are identified which can occur where a particular property becomes non-trading but for which the Group still has a remaining lease obligation, the net book value of the right of use asset is written down to £nil.

Reassessment of a lease occurs where there is a change in cash flows based on contractual clauses that have been part of the contract since inception. Any remeasurement of the lease liability results in a corresponding adjustment of the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining remeasurement is recognised in profit or loss. The Group remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows, using an unchanged discount rate. Reassessment of leases in the Group occurs where lease consideration changes due to a market rent review clause or changes to variable lease payments dependent on an index or rate.

A modification to a lease occurs where there is a change in scope of the lease, or the consideration for a lease, that was not part of the original terms and conditions. Where the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the contract's circumstances, the Group accounts for the modification as a separate lease.

In all other cases, on the initial date of the lease modification, the Group allocates the consideration in the modified contract to the contract components, determines the revised lease term and measures the lease liability by discounting the revised lease payments using a revised discount rate. This occurs in the case where the Group agrees property lease term extensions that were not contractual as part of the original lease.

Rentals payable in respect of operating leases (net of any incentives received from the lessor) for short term and low value leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

Lease payments are presented in the Consolidated Statement of Cash Flows as follows:

- short term lease payments relating to low value assets are presented within cash flows from operating activities
- payments for the interest element of recognised lease liabilities are included within Interest paid within cash flows from operating activities
- payments for the capital element of recognised lease liabilities are presented within cash flows from financing activities

For lessor accounting, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Sublet income is therefore recognised on a straight-line basis over the lease term.

Assets financed by leasing or hire purchase arrangements, which give rights approximating to ownership, and which had an outstanding liability on transition to IFRS 16 were transferred from Property, plant and equipment to be disclosed within Right of use assets. Where such agreements expire and ownership is transferred, the cost and accumulated depreciation of the relevant assets are transferred back to Property, plant and equipment.

Textile rental items

Textile rental items which principally comprise workwear garments, cabinet towels, linen and dust mats are initially treated as inventories. On issue to customers or into pool stock, rental items are transferred to non-current assets and are stated at invoiced cost. Depreciation is calculated on a straight-line basis over the estimated lives of the items in circulation, which range from two to five years with the majority being between two and three years. Issued textile rental items bought through acquisition of other businesses are accounted for as the fair value of issued textile rental items acquired. This will be the deemed cost of these items.

Charges are levied in respect of lost or damaged items or where a customer terminates the service before the end of the contracted period. Such charges are referred to as 'special charges'. Where proceeds are received in respect of these special charges the amounts received are deducted from the carrying value of those items to the extent possible. Any amounts received in excess of the carrying value are taken to the Consolidated Income Statement.

Where textile rental items are damaged and no charges are levied, an impairment loss is charged to the Consolidated Income Statement.

Where proceeds are received in respect of textile rental items withdrawn from circulation these are deducted from the carrying value of those amounts.

Inventories

Stocks of materials, stores, goods for resale and new rental items are valued at the lower of cost and net realisable value. Cost is stated on either a first in, first out basis or average cost basis and comprises invoiced cost in respect of the purchase of finished goods and materials, direct labour and direct transportation costs in respect of garments for sale. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges of purchases of goods. Provision is made for obsolete, defective and slow moving stock.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Under IFRS 9, the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for Trade receivables.

The Group continues to establish a provision for impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. In addition, IFRS 9 requires the Group to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The expected loss rates are based on the payment profiles of sales over the year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables. Trade receivables have been grouped for this analysis based on shared credit risk characteristics, including operating segment and region in which the customer operates. The model considers indicators such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations. The forward looking loss rate is applied to the Trade receivables excluding those specifically provided as per details below.

Further to the above model, Trade receivables are specifically impaired where there are indicators of significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, or there is default or delinquency in payments.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Income Statement within 'impairment loss on trade receivables'. When a Trade receivable is uncollectable, it is written off against the allowance account for Trade receivables. Subsequent recoveries of amounts previously written off are credited against 'impairment loss on trade receivables' in the Consolidated Income Statement. Only when amounts are confirmed irrecoverable are they written off to the Consolidated Income Statement.

Reimbursement assets

The Group recognise a reimbursement asset in respect of third-party claims made against the Group but which are indemnified under the terms of its insurance policies. A corresponding provision for such claims is also recognised. All of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policies, therefore it is virtually certain that reimbursement will be received. See note 19 for further details.

Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand.

In accordance with IAS 32: 'Financial instruments: Presentation', even where banking arrangements have a right of set off, bank overdrafts are not netted against cash and cash equivalents as the Group does not intend to offset the balances with the resulting net position shown as either a bank overdraft or a cash balance as appropriate, but are instead shown within borrowings in current liabilities on the Balance Sheet.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are amortised, as a finance cost, over the expected term of the facility, using the effective interest method. Borrowings are classified on the Balance Sheet as either current or non-current liabilities, dependent upon the maturity date of the loan. Where no borrowings exist to offset transaction costs, these costs are presented in current or non-current assets.

Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

Net debt

Net debt is defined as borrowings and lease liabilities, less cash and cash equivalents.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is not made for future operating losses. Provisions are discounted where the impact is deemed to be material.

Insurance claims

The Group recognise a provision for third-party claims made against the Group which are indemnified under the terms of its insurance policies. A corresponding reimbursement asset in respect of third party claims is also recognised. See note 25 for further details.

Property

Provision is made for dilapidations and environmental remediation costs. Liabilities for environmental remediation costs are recognised as a property provision when environmental assessments or remediation are probable and the associated costs can be reliably estimated. Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or closure of inactive sites. The provision will be utilised by the payment of annual costs, shortfalls on sub-tenanted property, expenses of early termination, environmental remediation operations and dilapidations.

Self insurance

Provision is made for the expected costs of uninsured incidents arising prior to the balance sheet date and for the anticipated cost of benefits due to existing claimants under the, now discontinued, self-insured incapacity payroll scheme.

Taxation

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received. Grants compensating for expenses incurred are recognised as a deduction of the related expenses in the Consolidated Income Statement on a systematic basis in the same periods in which the expenses are incurred.

Foreign currency translation

The Consolidated Financial Statements are presented in Sterling, which is the functional and presentational currency of the Group and Company.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange quoted at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Day-to-day transactions in a foreign currency are recorded in the functional currency at an average rate for the month in which those transactions take place, which is used as a reasonable approximation to the actual transaction rate.

Translation differences on monetary items are taken to the Consolidated Income Statement.

A number of subsidiaries within the Group have a non-sterling functional currency. The financial performance and end position of these entities are translated into Sterling in the Consolidated Financial Statements. Balance sheet items are translated at the rate applicable at the balance sheet date. Transactions reported in the Consolidated Income Statement are translated using an average rate for the month in which they occur.

The differences that arise from translating the results of foreign entities at average rates of exchange, and their assets and liabilities at closing rates, are dealt with in a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Income Statement.

Derivative financial instruments and hedging activities

The Group enters into commodity swaps to hedge against the Group's exposure to price changes in respect of diesel. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the variability of cash flows (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in the cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised within Comprehensive income and accumulated in a separate component of equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement.

Amounts accumulated in equity are recycled in the Consolidated Income Statement in the years when the hedged item will affect profit or loss (for example, when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in their fair value are recognised immediately in the Consolidated Income Statement.

Net investment hedging

Financial instruments are classified as net investment hedges when they hedge the Group's net investment in an overseas operation. The effective element of any foreign exchange gain or loss from remeasuring the instrument is recognised directly in other comprehensive income and accumulated in the translation reserve in equity. Any ineffective element is recognised immediately in the Consolidated Income Statement. Gains and losses accumulated in the translation reserve are reclassified to the Consolidated Income Statement when the foreign operation is disposed of.

Investment in own shares

Ordinary shares in the Company held by the Trustee of the Employee Benefit Trust (EBT), are recorded in the Balance Sheet as a reduction in Shareholders' equity.

Own shares are treated as a deduction to equity until the shares are cancelled, at which point they are transferred to retained earnings. The nominal value of shares in the Company purchased and subsequently cancelled is shown as a reduction in share capital and an equal and opposite transfer to the capital redemption reserve.

Dividend distribution

Dividends to holders of equity instruments declared after the balance sheet date are not recognised as a liability as at the balance sheet date. Final dividend distributions to the Company's Shareholders are recognised in the Group's financial statements in the year in which the dividends are approved by the Company's Shareholders. Interim dividends are recognised when paid.

Shareholders' equity

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Amounts in excess of the nominal value of Ordinary shares issued are recognised in share premium except where the Company was able to take relief under section 612 of the Companies Act 2006 from crediting share premium and instead transfer the net proceeds in excess of the nominal value to retained earnings.

Capital redemption reserve

Amounts in respect of the redemption of certain of the Company's Ordinary shares are recognised in the Capital redemption reserves once shares have been cancelled. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Merger reserve

The merger reserve represents the difference arising on completion of the relevant mergers in accordance with applicable accounting standards.

Translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and exchange differences on financial instruments that provide a hedge against net investments in foreign operations.

Hedging reserve

The hedging reserve represents the accumulated movements in the Group's derivative financial instruments that have been designated as hedging instruments. Amounts are transferred in and out of the reserve on the revaluation, or realisation, of identified hedging instruments.

FINANCIAL RISK MANAGEMENT

1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating companies. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

Currency risk

The Group monitors the growth and risks associated with its overseas operations. In August 2023, the Group entered into a net investment hedge to manage the impact of movements in the GBP:EUR exchange rate on the value of the Group's investment in its business in the Republic of Ireland.

Further details are provided in note 27 of these Consolidated Financial Statements.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from its borrowings and lease liabilities. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Lease liabilities are calculated on commencement of a lease as the remaining lease payments discounted using the incremental borrowing rate of the Group, thus exposing the Group to fair value interest rate risk.

Note 27 to the Consolidated Financial Statements provides additional disclosures regarding cash flow and fair value interest rate risk.

Price risk – Utilities and fuel

Key costs incurred by the Group in its operations include utilities costs for gas, electricity, water and effluent. The Group also incurs significant costs in respect of diesel given the size of the fleet of vehicles operated across the Group. Changes in utilities or fuel costs could have a material impact on the Group's financial performance.

The Group takes steps to mitigate the risk of price changes across both utilities and fuel as appropriate. In respect of gas and electricity, the Group enters into contracts with suppliers to fix prices for determined periods, ensuring the Group has appropriate visibility of future costs and to protect the Group, in the short term, over price volatility.

To try and mitigate the price risk associated with diesel costs the Group has entered into certain forward contracts with financial institutions to fix an element of the diesel cost being incurred by the Group. Contracts are in place to cover a portion of the Group's forecast diesel usage and allow for actual costs to be swapped for a fixed rate on a monthly basis. Additional details of the contracts entered into by the Group are included in note 27.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's credit risk is relatively low as, for banks and financial institutions, only independently rated parties with a minimum rating of 'A-2' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

With regards to credit exposures to customers, the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Group continues to establish a provision for impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. In addition, IFRS 9 requires the Group to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The expected loss rates are based on the payment profiles of sales over the year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables. Trade receivables have been grouped for this analysis based on shared credit risk characteristics, including segment and region in which the customer operates. The model considers indicators such as actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customers' ability to meet its obligations. This would include the impact of possible customer closures, unemployment increases etc which are factors impacting the ability of customers to settle outstanding debts.

Further to the above model, trade receivables are specifically impaired where there are indicators of significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, or there is default or delinquency in payments.

Note 18 and Note 27 provide both numerical and narrative disclosures regarding credit risk.

(c) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash reserves and maintaining the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising an undrawn borrowing facility (note 22) and cash and cash equivalents (note 27) on the basis of expected cash flow.

2 Capital risk management

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

Further details are provided in the Financial Review and in note 27.

Notes to the Consolidated Financial Statements

1 SEGMENT ANALYSIS

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

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

1) aggregation provides financial statement users with information that allows them to evaluate the business and the environment in which it operates; and

2) they have similar economic characteristics (for example, where similar long-term average gross margins would be expected) and are similar in each of the following respects:

   - the nature of the products and services;
   - the nature of the production processes;
   - the type or class of customer for their products and services;
   - the methods used to distribute their products or provide their services; and
   - the nature of the regulatory environment (i.e. banking, insurance or public utilities), if applicable.

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

1) Hotel, Restaurant and Catering Linen ('HORECA'): comprising of our Johnsons Hotel, Restaurant and Catering Linen, Johnsons Hotel Linen, Johnsons Luxury Linen (which includes the newly acquired Empire business) and Johnsons Ireland businesses each of which are a separate operating segment; and

2) Workwear: comprising of our Johnsons Workwear business only.

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

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

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

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

Exceptional items have been included within the appropriate reporting segment as shown on pages 131 to 132.

1 SEGMENT ANALYSIS (Continued)

Year ended 31 December 2024	HORECA £m	Workwear £m	All Other Segments £m	Total £m
Revenue				
Rendering of services	371.0	139.0	–	510.0
Sale of goods	0.2	3.2	–	3.4
Total revenue	**371.2**	**142.2**	**–**	**513.4**
Cost of Sales	(222.6)	(85.2)	–	(307.8)
Distribution costs	(61.5)	(20.2)	–	(81.7)
Administrative costs	(37.7)	(16.5)	(7.4)	(61.6)
Operating profit/(loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items	**49.4**	**20.3**	**(7.4)**	**62.3**
Amortisation of intangible assets (excluding software amortisation)	(6.8)	(0.4)	–	(7.2)
Exceptional items	(0.4)	–	–	(0.4)
Operating profit/(loss)	**42.2**	**19.9**	**(7.4)**	**54.7**
Total finance cost				(7.5)
Profit before taxation				**47.2**
Taxation charge				(11.7)
Profit for the year from continuing operations				**35.5**
Profit for the year from discontinued operations				**0.1**
Profit for the year attributable to equity holders				**35.6**

All of the above revenues are generated in the United Kingdom, with the exception of £34.1 million generated within the Republic of Ireland.

		HORECA £m	Workwear £m	All Other Segments £m	Total £m
Balance sheet information					
Segment assets		390.7	154.4	1.9	547.0
Unallocated assets:	Post-employment benefit assets				3.8
	Cash and cash equivalents				11.5
Total assets					**562.3**
Segment liabilities		(102.2)	(39.2)	(3.7)	(145.1)
Unallocated liabilities:	Bank borrowings				(80.1)
	Derivative financial liabilities				(0.3)
	Post-employment benefit obligations				(0.3)
	Current income tax liabilities				(0.7)
	Deferred income tax liabilities				(28.9)
Total liabilities					**(255.4)**
Other information					
Non-current asset additions					
– Property, plant and equipment		37.9	10.1	–	48.0
– Right of use assets (including reassessment/modifications)		4.7	2.5	0.1	7.3
– Textile rental items		38.9	24.0	–	62.9
– Capitalised software		0.1	–	–	0.1
– Customer contracts		6.0	–	–	6.0
Depreciation and amortisation expense					
– Property, plant and equipment		16.8	5.7	–	22.5
– Right of use assets		4.5	2.4	0.1	7.0
– Textile rental items		39.5	20.6	–	60.1
– Capitalised software		0.3	0.4	–	0.7
– Customer contracts		6.8	0.4	–	7.2

With the exception of non-current assets of £11.6 million which were located in the Republic of Ireland, all non-current assets of the Group reside in the Group's country of domicile, the United Kingdom.

1 SEGMENT ANALYSIS (Continued)

Year ended 31 December 2023	HORECA £m	Workwear £m	All Other Segments £m	Total £m
Revenue				
Rendering of services	322.6	138.9	–	461.5
Sale of goods	0.1	3.7	–	3.8
Total revenue	**322.7**	**142.6**	**–**	**465.3**
Cost of Sales	(202.7)	(83.7)	–	(286.4)
Distribution costs	(52.0)	(20.4)	–	(72.4)
Administrative costs	(32.0)	(17.1)	(6.9)	(56.0)
Operating profit/(loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items	**36.0**	**21.4**	**(6.9)**	**50.5**
Amortisation of intangible assets (excluding software amortisation)	(4.9)	(0.4)	–	(5.3)
Exceptional items	(1.6)	–	–	(1.6)
Operating profit/(loss)	**29.5**	**21.0**	**(6.9)**	**43.6**
Total finance cost				(6.0)
Profit before taxation				**37.6**
Taxation charge				(10.4)
Profit for the year attributable to equity holders				**27.2**
Profit for the year from discontinued operations				**0.1**
Profit for the year attributable to equity holders				**27.3**

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

		HORECA £m	Workwear £m	All Other Segments £m	Total £m
Balance sheet information					
Segment assets		345.9	152.1	1.4	499.4
Unallocated assets:	Cash and cash equivalents				9.6
Total assets					**509.0**
Segment liabilities		(95.2)	(43.5)	(3.3)	(142.0)
Unallocated liabilities:	Bank borrowings				(71.3)
	Derivative financial liabilities				(0.8)
	Post-employment benefit obligations				(0.3)
	Current income tax liabilities				(0.5)
	Deferred income tax liabilities				(15.0)
Total liabilities					**(229.9)**
Other information					
Non-current asset additions					
– Property, plant and equipment		20.8	6.1	–	26.9
– Right of use assets (including reassessment/modifications)		10.6	2.7	0.1	13.4
– Textile rental items		37.5	23.5	–	61.0
Depreciation and amortisation expense					
– Property, plant and equipment		15.1	5.9	–	21.0
– Right of use assets		4.0	2.5	0.1	6.6
– Textile rental items		34.5	18.5	–	53.0
– Capitalised software		0.1	0.3	–	0.4
– Customer contracts		4.9	0.4	–	5.3

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

2 EXPENSES BY FUNCTION

	2024 £m	2023 £m
Revenue		
Rendering of services	510.0	461.5
Sale of goods	3.4	3.8
Total revenue	**513.4**	**465.3**
Cost of sales	(307.8)	(286.4)
Distribution costs	(81.7)	(72.4)
Administrative expenses	(61.6)	(56.0)
Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items	**62.3**	**50.5**
Amortisation of intangible assets (excluding software amortisation)	(7.2)	(5.3)
Exceptional items	(0.4)	(1.6)
Operating profit	**54.7**	**43.6**

The items outlined below have been charged/(credited) to the Consolidated Income Statement in deriving operating profit:

	2024 £m	2023 £m
Employee benefit expense (note 4)	229.0	204.7
Auditor's remuneration (note 3)	0.6	0.7
Exceptional items (note 6)	0.4	1.6
Trade receivables impairment (note 18)	1.2	1.7
Energy costs*	45.2	46.6
Water and effluent costs	7.7	7.3
All other operating costs**	75.4	70.5
Amortisation of intangible assets: (note 13)		
Capitalised software	0.7	0.4
Customer contracts	7.2	5.3
Depreciation and impairment of:		
Property, plant and equipment (note 14)	22.5	21.0
Right of use assets (note 15)	7.0	6.6
Textile rental items (note 16)	60.1	53.0
Short term/low value leases:		
Land and buildings	0.6	0.4
Sublet rental income	(0.5)	(0.4)
Plant and equipment	1.6	2.3

* Energy costs comprise of electricity, gas and fuel costs.

