JOHNSON
Service Group PLC

2021 INTERIM REPORT & ACCOUNTS

Contents

Operational and Financial Review

Following very strong performances over recent years the Group has had a difficult period since March 2020 with the onset of the COVID-19 pandemic. The Group has focused on protecting the business through this unpredictable period and safeguarding our employees and customers whilst strengthening our finances in readiness for a return to more normal trading conditions.

Whilst our Workwear division continued to experience only a modest impact on volumes, the HORECA division was again severely impacted by the lockdown at the start of 2021. As restrictions eased, volumes began to increase from mid-April and our focus from that point has been to increase the capacity at our sites to process the rapidly changing volumes.

Since March, we have recruited a significant number of employees in order to match production capacity to increasing volumes. Whilst this has presented some short-term challenges in terms of efficiency and productivity, recruitment requirements have now eased as capacity is more closely aligned to the current level of demand.

FINANCIAL REVIEW

Financial Results

Our results for the first half of 2021 reflect the various lockdown restrictions during the period. Half year revenue was £99.6 million, down from £114.8 million in 2020. Adjusted EBITDA was £16.9 million (June 2020: £24.9 million) giving a margin of 17.0% (June 2020: 21.7%). The Group benefited from Coronavirus Job Retention Scheme (CJRS) claims of £9.9 million (June 2020: £16.6 million). With all employees now returned to the business, no further claims are expected to be made in respect of the second half of the year.

Total finance costs reduced to £1.6 million (June 2020: £3.1 million) in line with the reduction in bank debt. The period to June 2020 also included a charge of £0.6 million relating to the discontinuance of hedge accounting on interest rate swaps previously designated as cashflow hedges.

The exceptional credit of £2.6 million relates to a further interim settlement from the insurer, relating to capital items, in respect of the 2020 Exeter fire and Treforest flood. The increased cost of working for Exeter under the temporary arrangements continues to be covered by Business Interruption insurance. We anticipate a further exceptional credit in the second half of the year as we reach a financial settlement with the insurer in relation to the Exeter fire.

The adjusted loss before taxation was £11.2 million (June 2020: £12