** All other operating costs includes other distribution costs, other production costs, costs of inventory and other administrative costs.

3 AUDITOR'S REMUNERATION

	2024 £m	2023 £m
Fees payable for the audit of the Company	0.1	0.1
Fees payable for the audit of the Company's subsidiaries	0.5	0.6
Auditor's remuneration	**0.6**	**0.7**

Included in the above for the year to 31 December 2024 is £15,461 for non-audit related fees (2023: £15,481) in respect of the current Auditor.

4 EMPLOYEE BENEFIT EXPENSE

	2024 £m	2023 £m
Wages and salaries	192.6	169.5
Social security costs	18.3	15.6
Redundancy costs	0.1	0.2
Pension costs – defined contribution plans (Note 26)	5.5	4.8
Total costs	**216.5**	**190.1**
Agency costs	10.8	13.5
Cost of employee share schemes (Note 30)	1.7	1.1
Total employee benefit expense	**229.0**	**204.7**

The monthly average number of persons employed by the Group during the year was:

	2024	2023
HORECA	4,687	4,195
Workwear	1,894	1,953
All other segments	20	17
Total	**6,601**	**6,165**

5 DIRECTORS' EMOLUMENTS AND RENUMERATION OF THE KEY MANAGEMENT PERSONNEL

Detailed disclosures that form part of these financial statements are given in the Directors' Remuneration Report on pages 80 to 100. Key management personnel is defined as the Board.

	2024 £m	2023 £m
Short-term employee benefits	2.4	2.4
Share based payments	0.7	0.4
Post-employment benefits	0.1	0.1
Total	**3.2**	**2.9**

Short-term employee benefits shown in the table above includes social security costs, bonuses and other benefits. Post-employment benefits above include cash in lieu of pension contributions.

6 EXCEPTIONAL ITEMS

	2024 £m	2023 £m
Costs in relation to business acquisition activity	(1.4)	(1.6)
Property related credits	1.0	–
Total exceptional items	**(0.4)**	**(1.6)**

Exceptional items shown are all included in administrative expenses.

CURRENT YEAR EXCEPTIONAL ITEMS

COSTS IN RELATION TO BUSINESS ACQUISITION ACTIVITY

During the year, professional fees of £0.4 million were incurred relating to the acquisition of Empire. Further information relating to the acquisition is provided in note 34. A further £1.0 million was incurred in respect of other business acquisition related activities.

PROPERTY RELATED CREDITS

During the year, £0.6 million of income has been recognised in respect of a non-returnable deposit received relating to the potential sale of a freehold site in Exeter, which was destroyed by a fire in 2020. In addition, a £0.4 million provision relating to the same site was released as it is no longer required.

PRIOR YEAR EXCEPTIONAL ITEMS

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

7 FINANCE COST

	2024 £m	2023 £m
Interest payable on bank loans and overdrafts	4.8	3.1
Amortisation of bank facility fees	0.4	0.3
Finance costs on lease liabilities relating to IFRS 16 (note 23)	2.3	2.1
Notional interest on post-employment benefits (note 26)	–	0.5
Total finance cost	**7.5**	**6.0**

8 ALTERNATIVE PERFORMANCE MEASURES (APMS)

As discussed on pages 119 to 120 of these Consolidated Financial Statements, we refer to a number of APMs. A reconciliation of the APMs for continuing operations used are shown below:

	2024 £m	2023 £m
Adjusted profit before and after taxation		
Profit before taxation	47.2	37.6
Amortisation of intangible assets (excluding software amortisation)	7.2	5.3
Exceptional items	0.4	1.6
Adjusted profit before taxation	**54.8**	**44.5**
Taxation thereon	(12.7)	(11.5)
Adjusted profit after taxation	**42.1**	**33.0**
Adjusted EBITDA		
Operating profit before amortisation of intangible assets (excluding software amortisation) and exceptional items	62.3	50.5
Software amortisation	0.7	0.4
Property, plant and equipment depreciation	22.5	21.0
Right of use asset depreciation	7.0	6.6
Textile rental items depreciation	60.1	53.0
Adjusted EBITDA	**152.6**	**131.5**

9 TAXATION

	2024 £m	2023 £m
Current tax		
UK corporation tax charge for the year	2.5	1.7
Adjustment in relation to previous years	(0.3)	–
Current tax charge for the year	**2.2**	**1.7**
Deferred tax		
Origination and reversal of temporary differences	10.1	8.4
Adjustment in relation to previous years	(0.6)	0.3
Deferred tax charge for the year	**9.5**	**8.7**
Total charge for taxation included in the Consolidated Income Statement for continuing operations	**11.7**	**10.4**

9 TAXATION (Continued)

The tax charge for the year is lower than (2023: higher than) the effective rate of Corporation Tax in the UK of 25.0% (2023: 23.5%). A reconciliation is provided below:

	2024 £m	2023 £m
Profit before taxation	47.2	37.6
Profit before taxation multiplied by the effective rate of Corporation Tax in the UK	11.8	8.8
Factors affecting taxation charge for the year:		
Non-taxable income	(0.3)	–
Tax effect of expenses not deductible for tax purposes	1.2	0.8
Current year impact of the super-deduction	–	(0.3)
Difference in current and deferred taxation rates	0.1	0.9
Tax rate differential on non-UK profits	(0.2)	(0.1)
Adjustments in relation to previous years	(0.9)	0.3
Total charge for taxation included in the Consolidated Income Statement for continuing operations	**11.7**	**10.4**

Taxation in relation to the amortisation of intangible assets (excluding software amortisation) has decreased the charge for taxation on continuing operations by £1.1 million (2023: £1.0 million). Taxation in relation to exceptional items has increased the charge for taxation on continuing operations by £0.1 million (2023: £0.1 million).

Deferred income tax balances at the balance sheet date have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 25.0% (2023: 25.0%).

Deferred tax balances in relation to balances held in the Republic of Ireland have been recognised at 12.5%, in line with the prevailing rate of tax in 2024 (2023: 12.5%).

During the year, a deferred taxation charge of £1.0 million (2023: £2.2 million) has been recognised in Other Comprehensive Income in relation to post-employment benefits.

10 DIVIDENDS

	2024	2023
Dividend per share		
Final dividend proposed	2.70p	1.90p
Interim dividend proposed and paid	1.30p	0.90p

	2024 £m	2023 £m
Shareholders' funds committed		
Final dividend proposed	11.2	7.9
Interim dividend proposed and paid	5.4	3.8

The Directors propose the payment of a final dividend in respect of the year ended 31 December 2024 of 2.7 pence per share. This will utilise Shareholders' funds of £11.2 million and will be paid, subject to Shareholder approval, on 9 May 2025 to Shareholders on the register of members on 11 April 2025. However, given the Board's intention to shortly commence a share buyback programme, the actual distribution is expected to ultimately be less than the amount stated above. In accordance with IAS 10 there is no payable recognised at 31 December 2024 in respect of this proposed dividend. The trustee of the EBT has waived the entitlement to receive dividends on the Ordinary shares held by the trust.

11 EARNINGS PER SHARE

	2024 £m	2023 £m
Profit for the financial year from continuing operations attributable to Shareholders	35.5	27.2
Amortisation of intangible assets from continuing operations (net of taxation)	6.1	4.3
Exceptional costs from continuing operations (net of taxation)	0.5	1.5
Adjusted profit from continuing operations attributable to Shareholders	42.1	33.0
Profit from discontinued operations attributable to Shareholders	0.1	0.1
Total adjusted profit from all operations attributable to Shareholders	**42.2**	**33.1**

	No. of shares	No. of shares
Weighted average number of Ordinary shares	414,500,856	424,327,473
Potentially dilutive Ordinary shares	3,656,131	406,218
Diluted number of Ordinary shares	418,156,987	424,733,691

	Pence per share (p)	Pence per share (p)
Basic earnings per share		
From continuing operations	8.5p	6.4p
From discontinued operations	–	–
From total operations	8.5p	6.4p
Adjustments for amortisation of intangible assets (continuing)	1.5p	1.0p
Adjustment for exceptional items (continuing)	0.2p	0.4p
Adjusted basic earnings per share (continuing)	10.2p	7.8p
Adjusted basic earnings per share (discontinued)	–	–
Adjusted basic earnings per share from total operations	10.2p	7.8p
Diluted earnings per share		
From continuing operations	8.4p	6.4p
From discontinued operations	–	–
From total operations	8.4p	6.4p
Adjustments for amortisation of intangible assets (continuing)	1.5p	1.0p
Adjustment for exceptional items (continuing)	0.2p	0.4p
Adjusted diluted earnings per share (continuing)	10.1p	7.8p
Adjusted diluted earnings per share (discontinued)	–	–
Adjusted diluted earnings per share from total operations	10.1p	7.8p

Basic earnings per share is calculated using the weighted average number of Ordinary shares in issue during the year, excluding those held by the Employee Benefit Trust, based on the profit for the year attributable to Shareholders. Adjusted earnings per share figures are given to exclude the effects of amortisation of intangible assets (excluding software amortisation) and exceptional items, all net of taxation, and are considered to show the underlying performance of the Group.

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

Potentially dilutive Ordinary shares are dilutive at the point, from a continuing operations level, when their conversion to Ordinary shares would decrease earnings per share or increase loss per share. Potentially dilutive Ordinary shares have been treated as dilutive in both years, as their inclusion in the diluted earnings per share calculation decreases the earnings per share from continuing operations.

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

12 GOODWILL

	2024 £m	2023 £m
Cost		
Brought forward	145.8	135.2
Impact of foreign exchange translation	(0.3)	0.1
Business combinations (see note 34)	9.5	10.5
Carried forward	**155.0**	**145.8**
Accumulated impairment losses		
Brought forward	1.4	1.4
Losses in the year	–	–
Carried forward	**1.4**	**1.4**
Carrying amount		
Opening	144.4	133.8
Closing	**153.6**	**144.4**

In accordance with UK adopted international accounting standards, goodwill is not amortised, but instead is tested annually for impairment, or more frequently if there are indicators that an impairment has arisen, and carried at cost less accumulated impairment losses.

Impairment tests for goodwill

The allocation of goodwill to Cash Generating Units (CGUs) is as follows:

	2024 £m	2023 £m
Workwear	41.7	41.7
Hotel, Restaurant and Catering Linen	48.3	48.3
Hotel Linen	40.9	40.9
Luxury Linen*	12.7	3.2
Ireland	10.0	10.3
HORECA	111.9	102.7
Total	**153.6**	**144.4**

* The CGUs have been reassessed in the year, resulting in Empire and Regency forming the Luxury Linen group of CGUs. Following the acquisition of Empire in September 2024, the Board determined that the day to day management and responsibility for the Empire and Regency businesses should be under one management team. With effect from 2 September 2024, the two businesses are now reported and reviewed by management as one business. Management and support costs for the two businesses are allocated across the two sites and there is the ability for work to transfer between the sites making the cashflows of the two business not independent of each other. Accordingly, the figures in the table above for Luxury Linen reflect goodwill for both Empire and Regency (2023: Regency).

Goodwill is tested for impairment by comparing the carrying value of each CGU against its recoverable amount. The carrying value for each CGU includes the net book value of goodwill, intangible assets and certain related deferred tax balances, property, plant and equipment, right of use assets, textile rental items and lease liabilities. Where lease liabilities have been included within the carrying value, the same adjustment has been made to the recoverable amount. Deferred tax balances included are only those which have arisen as a result of a business combination in accordance with IAS 12 and preforming the VIU assessment on a pre-tax basis in accordance with IAS 36. They are included to avoid any potential 'artificial' impairment of the CGU.

The recoverable amount of a CGU is primarily determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets and forecasts, covering three years, which are approved by the Board. In arriving at the values assigned to each key assumption management make reference to past experience and external sources of information regarding the future. Key assumptions around income and costs within the budget are derived on a detailed, 'bottom up' basis. All income streams and cost lines are considered and appropriate growth, or decline, rates are assumed for each, all of which are then reviewed, challenged and stress tested, firstly by senior management and ultimately by the Board. Income and cost growth forecasts are risk adjusted to reflect specific risks facing each CGU and take into account the markets in which they operate. Cash flows beyond the above period are, ordinarily, extrapolated using the estimated growth rate stated below, which does not exceed the long-term average growth rate for the markets in which the CGU's operate, into perpetuity.

When assessing the recoverable amount for CGUs as at 30 November 2024, the forecasts covered the period to the end of 2027. Cash flows beyond that period were then extrapolated using the estimated growth rate stated below. It is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

12 GOODWILL (Continued)

The pre-tax discount rate used within the recoverable amount calculations was 14.3% (2023: 14.7%) for all Sterling denominated cashflows and 10.7% (2023: 11.5%) for Euro denominated cashflows and is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. The discount rate takes into account, amongst other things, the risk free rate of return, the market risk premium, size premium and beta factor reflecting the average Beta for the Group and comparator companies which are used in deriving the cost of equity.

The same discount rate has been used for each CGU (with the exception of Euro denominated cashflows within the Ireland CGU) as the principal risks and uncertainties associated with the Group, as highlighted on pages 43 to 49, would also impact each CGU in a similar manner. Although Ireland is also impacted by the same principal risks and uncertainties associated with the Group as a whole, it is also subject to a different economic and regulatory environment and, therefore, where relevant, a different WACC has been calculated to take these differences into account. The Board acknowledge that there are additional factors that could impact the risk profile of each CGU.

These additional factors were considered by way of sensitivity analysis performed as part of the annual impairment tests. The level of headroom is predominantly dependent upon judgments used in arriving at future growth rates and the discount rate applied to cash flow projections. Within the cash flow projections, key drivers to future growth rates are dependent on the Group's ability to maintain and grow income streams including price increases and volume growth, whilst effectively managing operating costs in light of the current inflationary pressures in the wider macroeconomic environment. The level of headroom may change if different growth rate assumptions, a different pre-tax discount rate were used or cash flow projections were not met in the calculation of value-in-use for each CGU. Where the value-in-use calculations suggest an impairment, the Board would consider alternative use values prior to realising any impairment, being the fair value less costs to dispose.

Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill such that (i) the long-term growth rate for the forecast period was reduced to nil and (ii) the pre-tax discount rate was increased by 5.05%. Such changes did not result in any impairment of goodwill. Significant headroom exists in each of the CGUs and, based on the stress testing performed, reasonable possible changes in the assumptions would not cause the carrying amount of the CGUs to equal or to exceed their recoverable amount. From this sensitivity analysis, it was identified that the Workwear CGU is the most sensitive to any changes beyond the assumptions considered.

The assumptions used for value-in-use calculations are as follows:

	2024		2023	
	Sterling	Euro	Sterling	Euro
Annual growth rate (after forecast period)	2.00%	2.00%	2.00%	2.00%
Risk free rate of return	4.55%	2.32%	4.40%	2.77%
Market risk premium	4.90%	5.21%	5.08%	5.21%
Beta Factor	1.16	1.16	1.14	1.14
Size Premium	3.00%	3.00%	3.00%	3.00%
Cost of debt	7.37%	6.64%	7.75%	7.60%

Having completed the 2024 impairment review, no impairment has been recognised in relation to the CGUs.

13 INTANGIBLE ASSETS

	Capitalised Software £m	Other Intangible Assets £m	Total £m
Cost			
At 31 December 2022	**2.6**	**85.6**	**88.2**
Business combination (note 34)	–	13.8	13.8
Foreign exchange differences	–	0.1	0.1
At 31 December 2023	**2.6**	**99.5**	**102.1**
Additions	0.1	6.0	6.1
Business combination (note 34)	–	12.2	12.2
Foreign exchange differences	–	(0.6)	(0.6)
At 31 December 2024	**2.7**	**117.1**	**119.8**
Accumulated amortisation			
At 31 December 2022	**1.0**	**76.3**	**77.3**
Charged during the year	0.4	5.3	5.7
At 31 December 2023	**1.4**	**81.6**	**83.0**
Charged during the year	0.7	7.2	7.9
Foreign exchange differences	–	(0.1)	(0.1)
At 31 December 2024	**2.1**	**88.7**	**90.8**
Carrying amount			
At 31 December 2022	**1.6**	**9.3**	**10.9**
At 31 December 2023	**1.2**	**17.9**	**19.1**
At 31 December 2024	**0.6**	**28.4**	**29.0**

Amortisation of capitalised software is included within administrative expenses in the Consolidated Income Statement in determining Adjusted operating profit. Amortisation of other intangible assets is shown separately on the face of the Consolidated Income Statement.

Other intangible assets comprise of customer contracts and relationships and brands arising from business combinations together with the customer contracts acquired not as part of a business combination. For assets resulting from a business combination, fair value is calculated based upon historical and prospective information and financial data specific to each business combination, with an appropriate discount factor applied. For assets not acquired as part of a business combination, fair value is deemed to be the amounts to purchase the contracts plus associated costs less value of stock acquired.

Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of other intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (usually three to thirteen years).

The longest estimated useful life remaining at 31 December 2024 is 13 years.

Significant acquisition intangibles

Acquisition	Year	Acquisition intangible	Remaining estimated useful life	2024 £m	2023 £m
Empire	2024	Customer Contracts	13 years	9.9	–
Celtic Linen	2023	Customer Contracts	12 years	7.8	9.1

14 PROPERTY, PLANT AND EQUIPMENT

	Properties £m	Plant and Equipment £m	Total £m
Cost			
At 31 December 2022	**41.9**	**212.4**	**254.3**
Additions	0.1	26.8	26.9
Disposals	(0.1)	(4.8)	(4.9)
Business combinations (note 34)	3.1	3.3	6.4
Transfers from right of use assets	–	2.7	2.7
At 31 December 2023	**45.0**	**240.4**	**285.4**
Foreign exchange differences	(0.1)	(0.4)	(0.5)
Additions	1.8	46.2	48.0
Disposals	(0.1)	(5.3)	(5.4)
Business combinations (note 34)	–	0.9	0.9
Transfers from right of use assets	–	0.1	0.1
Transfers to assets classified as held for sale	(0.3)	–	(0.3)
At 31 December 2024	**46.3**	**281.9**	**328.2**
Accumulated depreciation			
At 31 December 2022	**16.2**	**118.5**	**134.7**
Charged during the year	1.2	19.8	21.0
Eliminated on disposals	(0.1)	(4.7)	(4.8)
At 31 December 2023	**17.3**	**133.6**	**150.9**
Charged during the year	1.1	21.4	22.5
Eliminated on disposals	–	(5.1)	(5.1)
Transfers to assets classified as held for sale	(0.1)	–	(0.1)
At 31 December 2024	**18.3**	**149.9**	**168.2**
Carrying amount			
At 31 December 2022	**25.7**	**93.9**	**119.6**
At 31 December 2023	**27.7**	**106.8**	**134.5**
At 31 December 2024	**28.0**	**132.0**	**160.0**

The value of assets under construction at 31 December 2024 was £5.3 million (2023: £6.6 million) and are included above within plant and equipment. Depreciation charges are recognised in cost of sales, administrative expenses and distribution costs depending on the assets to which the depreciation relates.

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

15 RIGHT OF USE ASSETS

	Properties £m	Plant and Equipment £m	Total £m
Cost			
At 31 December 2022	**43.6**	**7.3**	**50.9**
Additions	6.6	3.1	9.7
Business combinations (note 34)	1.5	2.7	4.2
Reassessment/modification of assets previously recognised	3.6	0.1	3.7
Disposals	(0.7)	(2.2)	(2.9)
Transfers to property, plant and equipment	–	(2.7)	(2.7)
At 31 December 2023	**54.6**	**8.3**	**62.9**
Additions	0.9	0.7	1.6
Business combinations (note 34)	1.9	0.9	2.8
Reassessment/modification of assets previously recognised	5.7	–	5.7
Disposals	–	(2.3)	(2.3)
Transfers to property, plant and equipment	–	(0.1)	(0.1)
At 31 December 2024	**63.1**	**7.5**	**70.6**
Accumulated depreciation			
At 31 December 2022	**14.9**	**4.3**	**19.2**
Charged during the year	4.7	1.9	6.6
Disposals	(0.7)	(2.2)	(2.9)
At 31 December 2023	**18.9**	**4.0**	**22.9**
Charged during the year	5.1	1.9	7.0
Disposals	–	(2.3)	(2.3)
At 31 December 2024	**24.0**	**3.6**	**27.6**
Carrying amount			
At 31 December 2022	**28.7**	**3.0**	**31.7**
At 31 December 2023	**35.7**	**4.3**	**40.0**
At 31 December 2024	**39.1**	**3.9**	**43.0**

Depreciation charges are recognised in distribution expenses and administrative expenses within the Consolidated Income Statement depending on the assets to which the depreciation relates.

The transfer of assets to property, plant and equipment represents the reclassification of the cost and associated depreciation of assets to property, plant and equipment where the lease was repaid in the year and the asset is now owned.

The reassessment/modification of leases relates to rental increases and extensions to lease terms that have been agreed during the year to 31 December 2024 and 31 December 2023 that were in place at the start of the relevant year.

16 TEXTILE RENTAL ITEMS

	2024 £m	2023 £m
Cost		
Brought forward	129.7	121.6
Foreign exchange differences	(0.3)	–
Additions	62.9	61.0
Business combinations (note 34)	1.1	3.4
Disposals	(58.4)	(49.7)
Special charges	(4.6)	(6.6)
Carried forward	**130.4**	**129.7**
Accumulated depreciation		
Brought forward	57.8	57.8
Foreign exchange differences	(0.2)	–
Charged during the year	60.1	53.0
Disposals	(58.4)	(49.7)
Special charges	(2.3)	(3.3)
Carried forward	**57.0**	**57.8**
Carrying amount		
Opening	71.9	63.8
Closing	**73.4**	**71.9**

Depreciation charges are recognised in cost of sales within the Consolidated Income Statement.

17 INVENTORIES

	2024 £m	2023 £m
New textile rental items	1.8	1.5
Raw materials and stores	0.5	0.4
	2.3	**1.9**

The amounts above are net of an inventory provision of £0.1 million (2023: £0.3 million). There has been £nil (2023: £nil) stock provision recognised during the year within cost of sales in the Consolidated Income Statement. Amounts transferred to cost of sales in the year are £8.4 million (2023: £8.1 million).

18 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Amounts falling due within one year:		
Trade receivables	68.8	70.9
Less: provision for impairment of trade receivables	(4.5)	(4.1)
Trade receivables – net	64.3	66.8
Unbilled receivables	5.8	3.0
Other receivables	2.9	2.7
Prepayments	8.6	10.1
Costs incurred to obtain a contract	0.8	0.7
	82.4	**83.3**
Amounts falling due after more than one year:		
Costs incurred to obtain a contract	0.5	0.4
	0.5	**0.4**
	82.9	**83.7**

Prepayments include £4.3 million (2023: £6.1 million) of deposits relating to items of Property, plant and equipment where no asset has physically been received as at 31 December 2024.

Costs capitalised as costs incurred to obtain a contract during the year total £1.1 million (2023: £1.1 million). The charge recognised during the year relating to costs incurred to obtain a contract is £0.9 million (2023: £0.9 million). Costs capitalised in relation to costs incurred to obtain a contract are expected to be recoverable.

18 TRADE AND OTHER RECEIVABLES (Continued)

The maturity of financial assets (which comprise of current and non-current trade receivables, unbilled receivables and other receivables) is analysed below:

	Gross £m	Provision £m	2024 Net £m	Gross £m	Provision £m	2023 Net £m
Trade receivables, unbilled receivables and other receivables						
– Not yet due and up to 3 months overdue	75.3	(3.1)	72.2	72.3	(2.5)	69.8
– 3 to 6 months past due	1.4	(0.6)	0.8	2.6	(0.8)	1.8
– 6 to 12 months past due	0.8	(0.8)	–	1.7	(0.8)	0.9
	77.5	**(4.5)**	**73.0**	**76.6**	**(4.1)**	**72.5**

Under IFRS 9, the Group is required to utilise objective evidence as well as consider forward looking information and the probability of default when calculating expected credit losses. The maturity of financial assets is therefore used as an indicator as to the probability of default.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Under IFRS 9, the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. Forward looking loss rates for each debt aging category takes into account how overdue the debt is, the type of receivable, operating segment and region in which the customer operates, as well as other current market and trading conditions. Further to the expected credit loss model, trade receivables are specifically impaired where there are indicators of significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, or there is default or delinquency in payments.

There is limited concentration of credit risk with respect to trade receivables due to the diverse and unrelated nature of the Group's customers. Accordingly, the Directors believe that no further credit provision is required in excess of the provision for impairment of receivables.

The movement in the provision for trade and other receivables is analysed below:

	2024 £m	2023 £m
At 1 January	(4.1)	(3.4)
Business acquisitions	(0.2)	(0.2)
Provisions for receivables impairment	(1.2)	(1.7)
Receivables written off during the year as uncollectable	1.0	1.2
At 31 December	**(4.5)**	**(4.1)**

The creation and release of the provision for impaired receivables has been included in impairment loss on trade receivables in the Consolidated Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

All trade and other receivable balances at the balance sheet date are denominated in Sterling, with the exception of £4.3 million (2023: £4.4 million) which are denominated in Euros, and are held at amortised cost. Given the short-term nature of current receivables there is deemed to be no difference between this and fair value. The difference between the book value and fair value of non-current trade and other receivables is deemed to be not material.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable detailed within this note. The Group does not hold any collateral as security.

19 REIMBURSEMENT ASSETS

	2024 £m	2023 £m
Reimbursement assets	2.6	3.9
	2.6	**3.9**

The Group recognises a reimbursement asset in respect of third-party claims made against the Group, but which under the terms of its insurance policies, the Group is indemnified. All of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policies, and therefore it is virtually certain that reimbursement will be received.

As the Group expects, on average, insurance claims to be settled within one year which is driven by a review of the historic claims data, recognition of these balances is made within current assets and current liabilities.

20 TRADE AND OTHER PAYABLES (CURRENT)

	2024 £m	2023 £m
Trade payables	41.1	40.6
Other payables	2.0	1.8
Other taxation and social security liabilities	13.4	14.3
Deferred income	0.5	0.3
Accruals	37.3	35.8
	94.3	**92.8**

All trade and other payables at the balance sheet date are denominated in Sterling, with the exception of £3.3 million (2023: £4.0 million) which are denominated in Euros and are held at amortised cost. Given the short term nature there is deemed to be no difference between this and fair value.

Trade payables are unsecured and are usually paid within 60 days of recognition.

Other taxation and social security liabilities includes amounts owing in relation to value added tax, pay as you earn and pay related social insurance.

Accruals includes balances in relation to, inter alia, energy costs, rebates and wages and salaries.

21 TRADE AND OTHER PAYABLES (NON-CURRENT)

	2024 £m	2023 £m
Deferred income	0.2	0.3
	0.2	**0.3**

The difference between the book value and fair value of non-current trade and other payables is not material.

22 BORROWINGS

	2024 £m	2023 £m
Current		
Overdraft	9.3	8.7
Bank loans	(0.4)	(0.4)
	8.9	**8.3**
Non-current		
Bank loans	71.2	63.0
	71.2	**63.0**
	80.1	**71.3**
The maturity of non-current bank loans is as follows:		
– Between one and two years	–	–
– Between two and five years	71.3	63.2
– Unamortised issue costs of bank loans	(0.1)	(0.2)
	71.2	**63.0**
The currency of the outstanding bank loans is as follows:		
– Sterling	44.0	32.0
– Euros	27.3	31.2
	71.3	**63.2**

At 31 December 2024, borrowings were secured and drawn down under a committed facility dated 8 August 2022. The facility comprises a £120.0 million revolving credit facility (including an overdraft) which runs to August 2027 with an option, with bank consent, to increase the facility by up to an additional £15.0 million.

22 BORROWINGS (Continued)

Individual tranches are drawn down, in Sterling or Euros, for periods of up to six months and at SONIA or Euribor rates of interest respectively, prevailing at the time of drawdown, plus the credit adjustment spread and the applicable margin. Maturity of the bank loans is shown as non-current to reflect the current term of the facility. Although the tranches are drawdown for periods of up to six months, in reality the tranches are not repaid in full and therefore it would be misleading to present the bank loans as current. The margin on the facility ranges between 1.45% and 2.45% and was 1.45% at 31 December 2024. Margin is determined on the achievement of leverage ratios.

The secured bank loans are stated net of unamortised issue costs of £0.5 million (2023: £0.6 million) of which £0.4 million is included within current borrowings (2023: £0.4 million) and £0.1 million is included within non-current borrowings (2023: £0.2 million). Details of the security are provided in note 28 to the Consolidated Financial Statements.

The Group has two (2023: three) net overdraft facilities for £5.0 million and £3.0 million with certain of its principal bankers (2023: £5.0 million, £3.0 million and £1.3 million).

23 LEASE LIABILITIES

	Properties £m	Plant and Equipment £m	Total £m
At 31 December 2022	**31.3**	**3.0**	**34.3**
Additions	6.4	3.1	9.5
Business combinations (note 34)	1.4	1.9	3.3
Reassessment/modification of liabilities previously recognised	3.6	0.1	3.7
Lease liability payments (including finance costs)	(5.9)	(3.8)	(9.7)
Finance costs	2.0	0.1	2.1
At 31 December 2023	**38.8**	**4.4**	**43.2**
Additions	0.9	0.7	1.6
Business combinations (note 34)	1.9	0.9	2.8
Reassessment/modification of liabilities previously recognised	5.7	–	5.7
Lease liability payments (including finance costs)	(6.5)	(2.1)	(8.6)
Finance costs	2.1	0.2	2.3
At 31 December 2024	**42.9**	**4.1**	**47.0**

23 LEASE LIABILITIES (Continued)

Lease liabilities are comprised of the following balance sheet amounts:

	2024 £m	2023 £m
Amounts due within one year (Lease liabilities, Current liabilities)	6.2	5.5
Amounts due after more than one year (Lease liabilities, Non-Current liabilities)	40.8	37.7
	47.0	**43.2**

Lease liabilities are as follows:

	2024 £m	2023 £m
Not more than one year		
Minimum lease payments	8.5	7.5
Interest element	(2.3)	(2.0)
Present value of minimum lease payments	**6.2**	**5.5**
Between one and five years		
Minimum lease payments	26.1	23.9
Interest element	(6.6)	(5.7)
Present value of minimum lease payments	**19.5**	**18.2**
More than five years		
Minimum lease payments	30.9	29.1
Interest element	(9.6)	(9.6)
Present value of minimum lease payments	**21.3**	**19.5**

Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect. Of the remaining lease liability at 31 December 2024 £0.1 million (2023: £0.2 million) is subject to inflation-linked rentals, relating to the commercial vehicle fleet within the HORECA division. A further £38.2 million (2023: £32.5 million) is subject to rent reviews relating to the Group's property portfolio.

Following the adoption of IFRS 16, short term leases (those with an expected term of 12 months or less) and leases for low value assets, continue to be expensed on a straight line basis over the lease term, as under IAS 17. The expense relating to these payments was £1.6 million (2023: £2.3 million).

Total cash outflow for leases, comprising capital and interest payments, for the year ended 31 December 2024 was £8.6 million (2023: £9.7 million).

Furthermore, the Group sublets properties under operating leases. Income recognised in the Consolidated Income Statement during the year amounts to £0.5 million (2023: £0.4 million).

24 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Deferred Income Tax Assets 2024 £m	Deferred Income Tax Assets 2023 £m	Deferred Income Tax Liabilities 2024 £m	Deferred Income Tax Liabilities 2023 £m
Recognised deferred income tax assets and liabilities				
Depreciation less than capital allowances	–	–	(43.4)	(35.0)
Employee share schemes	1.0	0.3	–	–
Post-employment benefits	–	0.1	(0.9)	–
Derivative financial liabilities	0.1	0.2	–	–
Trading losses	19.7	22.4	–	–
Other short term timing differences	–	–	(0.5)	(0.1)
Separately identifiable intangible assets	–	–	(4.9)	(2.9)
	20.8	**23.0**	**(49.7)**	**(38.0)**

The deferred income tax assets disclosed above are deemed to be recoverable.

The following provides a reconciliation of the movement in each of the deferred income tax assets and liabilities:

	Depreciation less than Capital Allowances £m	Employee Share Schemes £m	Post-employment Benefits £m	Derivative Financial Instruments £m	Trading Losses £m	Other Short Term Timing Differences £m	Intangible Assets £m	Total £m
At 31 December 2022	**(27.6)**	**0.1**	**2.6**	**0.2**	**24.9**	**0.1**	**(2.1)**	**(1.8)**
Deferred income tax liabilities acquired	(0.8)	–	–	–	0.2	–	(1.8)	(2.4)
(Charge)/credit to income	(6.6)	0.1	(0.3)	–	(2.7)	(0.2)	1.0	(8.7)
Credit to Shareholders' equity	–	0.1	–	–	–	–	–	0.1
Charge to other comprehensive income	–	–	(2.2)	–	–	–	–	(2.2)
At 31 December 2023	**(35.0)**	**0.3**	**0.1**	**0.2**	**22.4**	**(0.1)**	**(2.9)**	**(15.0)**
Deferred income tax liabilities acquired	(0.5)	–	–	–	–	–	(3.1)	(3.6)
(Charge)/credit to income	(7.9)	0.5	(0.1)	–	(2.7)	(0.4)	1.1	(9.5)
Credit to Shareholders' equity	–	0.2	–	–	–	–	–	0.2
Charge to other comprehensive income	–	–	(0.9)	(0.1)	–	–	–	(1.0)
At 31 December 2024	**(43.4)**	**1.0**	**(0.9)**	**0.1**	**19.7**	**(0.5)**	**(4.9)**	**(28.9)**

The charge to income above of £9.5 million (2023: £8.7 million charge) is all in relation to continuing operations.

Deferred income taxes at the balance sheet date have been measured at an effective tax rate of 25.0% as at 31 December 2024 (2023: 25.0%).

The Group does not expect to utilise any of the Group's net deferred income tax liability in the next 12 months. This is management's current best estimate and may not reflect the actual outcome in the next 12 months.

25 PROVISIONS

	Insurance Claims £m	Property £m	Self Insurance £m	Total £m
At 31 December 2022	**4.5**	**1.0**	**0.4**	**5.9**
Business acquisitions (note 34)	0.1	–	0.6	0.7
Additions	1.6	–	–	1.6
Utilised during the year	(2.3)	–	(0.1)	(2.4)
Credit to Income Statement	–	(0.1)	–	(0.1)
At 31 December 2023	**3.9**	**0.9**	**0.9**	**5.7**
Additions	0.7	–	–	0.7
Utilised during the year	(2.0)	–	(0.1)	(2.1)
Credit to Income Statement	–	(0.4)	(0.3)	(0.7)
At 31 December 2024	**2.6**	**0.5**	**0.5**	**3.6**

	2024 £m	2023 £m
Analysis of total provisions		
Current	3.2	4.9
Non-current	0.4	0.8
	3.6	**5.7**

Insurance claims

The Group recognises a provision for liabilities in respect of third party claims made against it. A corresponding reimbursement asset of £2.6 million (2023: £3.9 million) has been recognised as all of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policy. As the Group expects insurance claims to be settled within one year, recognition of these balances is made within current assets and current liabilities. All movement shown above in respect of Insurance claims is non-cash movement as the amounts are settled by the third party insurance provider and therefore there will be no amounts shown within the Consolidated Cashflow Statement.

Property

The property provision includes onerous property costs, expected lease dilapidation costs and the estimated remediation costs of property where an environmental problem has been identified and the costs to rectify can be reliably measured. The estimates and judgments used in determining the value of provisioning are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The majority of the property provision is expected to be utilised over a period of up to four years.

Self insurance

£0.2 million of the self insurance provision is in respect of the estimated payments due to existing claimants under the self funded incapacity scheme over an estimated period of 10 years. This scheme is now closed to new entrants.

The remaining provision relates to Celtic Linen, whereby under the terms of its employers' public and products liability insurance policy, Celtic Linen has indemnified the insurer for the first £0.2 million in the aggregate in respect of any one period of insurance.

26 POST-EMPLOYMENT BENEFITS

The Group operates pension schemes of both the funded defined benefit and the defined contribution type for a substantial number of employees. In addition, the Group also operates an unfunded defined benefit private healthcare scheme for eligible retirees. The disclosures below are in respect of all of the Group schemes.

Pensions – defined contribution

Several defined contribution pension schemes are used within the Group. The total cost of employer contributions for the year was £5.5 million (2023: £4.8 million).

Pensions – defined benefit

The Group operates a defined benefit pension scheme, the Johnson Group Defined Benefit Scheme ('JGDBS'). The JGDBS was closed to future accrual on 31 December 2014.

26 POST-EMPLOYMENT BENEFITS (Continued)

A full actuarial valuation of the JGDBS was carried out as at 30 September 2022 and has been updated to 31 December 2024 by an independent qualified actuary. The updated actuarial valuation at 31 December 2024 showed that the scheme had a surplus of £3.8 million (2023: £nil). During the year, no employer or employee contributions were made (2023: £nil).

The schedule of contributions put in place on 31 October 2023, which superseded all earlier versions, required no further deficit recovery payments. Following discussions with the Trustee of the scheme following the finalisation of the full actuarial valuation, deficit recovery payments ceased. Deficit recovery payments of £nil (2023: £1.6 million) were made to the Scheme during the year.

The surplus is recognised on the balance sheet in line with IFRIC 14, as the Group has an unconditional legal right to any future economic benefits by way of a future refund of a surplus on wind-up of the scheme.

Actuarial assumptions

Considerations when calculating the IAS 19 liability

IAS19 sets out prescribed (qualitative) conditions for selecting the actuarial assumptions used to calculate the pension liabilities and pension costs. A key assumption is the discount rate which is used to determine the value of pension liabilities at the balance sheet date. The selection of the price inflation assumptions (both RPI and CPI) is also critical as these are relevant for the pre-retirement revaluation and pension increases in payment assumptions.

These assumptions are based on market yields at the balance sheet date, and may not be borne out in practice due to the long-term expected duration of the Scheme. The weighted average duration of the defined benefit obligation is approximately 9 years (2023: 9 years). The duration is calculated based on the membership data and results of the 2022 triennial valuation but updated to reflect market conditions as at 31 December 2024. Within the prescribed conditions however, assumptions must be mutually compatible and lead to the best estimate of the future cash flows in respect of pension liabilities.

A summary of relevant considerations is set out below:

Assumption for valuing pension liabilities	Comments on prescribed conditions
Discount rate (pre and post retirement)	Based on yields on "high quality" corporate bonds of appropriate duration and currency, or a suitable proxy. Our approach is to value sample pensioner and non-pensioner cash flows with different durations using a yield curve approach and to calculate the single equivalent discount rate for each set of cash flows
Retail Price inflation (RPI)	Based on the yield differential between index-linked bonds and fixed-interest bonds of appropriate duration and of a similar credit standing (for example, using spot yields derived from the inflation yield curve published by the Bank of England) with the allowance for an inflation premium to reflect market conditions
Consumer Price Inflation (CPI)	Based on the RPI assumption with an adjustment to reflect the historic and future expected long term differences between the RPI and CPI indices
Pension increases	Compatible with the rate of price inflation above taking into account the effects of scheme rules and valid expectations of discretionary increases based on best past practice
Demographic assumptions (e.g. rates of mortality and early retirement)	Compatible assumptions that lead to a best estimate of future cash flows

Assumptions used

	2024	2023
Rate used to discount scheme liabilities	5.35%	4.55%
Retail price inflation (RPI)	3.30%	3.15%
Consumer price inflation (CPI)	2.60%	2.40%
Rate of increase of pensions in payment (5.0% RPI linked)	3.05%	2.91%
Rate of increase of pensions in payment (2.5% RPI linked)	1.99%	1.89%
Rate of increase of pensions in payment (2.5% CPI linked)	1.83%	1.74%

Life expectancy at age 60 for current male pensioners is assumed to be 25.5 years (2023: 25.6 years) and 28.1 years for current female pensioners (2023: 28.0 years). Life expectancy at age 60 for future male pensioners is assumed to be 25.6 years (2023: 25.6 years) and 27.9 years for future female pensioners (2023: 27.9 years). "S3PXA 112%/113% males/females (YoB) CMI 2023 with a 1.25% long term trend rate with core parameters" has been used to derive these mortality rates for future pensioners (2023: "S3PXA 112%/113% males/females (YoB) CMI 2022 with a 1.25% long term trend rate with core parameters" used).

It is assumed that 100% of non-retired members of the JGDBS will commute 25% of their pension at retirement (2023: 100% of members will commute 25% of pension).

It has been assumed that 50% (2023: 50%) of future pensioners at retirement will exchange their non-statutory pension increases at retirement for a higher, but non-increasing pension.

26 POST-EMPLOYMENT BENEFITS (Continued)

Following the High Court ruling on 26 October 2018 regarding the equalisation of Guaranteed Minimum Pension ('GMP') benefit within the Lloyds pension scheme, the Scheme is required to adjust benefits to remove the inequalities between the GMP benefits awarded to males and females. The Company have historically included a reserve in defined benefit obligation IAS19 valuation for GMP equalisation.

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds bank GMP equalisation case with respect to members that have transferred out of their scheme prior to the ruling. The ruling obliged Trustees to make top-up payments in respect of historic transfers that were not paid on an equalised basis. The additional cost is required to be recognised through the income statement as a past service cost.

The full effect of the ruling can only be known following a detailed review of the history of Scheme membership movements, dating back as far as the early 1990s. This will take some time to complete. No allowance has been included in the DBO in respect of the supplementary ruling on the grounds of immateriality.

In June 2023, the High Court handed down a decision in the Virgin Media Ltd versus NTL Pension Trustees II Ltd case, which considered the implications of section 37 of the Pension Schemes Act 1993, which required that the rules of a salary-related contracted-out pension scheme cannot be altered, in relation to post April 1997 service, unless the actuary confirmed that the scheme would continue to satisfy the statutory standards. The High Court found that, where the required actuarial confirmation was not supplied, the effect of section 37 was to render the relevant amendment to any contracted-out right automatically void. It also held that references in the legislation included both past and future service rights and that the requirement for actuarial confirmation applied to all amendments to the rules of a contracted-out scheme. This decision was appealed to the Court of Appeal and, in July 2024, the Court of Appeal upheld the decision of the High Court.

The Trustee is monitoring the position and will consider the possible implications, if any, for the Scheme of the above with its advisers and what steps, if any, it wishes to take. It is not practicable, at present, to estimate the financial effect on the Scheme, if any, of the uncertainties in relation to the amount or timing of any outflow of resources, or the possibility of reimbursement of resources.

Sensitivity of key assumptions

The table below gives an approximation of the impact on the IAS19 pension scheme liabilities to changes in assumptions and experience. Note that all figures are before allowing for deferred tax.

Item	Approximate increase/(decrease) on Post-employment benefit obligation
Increase/decrease discount rate by 0.5%	(£5.8 million)/£5.8 million
Increase/decrease price inflation assumption by 0.50%	£1.7 million/(£1.7 million)
1 year increase/decrease in life expectancy at age 60	£5.0 million/(£5.0 million)

The above sensitivities are applied to adjust the defined benefit obligations at the end of the reporting year. Whilst the analysis does not take account of the full distribution of cash flows expected under the Scheme, it does provide an approximation of the sensitivity of the assumptions shown. No changes have been made to the method and assumptions used in this analysis from those used in the previous year.

Private healthcare

The Group operates an unfunded defined benefit private healthcare scheme for eligible retirees. At 31 December 2024, the deficit of the scheme was £0.3 million (2023: £0.3 million). The Group accounted for a current service cost of £nil and a notional interest cost of £15,000 in the Consolidated Income Statement (2023: £nil and £37,000 respectively). The current service cost in 2025 is expected to be £nil with a notional interest cost of £16,000.

The scheme is subject to a periodic independent actuarial review which assesses the cost of providing benefits for current retirees. There are no more future eligible retirees. The latest formal review was undertaken as at 31 December 2023 and this has been updated to 31 December 2024 by an independent qualified actuary. As a result, an actuarial loss of £13,000 was recognised in the year within the Consolidated Statement of Comprehensive Income.

The latest review was performed using the projected unit credit method, and a discount rate of 5.35%. The main long-term actuarial assumption used in the review was that the rate of increase in medical costs is to be 6.50% throughout. There have been no material changes in circumstances since the last formal review.

An increase of 1.00% in the medical cost trend would increase the scheme liabilities by an estimated £21,000 and the interest cost by an estimated £2,000 per annum. A decrease of 1.00% in the medical cost trend would reduce the scheme liabilities by an estimated £19,000 and the interest cost by an estimated £1,000 per annum.

26 POST-EMPLOYMENT BENEFITS (Continued)

Post-employment benefits disclosures

The amounts charged to the Consolidated Income Statement are set out below:

	2024 £m	2023 £m
Notional interest on post-employment benefits	–	0.5
Total amounts charged to the Consolidated Income Statement	**–**	**0.5**

The interest income on scheme assets and the interest cost on scheme liabilities are included within total finance costs.

In addition, the following amounts have been recognised in the Consolidated Statement of Comprehensive Income:

	2024 £m	2023 £m
Return on scheme assets excluding interest income	(9.3)	(1.2)
Re-measurement gains arising from changes in demographic assumptions	3.1	5.8
Re-measurement gains/(losses) arising from changes in financial assumptions	9.6	(4.8)
Experience gains on liabilities	0.4	9.0
Total amounts recognised in the Consolidated Statement of Comprehensive Income	**3.8**	**8.8**

Amounts recognised in the Balance Sheet are as follows:

	2024 £m	2023 £m
Present value of funded obligations	(128.9)	(145.4)
Fair value of scheme assets	132.7	145.4
Net defined benefit pensions	3.8	–
Post-retirement healthcare obligations	(0.3)	(0.3)
Net post-employment benefits	**3.5**	**(0.3)**

Movements in the fair value of scheme assets were as follows:

	2024 £m	2023 £m
Fair value of scheme assets at beginning of the year	145.4	148.2
Interest income	6.4	7.1
Return on scheme assets (excluding interest income)	(9.3)	(1.2)
Deficit recovery payments	–	1.6
Benefits paid – defined benefit pension obligations	(9.8)	(10.3)
Fair value of scheme assets at end of the year	**132.7**	**145.4**

Movements in the fair value of scheme liabilities were as follows:

	2024 £m	2023 £m
Fair value of scheme liabilities at beginning of the year	(145.7)	(158.4)
Interest expense	(6.4)	(7.6)
Re-measurement gains from changes in demographic assumptions	3.1	5.8
Re-measurement gains/(losses) from changes in financial assumptions	9.6	(4.8)
Experience gains on liabilities	0.4	9.0
Benefits paid – defined benefit pension obligations	9.8	10.3
Fair value of scheme liabilities at the end of the year	**(129.2)**	**(145.7)**

Movements in post-employment benefits were as follows:

	2024 £m	2023 £m
Opening post-employment benefits	(0.3)	(10.2)
Notional interest	–	(0.5)
Deficit recovery payments	–	1.6
Re-measurement and experience gains	3.8	8.8
Closing post-employment benefits	**3.5**	**(0.3)**

26 POST-EMPLOYMENT BENEFITS (Continued)

The major categories of scheme assets were as follows:

	Quoted Market Price Active Market £m	No Quoted Market Price Active Market £m	2024 Total Scheme £m	Quoted Market Price Active Market £m	No Quoted Market Price Active Market £m	2023 Total Scheme £m
Bonds	12.8	–	12.8	26.0	–	26.0
Liability driven investments	23.7	–	23.7	24.9	–	24.9
Alternative return seeking assets	–	71.6	71.6	–	80.0	80.0
Cash and cash equivalents	24.6	–	24.6	14.5	–	14.5
Total market value of assets	**61.1**	**71.6**	**132.7**	**65.4**	**80.0**	**145.4**

The assets of the pension scheme include do not include shares in the Group in either 2024 or 2023.

Scheme assets held with no quoted market price on active market are valued by the fund managers. The managers determine fair value of their holdings based on several factors. They may use secondary market prices, internal valuation models or independent valuations. The process adopted will vary by manager and asset class, although independent third parties are typically used to verify and support the net asset value valuations.

The Liability driven investments (LDI) shown above comprise of nominal and real LDI funds, investing in partly funded leveraged gilts and funds for liability matching and liquidity funds investing in pooled cash funds. Under these arrangements, if interest rates fall, the value of the LDI would be expected to rise, all else being equal, to help offset the expected increase in the present value placed on the scheme's liabilities arising from a fall in the discount rate (and vice versa).

The funding position in respect of the JGDBS is influenced by both the measurement of plan liabilities and the valuation of plan assets. The Trustee, in conjunction with the Group, has tried to ensure an appropriate balance of investments has been made by the scheme to mitigate potential price volatility in individual asset categories. The Group and Trustee regularly monitor the composition of plan assets and amend the composition accordingly to try and match scheme assets with the liabilities they are intended to fund. However, any underperformance of scheme assets could result in future increases in the deficit recognised on the JGDBS.

27 FINANCIAL INSTRUMENTS

Policies and strategies

Details of the Group's policies and strategies in relation to financial instruments are given within the Statement of Significant Accounting Policies.

IAS 32, Financial Instruments: Presentation, IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures, also require numerical disclosures in respect of financial assets and liabilities and these are set out below and in note 18. Financial assets and liabilities are stated at either amortised cost or fair value. Where stated at amortised cost, this is not materially different to the fair value unless otherwise stated due to their short term nature.

Financial assets

The Group has recognised current and non-current trade receivables, unbilled receivables and other receivables of £77.5 million (2023: £76.6 million) in the year. See note 18 for further details. In addition, reimbursement assets of £2.6 million in the year to 31 December 2024 (2023: £3.9 million) have also been recognised. See note 19 for further details.

	2024 £m	2023 £m
Cash at bank and in hand		
Sterling	9.6	7.2
Euro	1.9	2.4
At 31 December	**11.5**	**9.6**

For interest purposes only, cash is offset against overdrafts through a pooling arrangement with each of the Group's principal bankers. Surplus cash is placed on deposit with one or more of the Group's bankers.

27 FINANCIAL INSTRUMENTS (Continued)

At the balance sheet date, cash was held with the following institutions:

	Rating	2024 £m	2023 £m
Cash at bank and in hand			
Royal Bank of Scotland	A-1	4.6	4.2
Lloyds Bank	A-1	4.8	3.2
Bank of Ireland	A-1	2.1	0.2
Allied Irish Bank	A-1	–	2.0
Total cash and cash equivalents		**11.5**	**9.6**

The Group refers to Standard and Poor's short-term issue credit ratings when determining with which financial institutions to deposit its surplus cash balances. A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

Cash balances are used for working capital purposes. The Directors do not consider deposits at these institutions to be at risk.

Financial liabilities

	As per Balance Sheet £m	Future Interest Cost £m	2024 Total Cash Flows £m	As per Balance Sheet £m	Future Interest Cost £m	2023 Total Cash Flows £m
Trade and other payables**	79.9	–	79.9	78.2	–	78.2
Overdraft	9.3	–	9.3	8.7	–	8.7
Bank loans*	71.3	–	71.3	63.2	–	63.2
Lease liabilities	47.0	18.5	65.5	43.2	17.3	60.5
Derivative financial instruments	0.3	–	0.3	0.8	–	0.8
	207.8	**18.5**	**226.3**	**194.1**	**17.3**	**211.4**

* IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in note 22 of these financial statements, all bank loans are currently drawn under an RCF arrangement and as such there is no contractual future interest cost. Interest charged in the year in relation to bank loans drawn down amounted to £4.9 million (2023: £3.1 million). Interest is payable at a rate of SONIA or EURIBOR prevailing at the time of drawdown plus the credit adjustment spread and the applicable margin, which ranges from 1.45% and 2.45% and is settled monthly. Bank loans drawn as at 31 December 2024 were £71.3 million (2023: £63.2 million). Should these bank loans remain drawn until the expiry of the bank facility in August 2027, at the prevailing rates of interest at the balance sheet date, the future interest cost would be £10.0 million (2023: £9.8 million).

** Trade and other payables comprise both current and non-current payables as disclosed within notes 20 and 21, excluding other taxation and social security liabilities and deferred income.

Bank loans and overdraft in the table above do not include unamortised bank fees.

	Current £m	Non-Current £m	2024 Total £m	Current £m	Non-Current £m	2023 Total £m
Bank loans	–	71.3	71.3	–	63.2	63.2
Overdraft	9.3	–	9.3	8.7	–	8.7
Less: Unamortised bank fees	(0.4)	(0.1)	(0.5)	(0.4)	(0.2)	(0.6)
	8.9	**71.2**	**80.1**	**8.3**	**63.0**	**71.3**

	Current £m	Non-Current £m	2024 Total £m	Current £m	Non-Current £m	2023 Total £m
Trade and other payables	94.3	0.2	94.5	92.8	0.3	93.1
Less: Other taxation and social security liabilities	(13.4)	–	(13.4)	(14.3)	–	(14.3)
Less: Deferred income	(0.5)	(0.2)	(0.7)	(0.3)	(0.3)	(0.6)
	80.4	**–**	**80.4**	**78.2**	**–**	**78.2**

27 FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The maturity of financial liabilities based on contracted cash flows is shown in the table below.

This table has been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows. Floating rate interest payments have been calculated using the relevant interest rates prevailing at the year end, where applicable.

	Trade and Other Payables £m	Overdrafts £m	Bank Loans £m	Leases Liabilities £m	Derivative Financial Instruments £m	Total £m
As at 31 December 2024						
Due within one year	80.4	9.3	–	8.5	0.3	98.5
Due within one to two years	–	–	–	8.0	–	8.0
Due within two to five years	–	–	71.3	18.1	–	89.4
Due after more than five years	–	–	–	30.9	–	30.9
	80.4	**9.3**	**71.3**	**65.5**	**0.3**	**226.8**
As at 31 December 2023						
Due within one year	78.2	8.7	–	7.5	0.6	95.0
Due within one to two years	–	–	–	7.1	0.2	7.3
Due within two to five years	–	–	63.2	16.8	–	80.0
Due after more than five years	–	–	–	29.1	–	29.1
	78.2	**8.7**	**63.2**	**60.5**	**0.8**	**211.4**

With the exception of derivative financial instruments which are held at fair value, all financial liabilities shown above are held at amortised cost.

Interest rate risk profile

	Fixed Rate Financial Liabilities £m	Floating Rate Financial Liabilities £m	Financial Liabilities on which no Interest is paid £m	Total £m
As at 31 December 2024				
Sterling	65.5	53.3	77.0	195.8
Euro	–	27.3	3.2	30.5
As at 31 December 2023				
Sterling	60.5	40.7	74.1	175.3
Euro	–	31.2	4.9	36.1

Fixed rate financial liabilities

At 31 December 2024 the Group's fixed rate financial liabilities related to lease liabilities (2023: lease liabilities).

For lease liabilities, the weighted average interest rate incurred is 5.1% (2023: 5.0%) and the weighted average period remaining is 135 months (2023: 140 months).

Floating rate financial liabilities

Floating rate financial liabilities bear interest at rates based on relevant SONIA or EURIBOR equivalents. Loans are drawn and interest rates fixed for periods of between one and six months. The weighted average period remaining for floating rate financial liabilities is 1 month (2023: 1 month).

The variation in the interest rate of floating rate financial liabilities (with all other variables held constant) required to increase or decrease post-tax profit for the year by £0.1 million is 17 basis points (2023: 18 basis points).

Fair values of financial liabilities

Bank loans are drawn down and interest set for no more than a six month period (2023: six month period). In view of this the fair value of bank loans is not materially different from the book value. The fair value of other financial liabilities was not materially different from the book value.

The Group recognises financial instruments that are held at fair value. Financial instruments have been classified as Level 1, Level 2 or Level 3 dependent on the valuation method applied in determining their fair value.

27 FINANCIAL INSTRUMENTS (Continued)

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The only financial instruments held at fair value by the Group relate to commodity swaps.

Commodity swaps

The Group enters into commodity swaps (hedging instrument) to economically hedge the Group's exposure to changes in diesel prices (hedged item). The fair values of the hedging instrument and the hedged item move in the opposite direction because of the price risk. Therefore, there is an economic relationship between the hedged item and the hedging instrument.

The Group hedges a portion of its annual diesel usage using commodity swaps. The diesel hedged for future periods is based on management forecasts of future diesel purchases and would meet the 'highly probable' assessment for hedge accounting.

Hedge ineffectiveness for price risk may occur due to differences in critical terms between the commodity swaps and diesel purchases such as payment date or due to changes in fair value affecting the hedging instrument, such as credit risk, which is not replicated on the hedged item. Ineffectiveness may also occur where diesel purchases were forecast but do not occur. There was no ineffectiveness recognised within the Consolidated Income Statement during 2024 or 2023 in relation to the commodity swaps. The quantity of the hedging instrument and the hedged item are the same when applying hedge accounting and are the same as that used for risk management purposes at a ratio of 1:1.

As at the balance sheet date, the Group has the following commodity swaps in place:

- 6.7 million litres of diesel at a weighted average price of 50.73 pence per litre for the period 1 January 2025 to 31 December 2026.

For the proportion of our commodity swaps where hedge accounting is still applicable and thus any gains and losses on these swap contracts continue to be recognised in the hedging reserve as of 31 December 2024, these gains and losses will be continuously released to the Consolidated Income Statement within distribution costs until the end of the hedged period.

The movement in the Group's hedging reserve as disclosed in the Consolidated Statement of Changes in Shareholders' Equity relate to the commodity swaps above:

	Commodity swaps £m
At 31 December 2022	**0.5**
Loss in fair value of swaps recognised in OCI	0.5
Reclassified from OCI to Consolidated Income Statement	(0.4)
At 31 December 2023	**0.6**
Loss in fair value of swaps recognised in OCI	0.1
Reclassified from OCI to Consolidated Income Statement	(0.5)
At 31 December 2024	**0.2**

For both the years ended 31 December 2024 and 31 December 2023 liabilities arising from these instruments have been classified as Level 2. The fair value of these instruments at each of the year ends was:

	Fair Value 2024 £m	Fair Value 2023 £m
Derivative financial instruments held:		
Current Liabilities		
– Commodity products – cash flow hedges	(0.3)	(0.6)
Non–Current liabilities		
– Commodity products – cash flow hedges	–	(0.2)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classed as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. Where available, market rates have been used to determine fair value.

27 FINANCIAL INSTRUMENTS (Continued)

The movement in the Group's derivative financial liabilities during the year is as follows:

	Commodity swaps £m	Total £m
At 31 December 2022	**(0.7)**	**(0.7)**
Loss in fair value of swaps recognised in OCI	(0.5)	(0.5)
Cash payments	0.4	0.4
At 31 December 2023	**(0.8)**	**(0.8)**
Loss in fair value of swaps recognised in OCI	(0.1)	(0.1)
Cash payments	0.6	0.6
At 31 December 2024	**(0.3)**	**(0.3)**

Fair value gains on interest rate swaps and commodity swaps not qualifying as hedges are recognised directly in profit or loss and are included within finance costs and distribution costs respectively within the Consolidated Income Statement.

All financial instruments are Level 2 financial instruments for all periods and there have been no transfers between either Level 1 and 2 or Level 2 and 3 in any period.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade receivables and other receivables
- Cash and cash equivalents
- Trade and other payables

Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise commodity swaps. Commodity swaps are using a mark to market valuation at the balance sheet date. The effects of discounting are generally insignificant for Level 2 derivatives.

Foreign currency risk

Hedge of net investment in foreign operations

In August 2023, the Group acquired Celtic Linen, a business located in the Republic of Ireland. The Group utilised its multicurrency facility to fund the acquisition. €29.4 million of the bank loan was designated as a net investment hedge to manage the impact of movements in the GBP:EUR exchange rate on the value of the Group's investment in the Republic of Ireland.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the bank loan. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the nominal amount of the loans.

The net investment hedges were assessed to be highly effective at 31 December 2024 and a net unrealised gain of £1.1 million (2023: £0.3 million loss) has been recorded in the translation reserve.

Capital risk management

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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or take other steps to increase or reduce share capital and reduce or increase debt facilities.

The Group manages its capital structure using a number of measures and taking into account future strategic plans. Such measures include interest cover and gearing ratios. The Group therefore manages capital which includes cash and cash equivalents, bank borrowings and lease liabilities.

Gearing, for bank purposes, is calculated as Adjusted EBITDA (being EBIT plus property, plant and equipment, rental stock and right of use depreciation and software amortisation) compared to total debt, including IFRS 16 liabilities, and the agreed covenant is for the ratio to be not more than 3 times. The Group's medium- to long-term intention is to maintain the capital structure such that we operate at no more than 1 – 1.5 times on this basis, other than for short term specific exceptions. Under this framework, our capital allocation policy remains unchanged and will take into account the following criteria as part of a periodic review of capital structure:

- maintaining a strong balance sheet;
- continuing capital investment to increase processing capacity and efficiency;
- appropriate accretive acquisitions;

27 FINANCIAL INSTRUMENTS (Continued)

- operating a progressive dividend policy; and
- distributing any surplus cash to Shareholders.

In the period September 2022 to November 2023, the Group undertook two share buyback programmes which returned over £35.0 million to Shareholders. The Group continues to have significant headroom under its committed facilities and leverage of less than one times and, accordingly, the Board intends to shortly commence a further share buyback programme for up to a maximum consideration of £30.0 million, excluding expenses. In reaching its decision, the Board considered ongoing capital expenditure at current levels to fund organic growth, payment of dividends and acquisitions within the M&A pipeline. Even after taking account of these factors, the Group had significant headroom under its committed facilities and target leverage. Accordingly, the Board concluded that the share buyback programme is prudent, reflects the cash generative ability of the Group, maintains a strong balance sheet consistent with its capital allocation policy and would therefore promote the success of the Company for the benefit of its members as a whole.

The Board had previously communicated its intention to reduce dividend cover from its historical level of 3 times to 2.5 times by financial year 2024. The Board considers this provides an appropriate return to Shareholders but also enables the Group to invest in the business, such as through strategic acquisitions, purchasing energy efficient equipment, improving production efficiencies and investing in new laundries.

28 CONTINGENT LIABILITIES

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

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

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

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

29 SHARE CAPITAL

Issued and Fully Paid	Shares	2024 £m	Shares	2023 £m
Ordinary shares of 10p each:				
– At start of year	414,415,123	41.4	439,151,346	43.9
– New shares issued	539,644	0.1	–	–
– Share buybacks	–	–	(24,736,223)	(2.5)
At end of the year	**414,954,767**	**41.5**	**414,415,123**	**41.4**

There were no share buyback programmes running during the year. In respect of the two share buyback programmes which were running during the prior year, 24,619,289 Ordinary shares with a total nominal value of £2,461,929 were bought back by the Company and cancelled for a total consideration including transaction costs of £29.8 million which represented an average price of 121.0p per share. A further 116,934 Ordinary shares, relating to share repurchase activities undertaken at the end of 2022, were also cancelled during 2023. The total shares repurchased across the two share buyback programmes to 31 December 2023 represented 6.9% of the Company's issued share capital outstanding immediately prior to the commencement of the first share buyback programme.

Cash payments made in respect of the above transactions were (debited)/credited as follows:

	2024 £m	2023 £m
Share capital	0.1	(2.5)
Capital redemption reserve	–	2.5
Retained earnings	–	(29.9)
	0.1	**(29.9)**

Potential issues of Ordinary shares of 10p each

As at the balance sheet date, certain senior executives hold options in respect of potential issues of Ordinary shares of 10 pence each granted pursuant, the 2018 Long-Term Incentive Plan (the '2018 LTIP') and the 2018 Long-Term Incentive Plan Approved Section ('2018 Approved LTIP') (together referred to as 'Executive Schemes') .

29 SHARE CAPITAL (Continued)

Certain Group employees also hold options in respect of potential issues of Ordinary shares of 10p each granted pursuant to the Johnson Service Group Sharesave Plan (hereinafter referred to as the 'SAYE Scheme').

Options granted under the SAYE Scheme are normally exercisable within six months from the date exercisable as shown below. Options under the Executive Schemes are normally exercisable, subject to the achievement of performance conditions, three years after the date of grant and within seven years from the date exercisable as shown below. Upon exercise, all options are generally settled in equity.

The number of shares subject to option under each scheme which were outstanding at 31 December 2024, the date on which they were granted and the date from which they may be exercised are given below:

Scheme	Date Options Granted	Number of Shares	Date Exercisable	Exercise Price per Share
2018 LTIP	22 March 2021	311,220	Note a	Nil
2018 LTIP	16 March 2022	1,139,178	Note a	Nil
2018 LTIP	8 March 2023	1,702,028	Note a	Nil
2018 Approved LTIP	8 March 2023	615,384	Note a	117.0
2018 LTIP	3 May 2024	1,764,966	Note a	Nil
2018 Approved LTIP	3 May 2024	622,480	Note a	149.4
		6,155,256		
SAYE Scheme	3 October 2019	112,358	1 December 2024	155.75p
SAYE Scheme	1 October 2021	306,233	1 December 2024	129.75p
SAYE Scheme	1 October 2021	249,044	1 December 2026	129.75p
SAYE Scheme	4 April 2024	1,135,306	1 June 2027	128.25p
SAYE Scheme	4 April 2024	500,069	1 June 2029	128.25p
		2,303,010		
		8,458,266		

Note a: The LTIP options granted are subject to performance conditions linked to one or more of the Company's Earnings Per Share, adjusted profit before taxation and Total Shareholder Return and will ordinarily vest three years from grant. Further details are set out within the Directors' Remuneration Report.

The weighted average remaining contractual life of options outstanding at the end of the year is 1.59 years (2023: 1.56 years).

30 SHARE BASED PAYMENTS

Executive Schemes

The 2018 LTIP provides for an exercise price of nil. The 2018 LTIP also contains a sub-plan (the 2018 Approved LTIP) which permits the grant of options for an exercise price equal to the quoted closing mid-market price of the Company shares on the business day immediately preceding the date of grant. The vesting period is generally three years and will be subject to a further holding period at the discretion of the Remuneration Committee. Both market based and non-market based performance conditions are generally attached to the options, for which an appropriate adjustment is made when calculating the fair value of an option. If vesting periods or non-market vesting conditions apply, the expense is allocated over the vesting period based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. If the options remain outstanding at the balance sheet date unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

SAYE Schemes

The Johnson Service Group Sharesave Plan provides for an exercise price equal to the average of the quoted mid-market price of the Company shares on the business days immediately preceding the date of grant, less a discount of up to ten per cent. The vesting period under the scheme is either three or five years and no performance conditions, other than remaining a Group employee, are attached to the options.

Disclosures

During the year the Group recognised total expenses of £1.7 million (2023: £1.1 million) including associated social security costs of £0.2 million (2023: £0.1 million) in relation to equity-settled share based payment transactions.

The average share price of Johnson Service Group PLC during the year was 148.2 pence (2023: 119.4 pence).

The aggregate gain made by Directors on the exercise of share options during the year was £nil (2023: £nil). Further details are disclosed within the Directors' Remuneration Report on pages 80 to 100.

30 SHARE BASED PAYMENTS (Continued)

Movements in the current and prior year in respect of all share schemes are summarised below:

	2024 Number of Options	2024 Weighted Average Exercise Price (p)	2023 Number of Options	2023 Weighted Average Exercise Price (p)
Executive schemes				
Outstanding at beginning of the year	4,172,497	19p	2,374,213	–
Granted during the year	2,387,446	39p	2,408,015	32p
Exercised during the period	(95,000)	–	–	–
Lapsed during the year	(309,687)	19p	(609,731)	–
Outstanding at the end of the year	6,155,256	27p	4,172,497	19p
Exercisable at the end of the year	311,220	–	95,000	–
SAYE schemes				
Outstanding at beginning of the year	1,241,361	133p	2,153,234	138p
Granted during the year	1,713,662	128p	–	–
Exercised during the year	(444,644)	130p	–	–
Lapsed during the year	(207,369)	131p	(911,873)	145p
Outstanding at the end of the year	2,303,010	130p	1,241,361	133p
Exercisable at the end of the year	418,591	137p	693	156p

For options outstanding at 31 December 2024, the exercise date and the exercise price are disclosed within note 29.

The fair value of options awarded to employees is determined by reference to option pricing models, principally Binomial models for SAYE schemes and Monte Carlo models for all other schemes. The inputs into the Binomial and Monte Carlo models are as follows:

	Options Granted During 2024	Options Granted During 2023
Weighted average share price at date of grant (pence)	141	117
Weighted average exercise price (pence)	76	32
Weighted average fair value (pence)	104	116
Expected volatility (%)	35.9	55.3
Expected life (years)	3.3	3.0
Risk free interest rate (%)	4.2	3.8
Expected dividend yield (%)	0.7	0.4

Expected volatility and expected dividend yield were determined by calculating the historical volatility of the Company's share price and the historical dividend yield for a period akin to the expected life of each option scheme. The risk free rate of return is based on the rate for UK government gilts on the date of grant, for a period akin to the expected life of the option.

31 SHARE PREMIUM

	2024 £m	2023 £m
Balance brought forward	16.8	16.8
Received on allotment of shares	0.5	–
Balance carried forward	**17.3**	**16.8**

32 OWN SHARES

	2024 £m	2023 £m
Balance brought forward	–	0.1
Purchase of own shares	–	(0.1)
Balance carried forward	**–**	**–**

Own shares represent the cost of shares in Johnson Service Group PLC purchased in the market and held by the Trustee of the EBT, to satisfy options under the Group's share option schemes.

The number of shares and the market value at the balance sheet date are as follows:

	2024	2023
Number of shares held in EBT	**9,024**	9,024
Market value £m	**–**	–

33 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

	2024 £m	2023 £m
Profit for the year	35.6	27.3
	35.6	**27.3**
Other recognised gains and losses relating to the year:		
Share options (value of employee services)	1.5	1.0
Issue of share capital	0.6	–
Deferred tax on share options	0.2	0.1
Share buyback	–	(29.8)
Dividends paid to Shareholders	(13.3)	(10.6)
Re-measurement and experience gains (net of taxation)	2.9	6.6
Movement of translation reserve	(0.1)	–
Cash flow hedges movement	0.4	(0.1)
Net addition to Shareholders' equity	**27.8**	**(5.5)**
Opening Shareholders' equity	279.1	284.6
Closing Shareholders' equity	**306.9**	**279.1**

34 BUSINESS COMBINATIONS

On 2 September 2024, the Group acquired 100% of the share capital of Empire Linen Services Limited, ('Empire'), for a net consideration of £21.2 million (being a gross consideration of £20.6 million on a debt free, cash free basis, and a normalised level of working capital) plus associated fees. Since acquisition, Empire has generated a profit of £0.7 million on revenue of £5.4 million. Had the business been acquired at the start of the period, it is estimated that a profit of £2.2 million would have been generated on revenue of £15.1 million.

The provisional fair value of assets and liabilities acquired are as follows:

	Total £m
Intangible assets – Goodwill	9.5
Intangible assets – Customer contracts and brands	12.2
Property, plant and equipment	0.9
Right of use assets	2.8
Textile rental items	1.1
Trade and other receivables	2.5
Cash and cash equivalents	1.9
Overdrafts	(0.5)
Trade and other payables	(2.2)
Lease liabilities	(2.8)
Current income tax liability	(0.6)
Deferred income tax liability	(3.6)
Net consideration	**21.2**

Goodwill represents the deferred income tax arising on the recognition of the customer contracts and customer relationships and brand names plus the expected benefits to the wider Group arising from the acquisition. None of the acquired goodwill is expected to be deductible for tax purposes.

Empire has been included within the HORECA reporting segment and the Luxury Linen group of CGU's.

In the prior year, the Group acquired 100% of the share capital of Regency Laundry Limited ('Regency') and 100% of the share capital of Harkglade Limited, together with its trading subsidiaries Celtic Linen Limited and Millbrook Linen Limited ('Celtic Linen'). Full details are provided in the 2023 Annual Report and Accounts. There have been no subsequent adjustments made to the fair values for any of the prior year acquisitions.

Cash flows from business combinations

The cash flows in relation to business combinations are summarised below:

	2024 £m	2024 £m	2023 £m	2023 £m
Net consideration payable	(21.2)		(30.5)	
Deferred consideration	0.2		–	
Cash acquired	1.4		0.8	
Net cash used in investing activities		**(19.6)**		**(29.7)**

35 DISCONTINUED OPERATIONS

During the year, a provision against deferred consideration of £0.1 million (2023: £0.1 million) was released relating to the sale of the Facilities Management division in August 2013.

Income Statement

The Income Statement from discontinued operations included within the Consolidated Income Statement is as follows:

	2024 £m	2023 £m
Operating profit	0.1	0.1
Taxation	–	–
Profit for the year from discontinued operations	**0.1**	**0.1**

Cash Flows

The cash flows from discontinued operations included within the Consolidated Statement of Cash Flows are as follows:

	2024 £m	2023 £m
Net cash generated from operating activities	**0.1**	**0.1**

36 ANALYSIS OF NET DEBT

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

December 2024	At 31 December 2023 £m	Cash Flow £m	Non-cash Changes £m	Foreign Exchange adjustments £m	At 31 December 2024 £m
Debt due within one year (See note 22)	0.4	0.3	(0.3)	–	0.4
Debt due after more than one year (See note 22)	(63.0)	(9.5)	(0.1)	1.4	(71.2)
Lease liabilities (See note 23)	(43.2)	6.3	(10.1)	–	(47.0)
Total debt and lease financing	(105.8)	(2.9)	(10.5)	1.4	(117.8)
Cash and cash equivalents	0.9	1.6	–	(0.3)	2.2
Net debt	**(104.9)**	**(1.3)**	**(10.5)**	**1.1**	**(115.6)**

December 2023	At 31 December 2022 £m	Cash Flow £m	Non-cash Changes £m	Foreign Exchange adjustments £m	At 31 December 2023 £m
Debt due within one year (See note 22)	0.2	2.0	(1.8)	–	0.4
Debt due after more than one year (See note 22)	(14.7)	(47.6)	(0.3)	(0.4)	(63.0)
Lease liabilities (See note 23)	(34.3)	7.6	(16.5)	–	(43.2)
Total debt and lease financing	(48.8)	(38.0)	(18.6)	(0.4)	(105.8)
Cash and cash equivalents	0.8	0.1	–	–	0.9
Net debt	**(48.0)**	**(37.9)**	**(18.6)**	**(0.4)**	**(104.9)**

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

	2024 £m	2023 £m
Cash (Current assets)	11.5	9.6
Overdraft (Borrowings, Current liabilities)	(9.3)	(8.7)
	2.2	**0.9**

36 ANALYSIS OF NET DEBT (Continued)

Lease liabilities are comprised of the following balance sheet amounts:

	2024 £m	2023 £m
Amounts due within one year (Lease liabilities, Current liabilities)	(6.2)	(5.5)
Amounts due after more than one year (Lease liabilities, Non-current liabilities)	(40.8)	(37.7)
	(47.0)	**(43.2)**

37 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2024 £m	2023 £m
Increase in cash in the year	1.6	0.1
Increase in debt and lease financing	(2.9)	(38.0)
Change in net debt resulting from cash flows	(1.3)	(37.9)
Debt acquired through business acquisitions	(2.8)	(5.1)
Lease liabilities recognised during the year	(7.3)	(13.2)
Non-cash movement in unamortised bank facility fees	(0.4)	(0.3)
Foreign exchange adjustments	1.1	(0.4)
Movement in net debt	(10.7)	(56.9)
Opening net debt	(104.9)	(48.0)
Closing net debt	**(115.6)**	**(104.9)**

38 FINANCIAL COMMITMENTS

Capital expenditure

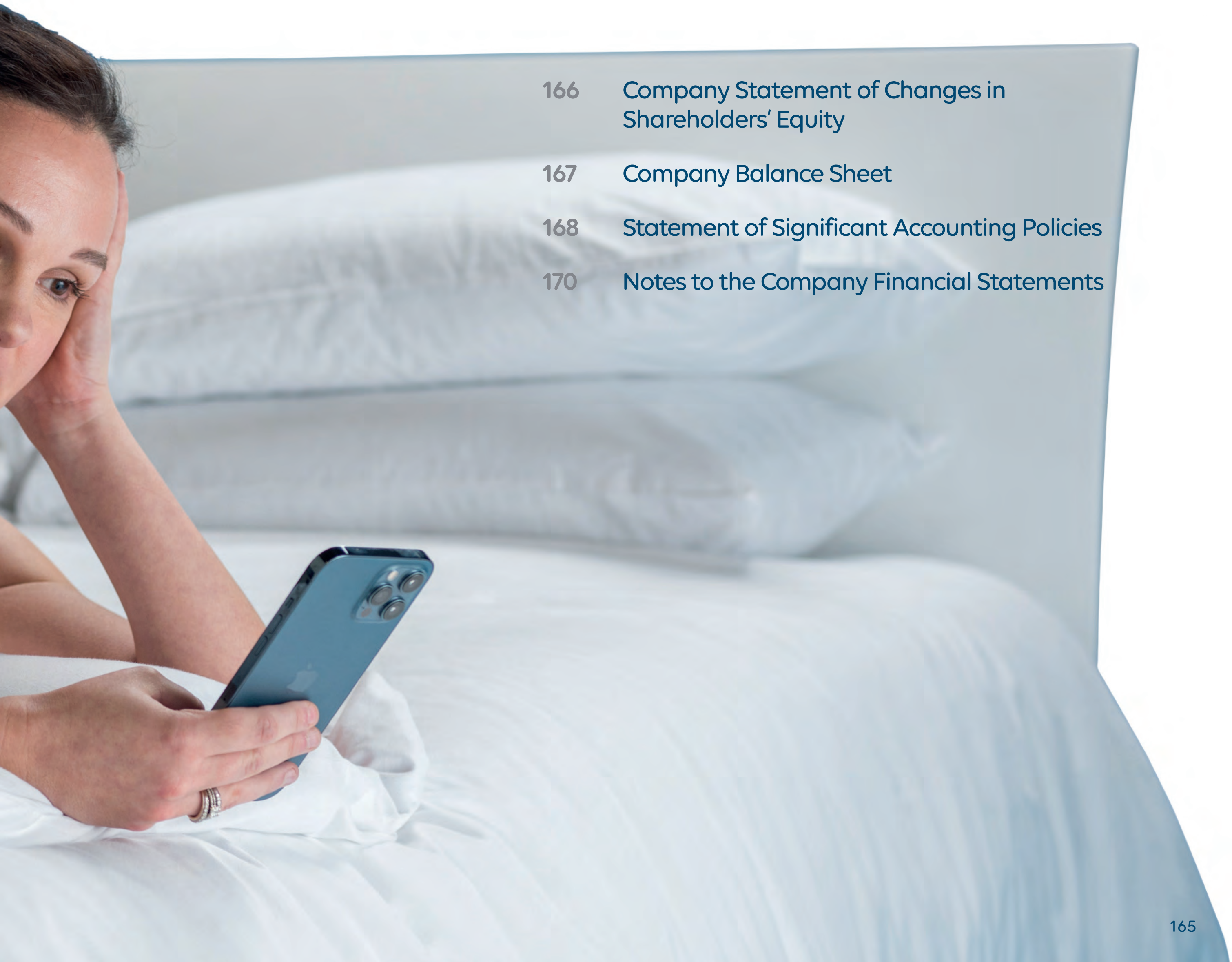
Contracts placed for future capital expenditure contracted but not provided for in the consolidated financial statements are shown below:

	2024 £m	2023 £m
Property, plant and equipment	15.2	27.2

39 EVENTS AFTER THE REPORTING PERIOD

There were no events occurring after the balance sheet date which should be disclosed in accordance with IAS 10, 'Events after the reporting period'.

Company Financial Statements



Company Statement of Changes in Shareholders' Equity

	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Hedge Reserve £m	Retained Earnings £m	Total Equity £m
Balance at 31 December 2022	**43.9**	**16.8**	**3.5**	**1.2**	**(0.5)**	**142.0**	**206.9**
Loss for the year	–	–	–	–	–	(11.1)	(11.1)
Other comprehensive profit	–	–	–	–	(0.1)	6.6	6.5
Total comprehensive loss for the year	–	–	–	–	(0.1)	(4.5)	(4.6)
Share options (value of employee services)	–	–	–	–	–	1.0	1.0
Deferred tax on share options	–	–	–	–	–	0.1	0.1
Share buybacks	(2.5)	–	–	2.5	–	(29.8)	(29.8)
Dividends paid	–	–	–	–	–	(10.6)	(10.6)
Transactions with Shareholders recognised directly in Shareholders' Equity	(2.5)	–	–	2.5	–	(39.3)	(39.3)
Balance at 31 December 2023	**41.4**	**16.8**	**3.5**	**3.7**	**(0.6)**	**98.2**	**163.0**
Profit for the year	–	–	–	–	–	14.2	14.2
Other comprehensive profit	–	–	–	–	0.4	2.9	3.3
Total comprehensive profit for the year	–	–	–	–	0.4	17.1	17.5
Share options (value of employee services)	–	–	–	–	–	1.5	1.5
Deferred tax on share options	–	–	–	–	–	0.2	0.2
Issue of share capital	0.1	0.5	–	–	–	–	0.6
Dividends paid	–	–	–	–	–	(13.3)	(13.3)
Transactions with Shareholders recognised directly in Shareholders' Equity	0.1	0.5	–	–	–	(11.6)	(11.0)
Balance at 31 December 2024	**41.5**	**17.3**	**3.5**	**3.7**	**(0.2)**	**103.7**	**169.5**

Company Balance Sheet

	Note	As at 31 December 2024 £m	As at 31 December 2023 £m
Assets			
Non-current assets			
Right of use assets	5	0.2	0.2
Trade and other receivables	8	6.8	7.6
Deferred income tax assets	6	1.4	2.1
Post-employment benefits		3.8	–
Investments	7	621.4	600.0
		633.6	**609.9**
Current assets			
Trade and other receivables	8	0.8	0.6
Current income tax assets		2.6	1.6
		3.4	**2.2**
Liabilities			
Current liabilities			
Trade and other payables	9	386.6	376.9
Borrowings	10	8.9	7.9
Lease liabilities	11	0.1	0.1
Derivative financial liabilities	13	0.3	0.6
		395.9	**385.5**
Non-current liabilities			
Post-employment benefits	12	0.3	0.3
Borrowings	10	71.2	63.0
Lease liabilities	11	0.1	0.1
Derivative financial liabilities	13	–	0.2
		71.6	**63.6**
Net assets		**169.5**	**163.0**
Equity			
Capital and reserves attributable to the company's shareholders			
Share capital	15	41.5	41.4
Share premium	16	17.3	16.8
Merger reserve		3.5	3.5
Capital redemption reserve		3.7	3.7
Hedge reserve		(0.2)	(0.6)
Retained earnings		103.7	98.2
Total Shareholders' equity		**169.5**	**163.0**

The Company recognised a profit during the year of £14.2 million (2023: £11.1 million loss).

The financial statements on pages 166 to 176 were approved by the Board of Directors on 3 March 2025 and signed on its behalf by:

Yvonne Monaghan
Chief Financial Officer

Statement of Significant Accounting Policies

The Company is incorporated and domiciled in the UK. The Company's registered number is 523335. The address of its registered office is Johnson House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH.

The Company is a public limited company and has its primary listing on the AIM division of the London Stock Exchange.

The Company Financial Statements were authorised for issue by the Board on 3 March 2025.

Basis of preparation

The principal accounting policies applied in the preparation of the Company Financial Statements are the same as those used in the Consolidated Financial Statements as set out on pages 118 to 129 with the addition of the policies set out below. These policies have been consistently applied to the information presented, unless otherwise stated.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions. In preparing these financial statements in accordance with FRS 101, the Company Financial Statements transitioned to FRS 101 (as described above) on 1 January 2023. There are no amendments which had a material effect on the first financial statements presented upon transition to FRS 101, in respect of recognition, measurement or disclosure.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related Regulations. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 169.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (Statement of cash flows)
  - 16 (statement of compliance with all IFRS), and
  - 111 (cash flow information)
- IAS 7, 'Statement of cash flows'

As the Consolidated Financial Statements include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 – Share-based Payment in respect of Group settled share-based payments; and
- Certain disclosures required by IFRS 13 – Fair Value Measurement and the disclosures required by IFRS 7 – Financial Instruments: Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 for future financial statements

Investments

Investments in Group Undertakings are recorded at cost, which is the fair value of the consideration paid. Investments are tested for impairment and carried at cost less accumulated impairment losses. The Company considers impairment of its investment in subsidiaries by estimating the recoverable amounts of the investments, which are based on either the net assets of the subsidiary, or value-in-use calculations adjusted where necessary for intercompany balances. For further details of value-in-use calculations, see note 12 of the Consolidated Financial Statements. Where an impairment is identified, it is charged to the Income Statement within intangibles amortisation and impairment (excluding software). Investments that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Share based compensation

The Company operates a number of equity-settled, share based compensation plans. The economic cost of awarding shares and share options to employees is recognised as an expense in the employing company's Income Statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models, principally Binomial and Monte Carlo models. The fair value of the award is recognised in the employing company's Income Statement over the period of the award. The grant by the Company of options over its equity instruments to the employees of the subsidiary undertakings is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to the investment in that subsidiary undertaking, with a corresponding credit to equity in the Company's accounts.

Judgments made in applying accounting policies

In the course of preparing these financial statements, certain judgments are made by the Company in the process of applying the Company's accounting policies. Those that have the most significant effect on either the amounts recognised in the financial statements or the presentation thereof are discussed below.

Going Concern

After considering the monthly cash flow projections, the stress tests and the facilities available to the Group and Company, the Directors have a reasonable expectation that the Group and Company have adequate resources for their operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the period to 30 June 2026. Accordingly, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the Group and Company financial statements. Additional information on the judgment management has applied in adopting the going concern assumption is included in the basis of preparation of these accounts on page 56.

Sources of estimation and uncertainty

The Company makes estimates and assumptions concerning the future. Whilst such estimates and assumptions are believed to be reasonable under the circumstances, the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Post-employment benefits

The Company operates a post retirement defined benefit arrangement (see note 26 of the Consolidated Financial Statements). Asset valuations are based on the fair value of scheme assets. The valuations of the liabilities of the schemes are based on statistical and actuarial calculations, using various assumptions including discount rates, future inflation rates and pension increases, life expectancy of scheme members, flexible retirement options and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes. Any of these differences could impact the assets or liabilities recognised in the Balance Sheet in future periods. Sensitivities are shown in note 26 of the Consolidated Financial Statements.

Notes to the Company Financial Statements

1 COMPANY INCOME STATEMENT AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408(3) of the Companies Act 2006, the Company Income Statement and Company Statement of Comprehensive Income are not presented with these financial statements. Details of Auditor's remuneration are shown in note 3 of the Consolidated Financial Statements.

2 DIRECTORS' EMOLUMENTS

Detailed disclosures that form part of these financial statements are given in note 4 of the Consolidated Financial Statements and the Directors' Remuneration Report on pages 80 to 100.

3 EMPLOYEE BENEFIT EXPENSE

	2024 £m	2023 £m
Wages and salaries	4.2	3.6
Social security costs	0.6	0.6
Pension costs – defined contribution plans	0.2	0.1
Total	**5.0**	**4.3**
Agency costs	–	0.1
Cost of employee share schemes	1.5	0.9
Total employee benefit expense	**6.5**	**5.3**

The monthly average number of persons employed for the Company during the year was 20 (2023: 17).

4 PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment £m
Cost	
At 31 December 2022 & 2023	0.3
Disposals	(0.1)
At 31 December 2024	**0.2**
Accumulated depreciation	
At 31 December 2022 & 2023	0.3
Disposals	(0.1)
At 31 December 2024	**0.2**
Carrying amount	
At 31 December 2022, 2023 & 2024	**–**

There were £nil assets under construction at 31 December 2024 (2023: £nil).

5 RIGHT OF USE ASSETS

	Properties £m
Cost	
At 31 December 2022 & 2023	**0.6**
Additions	0.1
At 31 December 2024	**0.7**
Accumulated depreciation	
At 31 December 2022 & 2023	**0.4**
Charged during the year	0.1
At 31 December 2024	**0.5**
Carrying amount	
At 31 December 2022, 2023 & 2024	**0.2**

6 DEFERRED INCOME TAX ASSETS

Deferred income tax assets attributable to the Company are as follows:

	Deferred tax assets		Deferred tax liabilities	
	2024 £m	2023 £m	2024 £m	2023 £m
Deferred income tax balances in respect of:				
Depreciation in excess of capital allowances	0.1	0.1	–	–
Short-term timing differences	–	–	(0.2)	–
Post-employment benefits	–	0.1	(0.9)	–
Derivative financial instruments	0.1	0.2	–	–
Employee share schemes	0.9	0.3	–	–
Trading losses	1.4	1.4	–	–
	2.5	**2.1**	**(1.1)**	**–**

The following provides a reconciliation of the movement in each of the deferred income tax assets:

	Depreciation in Excess of Capital Allowances £m	Post-employment Benefits £m	Derivative Financial Instruments £m	Employee Share Schemes £m	Short-term timing differences £m	Trading Losses £m	Total £m
At 31 December 2022	**0.1**	**2.6**	**0.2**	**0.2**	**–**	**1.3**	**4.4**
(Charge)/credit to income	–	(0.3)	–	–	–	0.1	(0.2)
Credit to shareholders equity	–	–	–	0.1	–	–	0.1
Charge to other comprehensive income	–	(2.2)	–	–	–	–	(2.2)
At 31 December 2023	**0.1**	**0.1**	**0.2**	**0.3**	**–**	**1.4**	**2.1**
(Charge)/credit to income	–	(0.1)	–	0.4	(0.2)	–	0.1
Credit to shareholders equity	–	–	–	0.2	–	–	0.2
Charge to other comprehensive income	–	(0.9)	(0.1)	–	–	–	(1.0)
At 31 December 2024	**0.1**	**(0.9)**	**0.1**	**0.9**	**(0.2)**	**1.4**	**1.4**

Deferred income taxes at the balance sheet date have been measured at an effective deferred tax rate of 25.0% as at 31 December 2024 (2023: 25.0%).

The Company has estimated that £nil of the Company's deferred income tax asset will be realised in the next 12 months. This is management's current best estimate and may not reflect the actual outcome in the next 12 months.

7 INVESTMENTS

	2024 £m	2023 £m
Investment in subsidiary undertakings		
Cost		
Brought forward	610.6	579.9
Additions	21.2	30.5
Movement relating to share options	0.2	0.2
Carried forward	**632.0**	**610.6**
Accumulated impairment		
Brought forward	10.6	10.6
Impairment	–	–
Carried forward	**10.6**	**10.6**
Carrying amount		
Opening	600.0	569.3
Closing	**621.4**	**600.0**

Particulars of subsidiary undertakings are shown in note 20 of the Company Financial Statements.

During the year the Company acquired Empire Linen Services Limited. Details of this acquisition are shown in note 34 of these Consolidated Financial Statements.

The Directors deem the investments to be recoverable due to the future forecasts of the Group.

8 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Amounts falling due within one year:		
Prepayments and other receivables	0.8	0.6
	0.8	**0.6**
Amounts falling due after more than one year:		
Receivables from subsidiaries	6.8	7.6
	6.8	**7.6**

Amounts owed by subsidiaries due within one year relate to invoiced services and are due according to the invoice terms.

Amounts owed by subsidiaries due after more than one year are unsecured and have no fixed date of repayment and the Company has no present intention of demanding repayment in less than 12 months and therefore the amounts have been presented as non-current assets. Balances are interest bearing with interest charged based on one month GBP SONIA plus 0.1193% Credit Adjustment Spread or EURIBOR plus a 1.45% margin. The fair value of these amounts is considered to be the same as their carrying value as they bear interest at a rate considered by Directors to be a market rate.

All Company receivables (including those from related parties) are not yet due or impaired.

All receivable balances at the balance sheet date are denominated in Sterling (2023: Sterling) and are held at amortised cost.

9 TRADE AND OTHER PAYABLES (CURRENT)

	2024 £m	2023 £m
Trade payables	0.3	0.3
Other payables	0.4	0.3
Other taxation and social security liabilities	0.6	0.4
Accruals	2.5	2.1
Deferred consideration	0.2	–
Payables to subsidiaries	382.6	373.8
	386.6	**376.9**

All trade and other payable balances at the balance sheet date are denominated in Sterling (2023: Sterling) and are held at amortised cost. Given their short term nature there is to be no difference between this and their fair value.

Amounts payable to subsidiaries are unsecured, have no fixed date of repayment and the Company has no unconditional right to defer settlement of the liability for at least twelve months after the reporting date, therefore the amounts are shown as current. Of the balance outstanding, £72.7 million is interest bearing with interest charged on one month GBP SONIA plus 0.1193% Credit Adjustment Spread or EURIBOR plus a 1.45% margin.

10 BORROWINGS

	2024 £m	2023 £m
Current		
Overdraft	9.3	8.3
Bank loans	(0.4)	(0.4)
	8.9	**7.9**
Non-current		
Bank loans	71.2	63.0
Total Borrowings	**80.1**	**70.9**
The maturity of non-current bank loans is as follows:		
– Between one and two years	–	–
– Between two and five years	71.3	63.2
– Unamortised issue costs of bank loans	(0.1)	(0.2)
	71.2	**63.0**
The currency of the outstanding bank loans is as follows:		
– Sterling	44.0	32.0
– Euros	27.3	31.2
	71.3	**63.2**

10 BORROWINGS (Continued)

All Group bank loans are held by the Company. Full details of Group facilities are provided in note 22 of the Consolidated Financial Statements.

The overdraft and secured bank loans are stated net of unamortised issue costs of £0.5 million (2023: £0.6 million) of which £0.4 million is included within current borrowings (2023: £0.4 million) and £0.1 million is included within non-current borrowings (2023: £0.2 million within non-current borrowings).

The Group has two overdraft facilities for £5.0 million and £3.0 million with two of its principal bankers (2023: £5.0 million and £3.0 million). Certain cash balances in certain Group bank accounts can be offset with overdrawn balances in those bank accounts. The maximum amount any individual Company may be overdrawn, with each bank, is £10.0 million and £5.0 million respectively (2023: £10.0 million and £5.0 million).

11 LEASE LIABILITIES

	Properties £m
At 31 December 2022	**0.3**
Reassessment and modifications	–
Lease liability payments (including finance costs)	(0.1)
At 31 December 2023	**0.2**
Additions	0.1
Lease liability payments (including finance costs)	(0.1)
At 31 December 2024	**0.2**

Lease liabilities are comprised of the following balance sheet amounts:

	2024 £m	2023 £m
Amounts due within one year (Lease liabilities, Current Liabilities)	0.1	0.1
Amounts due more than one year (Lease liabilities, Non-current Liabilities)	0.1	0.1
	0.2	**0.2**

Lease liabilities are as follows:

	2024 £m	2023 £m
Not more than one year		
Minimum lease payments	0.1	0.1
Interest element	–	–
Present value of minimum lease payments	**0.1**	**0.1**
More than one year		
Minimum lease payments	0.1	0.1
Interest element	–	–
Present value of minimum lease payments	**0.1**	**0.1**

12 POST-EMPLOYMENT BENEFITS

Details of the Group's pension and healthcare schemes are provided in note 26 of the Consolidated Financial Statements.

As at the 31 December 2024 and 31 December 2023 the entire Group liabilities under defined benefit schemes are held on the Company Balance Sheet.

During the year the Company's cost of defined contribution pension schemes was £0.2 million (2023: £0.1 million).

13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Details of derivative financial liabilities are shown in note 27 of the Consolidated Financial Statements. All of the Group's derivative financial liabilities are held by the Company.

14 CONTINGENT LIABILITIES

The Company has guaranteed the banking facilities of certain UK and the Republic of Ireland subsidiary undertakings under a cross guarantee arrangement. No losses are expected to result from this arrangement.

Notes to the Company Financial Statements

Continued >

15 SHARE CAPITAL

Issued and Fully Paid	Shares	2024 £m	Shares	2023 £m
Ordinary shares of 10p each:				
At start of year	414,415,123	41.4	439,151,346	43.9
Issue of share capital	539,644	0.1	–	–
Share buyback	–	–	(24,736,223)	(2.5)
At end of the year	**414,954,767**	**41.5**	**414,415,123**	**41.4**

Full details relating to movements of Ordinary shares in the prior year are shown in note 29 of the Consolidated Financial Statements.

16 SHARE PREMIUM

	2024 £m	2023 £m
Balance brought forward	16.8	16.8
Received on allotment of shares	0.5	–
Balance carried forward	**17.3**	**16.8**

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

	2024 £m	2023 £m
Profit/(loss) for the year	14.2	(11.1)
	14.2	**(11.1)**
Other recognised gains and losses relating to the year:		
Share option (value of employee services)	1.5	1.0
Deferred tax on share options	0.2	0.1
Share buybacks	–	(29.8)
Issue of share capital	0.6	–
Dividends paid	(13.3)	(10.6)
Re-measurement and experience gains (net of taxation)	2.9	6.6
Cash flow hedges movement (net of taxation)	0.4	(0.1)
Net change in Shareholders' equity	**6.5**	**(43.9)**
Opening Shareholders' equity	**163.0**	**206.9**
Closing Shareholders' equity	**169.5**	**163.0**

18 RELATED PARTY TRANSACTIONS

Transactions during the year between the Company and its subsidiaries, which are related parties, are eliminated on consolidation. These transactions are carried out on an arms-length basis.

The following significant transactions with subsidiary undertakings occurred in the year:

	2024 £m	2023 £m
Interest paid	(3.7)	(2.5)
Interest received	0.4	0.4
Dividend received	26.3	–
	23.0	**(2.1)**

19 EVENTS AFTER THE REPORTING PERIOD

There were no events occurring after the balance sheet date which should be disclosed in accordance with IAS 10, 'Events after the reporting period'.

20 SUBSIDIARIES

As at 31 December 2024 the company had a number of subsidiary companies, a list of which is shown below.

Subsidiary companies at the balance sheet date	Principal Activity
Johnsons Textile Services Limited *	Textile and linen rental
Regency Laundry Limited	Textile and linen rental
Celtic Linen Limited*	Textile and linen rental
Millbrook Linen Limited*	Textile and linen rental
Empire Linen Services Limited	Textile and linen rental
Johnson Group Properties PLC	Property holding
Semara Estates Limited *	Property holding
Fresh Linen Holdings Limited	Holding company
Harkglade Limited	Holding company
Johnson Investment Limited	Holding company
Semara Group Limited *	Holding company
Semara Investments Limited *	Holding company
Semara Contract Services Limited *	Holding company
South West Laundry Holdings Limited	Holding company
Afonwen Laundry Limited *	Non-trading company
Ashbon Services Limited	Non-trading company
Bentley Textile Services Limited *	Non-trading company
Bourne Services Group Limited	Non-trading company
Bourne Textile Services Limited *	Non-trading company
Caterers Linen Supply Limited *	Non-trading company
Catering Linen Supply Limited *	Non-trading company
Chester Laundry Limited	Non-trading company
Clayfull Limited	Non-trading company
Clifton Cleaning Limited	Non-trading company
Fresh Linen Limited *	Non-trading company
Greenearth Cleaning Europe Limited	Non-trading company
Greenearth Cleaning Limited	Non-trading company
Johnson Group Cleaners Trustee Company (no 1) Limited	Non-trading company
Johnson Group Cleaners Trustee Company (no 2) Limited	Non-trading company
Johnson Group Inc (UK) Limited	Non-trading company
Johnson Group Management Services Limited	Non-trading company
Johnson Group Pension Nominees Limited	Non-trading company
Johnson Hospitality Services Limited	Non-trading company
Johnsons Hotel Linen Limited	Non-trading company
Johnsons Hotel, Restaurant and Catering Linen Limited	Non-trading company
Johnsons Restaurant and Catering Limited	Non-trading company
Johnsons Apparelmaster Limited	Non-trading company
Johnsons Workwear Limited	Non-trading company
JSG PLC*	Non-trading company
London Linen Management Limited *	Non-trading company
London Linen Supply Limited	Non-trading company
London Workwear Rental Limited *	Non-trading company
Lilliput (Dunmurry) Limited	Non-trading company
Pure Laundry Limited *	Non-trading company
Portgrade Limited	Non-trading company
Quality Textile Services Limited	Non-trading company
Roboserve Limited	Non-trading company
Semara Nominees Limited *	Non-trading company
Semara Trustees Limited *	Non-trading company
South West Laundry Limited *	Non-trading company
Stalbridge Linen Services Limited *	Non-trading company
StarCounty Textile Services Limited	Non-trading company
Whiteriver Laundry Limited *	Non-trading company
Wintex UK Limited	Non-trading company
Zip Textiles (Services) Limited	Non-trading company

Johnson Service Group PLC owns directly or indirectly the entire share capital of each of these companies. The share capital of the companies annotated * are held through intermediate holding companies. All companies above are incorporated in Great Britain and registered in England and Wales, apart from Clayfull Limited which is registered in Scotland, Lilliput (Dunmurry) Limited which is registered in Northern Ireland and Harkglade Limited, Celtic Linen Limited and Millbrook Linen Limited which are registered in the Republic of Ireland. The registered office for all the companies listed above is Johnson House, Abbots Park, Monks Way Preston Brook, Runcorn, Cheshire, WA7 3GH apart from Clayfull Limited whose registered office is Unit 1, Sherwood Industrial Estate, Bonnyrigg, EH19 3LW, Lilliput (Dunmurry) Limited whose registered office is 9 City Business Park, Dunmurry, Belfast, BT17 9GX, Regency Laundry Limited whose registered office is Unit 10b, Leafield Industrial Estate, Leafield Way, Corsham, Wiltshire, SN13 9SW and Harkglade Limited, Celtic Linen Limited and Millbrook Linen Limited whose registered office is Rosslare Road Drinagh, Wexford, Republic of Ireland.

20 SUBSIDIARIES (Continued)

Under Section 479A of the Companies Act 2006, exemption from an audit of the financial statements for the financial period ended 31 December 2024 has been taken by Empire Linen Services Limited (12722778). As required, the Company guarantees all outstanding liabilities to which the subsidiary company is subject to at the end of the financial year until they are satisfied in full, and the guarantee is enforceable against the Company by any person to whom the subsidiary company is liable in respect of those liabilities.

Under Section 479A of the Companies Act 2006, exemption from an audit of the financial statements for the financial period ended 31 December 2024 has been taken by Regency Laundry Limited (10879379). As required, the Company guarantees all outstanding liabilities to which the subsidiary company is subject to at the end of the financial year until they are satisfied in full, and the guarantee is enforceable against the Company by any person to whom the subsidiary company is liable in respect of those liabilities.

Shareholder Information

FINANCIAL CALENDAR

Results announcement for the year to 31 December 2024

4 March 2025

Annual General Meeting

1 May 2025

Results announcement for the half year to 30 June 2025

September 2025

Notice of Annual General Meeting 2025

JOHNSON
Service Group PLC

Company Number: 00523335

This Document is important and requires your immediate attention. If you are in any doubt as to any aspect of the contents of this Document or the action you should take, you are recommended to consult immediately your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in Johnson Service Group PLC, please pass this document as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Dear Shareholder.

I am pleased to be writing to you with details of the 2025 Annual General Meeting (the 'Meeting' or the 'AGM') of Johnson Service Group PLC ('JSG' or the 'Company') which will be held at the DoubleTree by Hilton Hotel & Spa Chester, Warrington Road, Hoole, Chester, CH2 3PD on Thursday 1 May 2025 at 11:00am.

BUSINESS OF THE MEETING

The formal notice of the AGM is set out on pages 182 to 188 and full details of the Resolutions to be proposed at the AGM are contained in the Explanatory Notes on pages 186 to 188.

FORM OF PROXY

As we did last year, and in order to reduce the Company's environmental impact, our intention is to once again remove paper from the voting process as far as possible. **As a result, you will not receive a hard copy Form of Proxy for the AGM but instead you will be able to register your vote electronically**.

You are, therefore, asked to vote in one of the following ways:

- Register your vote online through our Registrar's portal – www.signalshares.com. You will need to log into your Signal Shares account or register if you have not previously done so.
- CREST members may utilise the CREST electronic proxy appointment service in accordance with the instructions provided in Accompanying Note 5 below.
- If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io and refer to Note 6 below.

If you prefer, you may request a hard copy Form of Proxy from our Registrar, MUFG Corporate Markets, using the contact details shown within Accompanying Note 2 below and return it to MUFG Corporate Markets at the address shown on the Form of Proxy.

All Forms of Proxy, whether registered online, electronic or hard copy, must be received by the Company's Registrar no later than 11:00am on Tuesday 29 April 2025 or, if the Meeting is adjourned, by the time which is 48 hours before the start time of the adjourned Meeting.

Further details are provided in Accompanying Note 3 below. If you need help with completing the Form of Proxy online, please contact the Company's Registrar.

HOW TO VOTE

Your vote is important to us. We strongly encourage you to vote in advance of the Meeting by appointing the Chair of the Meeting as your proxy. Our Registrar, MUFG Corporate Markets, must receive your Form of Proxy containing your voting instructions by 11:00am on Tuesday 29 April 2025 at the latest to ensure that your vote is counted. Details of how to submit a Form of Proxy are set out in Accompanying Note 4 below.

BOARD RECOMMENDATIONS

The Directors believe that each of the proposed Resolutions to be considered at the AGM is in the best interests of the Company and its Shareholders as a whole and recommend that all Shareholders vote in favour of all Resolutions, as the Directors intend to do in respect of their own shareholdings.

The results of the voting on all Resolutions will be announced via the Regulatory News Service and published on our website as soon as practicable following the conclusion of the AGM.

Jock Lennox
Non-Executive Chair
3 March 2025

Notice of Annual General Meeting 2025

Continued >

NOTICE is hereby given that the Annual General Meeting of Johnson Service Group PLC will be held at the DoubleTree by Hilton Hotel & Spa Chester, Warrington Road, Hoole, Chester, CH2 3PD on Thursday 1 May 2025 at 11:00am to transact the business set out in the Resolutions below.

Resolutions 1 to 12 (inclusive) will be proposed as Ordinary Resolutions and Resolutions 13 to 15 (inclusive) will be proposed as Special Resolutions.

The business of the Meeting will be to consider and, if thought fit, to pass the following Resolutions:

ORDINARY RESOLUTIONS

Annual Report and Accounts

1. To receive and adopt the financial statements for the year ended 31 December 2024 together with the reports of the Directors and the auditor on those financial statements.

Directors' Remuneration Report

2. To approve the Directors' Remuneration Report as set out on pages 80 to 100 of the 2024 Annual Report.

Final Dividend

3. To confirm the payment of the interim dividend of 1.3 pence per Ordinary Share and to declare a final dividend of 2.7 pence per Ordinary Share for the year ended 31 December 2024.

Re-election of Directors

4. To re-elect Jock Lennox as a Director.
5. To re-elect Peter Egan as a Director.
6. To re-elect Yvonne Monaghan as a Director.
7. To re-elect Chris Girling as a Director.
8. To re-elect Nicola Keach as a Director.
9. To re-elect Kirsty Homer as a Director.

External Auditor's Appointment and Remuneration

10. To reappoint Grant Thornton UK LLP as auditor to the Company until the conclusion of the next general meeting at which accounts are laid before the Company.
11. To authorise the Audit Committee to determine the remuneration of the auditor.

Directors' Authority to Allot Shares

12. In substitution for all existing and unexercised authorities and powers, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006) ("Equity Securities") to such persons at such times and on such terms and conditions as the Directors may determine and subject always to the Articles of Association, provided that the aggregate of the nominal amount of such Equity Securities that may be allotted under this authority shall not exceed £13,832,773.

    This authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution or, if earlier, on 1 July 2026, save that the Directors of the Company may, before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors of the Company may allot Equity Securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

    All unutilised authorities previously granted to the Directors of the Company under section 551 of the Companies Act 2006 shall cease to have effect at the conclusion of the Annual General Meeting (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this Resolution which would or might require equity securities to be allotted on or after that date).

SPECIAL RESOLUTIONS

Disapplication of Pre-emption Rights

13. Subject to and conditional upon the passing of the Ordinary Resolution numbered 12 in this notice of Annual General Meeting of the Company and in substitution for all existing and unexercised authorities and powers, the Directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Companies Act 2006 to allot Equity Securities for cash pursuant to the authority conferred upon them by the Ordinary Resolution numbered 12 in this notice of Annual General Meeting of the Company and / or sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment of Equity Securities or sale of ordinary shares held by the Company as treasury shares, provided that this power shall be limited to:

    (i) the allotment of Equity Securities in connection with a rights issue or similar offer to or in favour of ordinary Shareholders where the Equity Securities respectively attributable to the interests of all ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them on that date provided that the Directors of the Company may make such exclusions or other arrangements to deal with any legal or practical problems under the laws of any territory or the requirement of any regulatory body or any stock exchange or with fractional entitlements as they consider necessary or expedient;

    (ii) the allotment (otherwise than pursuant to sub paragraph (i) above) of Equity Securities pursuant to the authority granted under the Ordinary Resolution numbered 12 in this notice of Annual General Meeting or sale of treasury shares up to an aggregate nominal amount of £4,149,832 (representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at 3 March 2025); and

    (iii) the allotment of Equity Securities or sale of treasury shares (otherwise than under sub-paragraphs (i) or (ii) above) up to an aggregate nominal amount equal to 20 per cent of any allotment of Equity Securities or sale of treasury shares from time to time under sub-paragraph (ii) above, such authority to be used only for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

    This power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution or, if earlier, on 1 July 2026, save that the Company may before such expiry make any offer or enter into any agreement which would or might require Equity Securities to be allotted (and treasury shares to be sold) after such expiry and the Directors of the Company may allot Equity Securities (and sell treasury shares) in pursuance of any such offer or agreement as if the power conferred hereby had not expired. All previous authorities under Section 571 of the Companies Act 2006 shall cease to have effect at the conclusion of the Annual General Meeting.

14. Subject to and conditional upon the passing of the Ordinary Resolution numbered 12 in this notice of Annual General Meeting of the Company and in addition to any authority granted under the Special Resolution numbered 13 in this notice of Annual General Meeting of the Company, the Directors of the Company be and are hereby generally and unconditionally empowered pursuant to section 570 of the Companies Act 2006 to allot Equity Securities for cash pursuant to the authority conferred upon them by the Ordinary Resolution numbered 12 in this notice of Annual General Meeting of the Company and / or sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment of Equity Securities or sale of treasury shares, provided that this power shall be limited to the allotment of Equity Securities pursuant to the authority granted under the Ordinary Resolution numbered 12 in this notice of Annual General Meeting of the Company or the sale of treasury shares:

    (i) up to an aggregate nominal amount of £4,149,832 (representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at 3 March 2025) such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of Annual General Meeting of the Company; and

    (ii) (otherwise than under sub-paragraph (i) above) up to an aggregate nominal amount equal to 20 per cent of any allotment of Equity Securities or sale of treasury shares from time to time under sub-paragraph (i) above, such authority to be used for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by sub-paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice of Annual General Meeting of the Company.

    This power shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution or, if earlier, on 1 July 2026, save that the Company may before such expiry make any offer or enter into any agreement which would or might require Equity Securities to be allotted (and treasury shares to be sold) after such expiry and the Directors of the Company may allot Equity Securities (and sell treasury shares) in pursuance of any such offer or agreement as if the power conferred hereby had not expired. All previous authorities under Section 571 of the Companies Act 2006 shall cease to have effect at the conclusion of the Annual General Meeting.

Purchase of Own Shares

15. In accordance with article 11 of the Articles of Association, the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 10 pence each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

    (i) the maximum aggregate number of Ordinary Shares that may be purchased under this authority is 41,498,320 (representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at 3 March 2025);

    (ii) the minimum price which may be paid for each Ordinary Share is 10 pence, exclusive of attributable expenses payable by the Company (if any); and

(iii) the maximum price which may be paid for each Ordinary Share is the higher of:

a) an amount equal to not more than 105% of the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and

b) the higher of the price of the last independent trade of Ordinary Shares and the highest current independent bid for Ordinary Shares on the trading venue where the purchase is carried out,

in each case, exclusive of attributable expenses payable by the Company (if any).

The authority hereby conferred shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution or, if earlier, on 1 July 2026 save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry, where the Company may make a purchase of Ordinary Shares in pursuance of any such contract.

All previous unutilised authorities for the Company to make market purchases of Ordinary Shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this Resolution and where such purchase has not yet been executed.

All Shareholders are strongly encouraged to vote by appointing the Chair of the Meeting as their proxy in advance of the AGM.

By Order of the Board.

Christopher Clarkson
Company Secretary
3 March 2025

Johnson Service Group PLC
Johnsons House, Abbots Park, Monks Way, Preston Brook, Cheshire, WA7 3GH

Accompanying Notes

1. Entitlement to Attend or Vote at the AGM

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered in the Register of Members of the Company at close of business on 29 April 2025 or, in the event that the Meeting is adjourned, in the Register of Members at close of business on the date which is two days prior to the date fixed for holding any adjourned Meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

2. Contacting the Company's Registrar

You can write to the Company's Registrar at the address below:

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds
LS1 4DL

Alternatively, you can email at shareholderenquiries@cm.mpms.mufg.com or call MUFG Corporate Markets on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30 (GMT), Monday to Friday excluding public holidays in England and Wales.

When contacting the Registrar please ensure you provide your unique Investor Code (IVC), which can be found on a share certificate or dividend confirmation. Alternatively, you can contact the Company's Registrar to obtain your IVC.

3. Voting

In order to reduce the Company's environmental impact, our intention is to remove paper from the voting process as far as possible. As a result, you will not receive a Form of Proxy for the AGM in the post.

You are, therefore, asked to register your vote online through our Registrar's portal – www.signalshares.com. You will need to log into your Signal Shares account or register if you have not previously done so. To log in or register, you will need your Investor Code (IVC), which is printed on your share certificate or may be obtained by contacting the Company's Registrar, MUFG Corporate Markets, whose contact details are set out in Accompanying Note 2 above.

CREST members may utilise the CREST electronic proxy appointment service in accordance with the instructions provided in Accompanying Note 5 below.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform in accordance with Note 6 below.

If you prefer, you may request a hard copy Form of Proxy from MUFG Corporate Markets, using the contact details set out in Accompanying Note 2 above, and return it to MUFG Corporate Markets at the address shown on the form.

All Forms of Proxy, whether online, electronic or hard copy, must be received by the Company's Registrar no later than 11:00am on 29 April 2025 or, if the Meeting is adjourned, by the time which is 48 hours before the start time of the adjourned Meeting.

If you need help with completing the Form of Proxy online, please contact the Company's Registrar.

4. Proxies

Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the Meeting. A Shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. You can only appoint a proxy by using the procedures set out in these notes.

Shareholders can complete the Form of Proxy online as further detailed in Accompanying Note 3 above. As an alternative, you may request a hard copy Form of Proxy by emailing, calling, or writing to, MUFG Corporate Markets using the contact details provided in Accompanying Note 2 above. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and returned to MUFG Corporate Markets at the above address together in the same envelope.

Shareholders who are CREST members may use the electronic proxy voting service as described below.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform as described below.

To be valid, any Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed (or a duly certified copy), must be received by post or (during normal business hours only) by hand at the Company's Registrar no later than 11:00am on Tuesday 29 April 2025.

Shareholders are encouraged to ensure that they contact MUFG Corporate Markets in sufficient time ahead of the AGM to allow any request for a paper Form of Proxy to be processed, dispatched and (following completion) subsequently returned to the Registrar.

The return of a completed Form of Proxy or other such instrument or any CREST Proxy Instruction or appointing a proxy via Proxymity (as described below) will not prevent a Shareholder attending the AGM and voting in person. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

5. CREST

CREST members who wish to appoint a proxy or proxies by utilising the proxy voting service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CREST's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID "RA10") by the latest time(s) for receipt of proxy appointments specified in, or in a note to, the Notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notice of Annual General Meeting 2025

Continued >

6. Proxymity Voting

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11:00am on Tuesday 29 April 2025 in order to be considered valid or, if the Meeting is adjourned, by the time which is 48 hours before the time of the adjourned Meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

7. Documents Available for Inspection

The following documents will be available for inspection at the Registered Office of the Company during normal business hours on any business day (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the close of the Meeting and at the place of the Meeting for 15 minutes prior to and during the Meeting:

(i) the Register of Directors' interests kept by the Company under Section 809 of the Companies Act 2006;

(ii) copies of all service agreements between the Executive Directors and the Company together with other appropriate documentation; and

(iii) copies of the terms and conditions of appointment of the Non-Executive Directors.

So that appropriate arrangements can be made for Shareholders wishing to inspect documents, we request that Shareholders contact the Company Secretary by email at enquiries@jsg.com in advance of any visit to ensure that access can be arranged.

8. Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

9. Shareholder Rights and AGM Business

Subject to the provisions of section 338 of the Companies Act 2006, members representing at least 5% of the total voting rights of all members (or at least 100 members who would have the right to vote at the Meeting and who hold shares on which there has been paid an average sum per member of at least £100) may have the right to require the Company:

(i) to give, to members of the Company entitled to receive notice of the Meeting, notice of a Resolution which may properly be moved and is intended to be moved at the Meeting; and/or

(ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed Resolution) which may be properly included in the business.

A Resolution may properly be moved or a matter may properly be included in the business unless:

(i) (in the case of a Resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(ii) it is defamatory of any person; or

(iii) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, must identify the Resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than six weeks before the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

10. Shareholders' Right to Ask Questions at the AGM

Any member attending the Meeting would have the right to ask questions relating to the business of the AGM in accordance with section 319A of the Companies Act 2006. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if:

(i) to do so would interfere unduly with the business of the Meeting or involve the disclosure of confidential information;

(ii) the answer has already been given on a website in the form of an answer to a question; or

(iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

11. Total Voting Rights

As at 3 March 2025 (being the last business day prior to publication of this notice) the Company's issued share capital consists of 414,983,202 Ordinary Shares carrying one vote each. The total voting rights in the Company as at 3 March 2025 are, therefore, 414,983,202 (excluding treasury shares).

Explanatory Notes

The following notes give an explanation of the proposed Resolutions.

Resolutions 1 to 12 (inclusive) are proposed as Ordinary Resolutions. This means that for each of those Resolutions to be passed, more than half of the votes cast must be in favour of the Resolution. Resolutions 13 to 15 (inclusive) are proposed as Special Resolutions. This means that for each of those Resolutions to be passed, at least three-quarters of the votes cast must be in favour of the Resolution.

The Directors consider the passing of all of the Resolutions to be in the best interests of the Company and its Shareholders and accordingly recommend that you vote in favour of these Resolutions as they intend to do so in respect of their own shareholdings.

Annual Report and Accounts (Resolution 1)

The Directors of the Company must present the audited accounts for the year ended 31 December 2024 to the AGM.

Directors' Remuneration Report (Resolution 2)

It is proposed that the Directors' Remuneration Report for the financial year ended 31 December 2024, as set out on pages 80 to 100 of the Annual Report, be approved. The Directors' Remuneration Report contains, inter alia, details of the Directors who were members of the Remuneration Committee, a forward looking statement of the Company's policy on Directors' remuneration for subsequent financial years, a performance graph showing the Company's Total Shareholder Return compared with the return on the FTSE 250 ex. Investment Trusts Index, details of the Directors' service agreements, the 'Single Total Figure of Remuneration' table and specific disclosures relating to each Director's remuneration.

Declaration of a Dividend (Resolution 3)

A final dividend can only be paid after the Shareholders at a general meeting have approved it. A final dividend of 2.7 pence per Ordinary Share is recommended by the Directors for payment to Shareholders who are on the Register at the close of business on 11 April 2025. If approved, the date of payment of the final dividend will be 9 May 2025. The ex-dividend date is 10 April 2025. An interim dividend of 1.3 pence per Ordinary Share was paid on 1 November 2024.

Re-election of Directors (Resolutions 4 to 9 inclusive)

Provision 18 of the Financial Reporting Council's UK Corporate Governance Code (the 'Code') requires all Directors to be subject to annual re-election. Biographical details of all the Directors offering themselves for re-election or election, as applicable, are set out on pages 52 to 53 of the 2024 Annual Report and are also available for viewing on the Company's website (www.jsg.com).

Commencing at the end of the third quarter of 2024, an independent, formal, external evaluation of the Board and its committees was conducted by Gould Consulting ('Gould') which is independent of, and has no other links with, the Company or its Directors. The evaluation comprised a series of online questionnaires for the Board and each of its principal committees for completion by the Board, committee members and the Company Secretary. Based on the agreed themes, the questionnaires were designed to encourage thought provoking and candid responses. Individual interviews were then conducted with each Board member. In addition, Gould attended the October 2024 Board meeting as silent observers. Gould then prepared and circulated a report summarising the key findings and confirming that the Board and its committees continue to remain effective. In addition, in light and as part of the continued evolution and growth of the Group, the evaluation highlighted a number of key areas of focus for the Board. Further details are provided on page 68 of the 2024 Annual Report. Additionally, the Independent Non-Executive Directors conducted a performance evaluation of the Chair, after taking into account the views of the Executive Directors. Furthermore, the Remuneration Committee regularly reviewed the performance of each Executive Director.

As a result of these reviews and evaluations, it is considered that the performance of each Director continues to be effective, that each Director demonstrates sufficient commitment to their role and that the contribution of each Director continues to be important to the Company's long-term sustainable success.

Appointment of the Auditor (Resolution 10)

The Company is required to appoint the auditor at each general meeting at which accounts are presented, to hold office until the end of the next such meeting. Resolution 10, which is recommended by the Audit Committee, proposes the reappointment of the Company's existing auditor, Grant Thornton UK LLP.

Remuneration of the Auditor (Resolution 11)

This Resolution follows best practice in corporate governance by separately seeking authority for the Audit Committee to determine the auditor's remuneration.

Renewal of Directors' Authority to Allot Securities (Resolution 12)

The Company's Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by Shareholders. The authority granted at the 2024 AGM under section 551 of the Companies Act 2006 to allot relevant securities is due to expire at the conclusion of this year's AGM. Accordingly, this Resolution seeks to grant a new authority to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next AGM of the Company in 2026 or, if earlier, the close of business on 1 July 2026.

If passed, the authority granted by the passing of this Resolution will be limited to an aggregate nominal value of £13,832,773 of Ordinary Shares which represents approximately one third of the Ordinary share capital in issue (excluding treasury shares) as at 3 March 2025 (being the latest practicable date prior to publication of this Notice). If renewed, the authority will, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this Resolution or, if earlier, on 1 July 2026.

Other than in respect of allotting Ordinary Shares in order to satisfy employee share schemes, the Directors have no present intention of exercising this authority. However, it is considered prudent to maintain the flexibility that this authority provides. The Company's Directors intend to renew this authority annually.

Renewal of General Disapplication of Pre-emption Rights (Resolution 13)

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing Shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing Shareholders. This cannot be done under the Companies Act 2006 unless the Shareholders have first waived their pre-emption rights.

In 2022, the Pre-Emption Group (which represents the Investment Association and the Pension and Lifetime Savings Association) published a revised statement of principles for the disapplication of pre-emption rights (the "Principles"). The Principles relate to issues of equity securities for cash other than on a pre-emptive basis (i.e. other than pro rata to existing Shareholders) by all companies (wherever incorporated) with shares admitted to the Premium Listing segment of the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange. Certain other companies, including those with shares admitted to trading on AIM, are encouraged to adopt the Principles. At the Company's AGM in 2024, the Company sought and obtained Shareholder approval for a general authority for the disapplication of pre-emption rights in accordance with the applicable authority limits set out in the Principles.

The Principles provide that a general authority for the disapplication of pre-emption rights over approximately 10 per cent of the Company's issued ordinary share capital, together with a further disapplication for up to 2 per cent to be used only for the purposes of a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Principles, should be treated as routine.

Whilst the Directors do not have any present intention to exercise the disapplication authority sought in Resolution 13, the Directors consider that it is appropriate for them to seek the flexibility that this authority provides, and that the authority sought in Resolution 13 is in the best interests of the Company.

Accordingly, other than in connection with a rights issue or any other pre-emptive offer concerning Equity Securities, and subject to the passing of Resolution 12, this Resolution seeks to replace the authority conferred on the Directors at the 2024 AGM to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares or sell treasury shares for cash (other than pursuant to an employee equity incentive share scheme) without application of pre-emption rights. The authority will be limited to the issue of shares for cash up to a maximum aggregate nominal value of (i) £4,149,832, which is equivalent to approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 March 2025 (being the latest practicable date prior to publication of this Notice); and (ii) up to an additional £829,966, which is equivalent to approximately 2 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 March 2025 (being the latest practicable date prior to publication of this Notice), solely for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Principles.

This Resolution also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas Shareholders.

Shareholders will note that this Resolution also relates to treasury shares and will be proposed as a Special Resolution. If renewed, the authority will, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next AGM of the Company in 2026 or, if earlier, the close of business on 1 July 2026. The Directors intend to renew this authority annually and confirm their intention to follow best practice, as set out in the Principles.

General Disapplication of Pre-emption Rights in Connection with an Acquisition or Specified Capital Investment (Resolution 14)

The Principles further provide that the Company may, as a routine, seek to disapply pre-emption rights over the equivalent of approximately an additional 10 per cent of the issued ordinary share capital of the Company, so long as certain criteria are met. Subject to the passing of Resolution 12, Resolution 14 seeks to replace the authority conferred on the Directors at the 2024 AGM (in addition to the authority referred to above in relation to Resolution 13) to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares or sell treasury shares for cash (other than pursuant to an employee equity incentive share scheme) up to an aggregate nominal value of approximately:

(i) 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) without application of pre-emption rights pursuant to section 561 of the Companies Act 2006, provided that this authority will only be used for the purpose of:

  a. an acquisition; or

  b. a specified capital investment in respect of which sufficient information regarding the effect of the investment on the Company, the assets that are the subject of the investment and (where appropriate) the profits attributable to those assets is made available to Shareholders to enable them to reach an assessment of the potential return on the investment which is announced contemporaneously with the issue or which has taken place in the preceding twelve month period and is disclosed in the announcement of the issue; and up to an additional

(ii) 2 per cent of the Company's issued ordinary share capital (excluding treasury shares) without application of pre-emption rights pursuant to section 561 of the Companies Act 2006, provided that this authority will only be used for the purpose of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Principles.

At the Company's 2024 AGM, in addition to a general authority for the disapplication of pre-emption rights in accordance with the authority limits set out in the Principles, the Company sought and obtained Shareholder approval for an additional general authority for the disapplication of pre-emption rights in connection with an acquisition or specified capital investment, in accordance with the applicable authority limits set out in the Principles.

Whilst the Directors do not have any present intention to exercise the disapplication authority sought in Resolution 14, the Directors consider that it is appropriate for them to seek the additional flexibility that this authority provides, and that the authority sought in Resolution 14 is in the best interests of the Company.

Accordingly, other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in Resolution 14 would be limited to (i) the issue of shares for cash up to a maximum aggregate nominal value of £4,149,832 (which includes the sale on a non-pre-emptive basis of any shares held in treasury), which is equivalent to approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 March 2025 (being the latest practicable date prior to the publication of this Notice); and (ii) up to an additional £829,966 which is equivalent to approximately 2 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 March 2025 (being the latest practicable date prior to publication of this Notice), solely for the purposes of making a follow-on offer which the Directors of the Company determine to be of a kind contemplated by paragraph 3 of Section 2B of the Principles.

If approved, the authority will, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next AGM of the Company in 2026 or, if earlier, the close of business on 1 July 2026. The Directors intend to renew this authority annually.

Renewal of Company's authority to purchase Ordinary Shares (Resolution 15)

In certain circumstances it may be advantageous for the Company to purchase its own shares and this Resolution seeks the authority from Shareholders to continue to do so. Authority was given to the Company to make market purchases up to an aggregate of 41,441,512 of its Ordinary Shares at the 2024 AGM (being equal to approximately 10 per cent of the Company's issued ordinary share capital as at 4 March 2024, the latest practicable date prior to the publication of the notice for the 2024 AGM). This authority is due to expire at the end of the AGM and it is proposed that the Company be authorised to make market purchases up to an aggregate of 41,498,320 Ordinary Shares, representing approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 3 March 2025, being the latest practicable date prior to the publication of this Notice. The authority specifies the minimum and maximum prices that may be paid for any Ordinary Shares.

No share buyback programmes were undertaken by the Company during the financial year ended 31 December 2024.

Renewing the authority for the Company to purchase Ordinary Shares in the market, pursuant to Resolution 15, is intended to allow your Board the flexibility to take advantage of opportunities that may arise to increase Shareholder value. The Directors intend that this authority will only be exercised when, in the light of market conditions prevailing at the time and having carefully considered any priority capital allocation activities, financial gearing levels and the overall position of the Company, they believe that the effect of such purchases will be to increase earnings per share and will be likely to promote the success of the Company for the benefit of its members as a whole. The purchase price would be paid out of distributable profits.

Whilst it is the Directors' present intention to cancel any shares purchased pursuant to this authority, any shares purchased in the market under this authority may be either cancelled or, pursuant to the Companies Act 2006 and the authority conferred by this Resolution, held as treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

Shares held in treasury allow the Company to quickly and cost-effectively reissue shares and also gives the Company the opportunity to satisfy employee share scheme awards. The total number of options to subscribe for Ordinary Shares that were outstanding at 3 March 2025 (being the latest practicable date prior to publication of this Notice) was 8,429,831. The proportion of issued share capital (excluding treasury shares) that they represented at that time was approximately 2.0 per cent and the proportion of issued share capital (excluding treasury shares) that they will represent if the full authority to purchase shares (existing and being sought) is used is approximately 2.3 per cent.

The authority given under this Resolution will, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next AGM of the Company in 2026, or, if earlier, the close of business on 1 July 2026. It is the present intention of the Directors to seek renewal of this authority annually.

Directors and Advisors

Directors and Officers

John (Jock) Fyfe Lennox, LLB, CA
Non-Executive Chair
Chair of Nomination Committee
Member of Remuneration Committee

Peter Egan, MBA
Chief Executive Officer
Director responsible for Health, Safety and the Environment
Chair of Sustainability Committee

Yvonne May Monaghan, BSc (Hons), FCA
Chief Financial Officer
Member of Sustainability Committee

Christopher (Chris) Francis Girling, MBA, FCA
Senior Independent Non-Executive Director
Chair of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Nicola Elizabeth Anne Keach, MA
Independent Non-Executive Director
Member of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Kirsty Rowena Homer, MA
Independent Non-Executive Director
Member of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee
Chair of Remuneration Committee (from 1 November 2024)
Non-Executive Director responsible for Workforce Engagement (from 1 November 2024)

Nicholas (Nick) Mark Gregg (resigned 31 December 2024)
Independent Non-Executive Director
Member of Audit Committee
Member of Nomination Committee
Chair of Remuneration Committee (until 1 November 2024)
Non-Executive Director responsible for Workforce Engagement (until 1 November 2024)

Christopher (Chris) John Clarkson, LLB (Hons)
Company Secretary

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40 Spring Gardens
Manchester
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The Royal Bank of Scotland plc
10th Floor, The Plaza
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Independent Auditor
Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
Landmark
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Manchester
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Electronic Communications

The Company offers Shareholders the opportunity to receive communications such as notices of Shareholder meetings and the annual report and accounts electronically. The Company encourages the use of electronic communication as, not only does it help to reduce the Company's environmental impact and save on printing and mailing costs, it is also a more convenient and prompt method of communication.

If you decide to receive communications electronically, you will be sent an email message each time a new Shareholder report or notice of meeting is published. The email will contain links to the appropriate website where documents can be viewed. It is possible to change your instruction at any time by amending your details on the register.

If you would like to receive electronic communications, you will need to register your email address by accessing the Shareholder Services page within the Investor Relations section of the Company's website at www.jsg.com.

This will link you to the service offered by the Company's Registrar. If you decide not to register an email address with the Registrar, you will continue to receive notification in the post each time a new Shareholder report or notice of meeting is published, unless you have requested to receive these documents in hard copy form.

Those Shareholders who are CREST members and who wish to appoint a proxy or proxies utilising the proxy voting service please refer to Accompanying Note 5 of the Notice of Annual General Meeting. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io and refer to Accompanying Note 6 of the Notice of Annual General Meeting.

If you have any queries regarding electronic communications, please contact the Company's Registrar, MUFG Corporate Markets, via email at shareholderenquiries@cm.mpms.mufg.com or on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30 (GMT), Monday to Friday excluding public holidays in England and Wales.

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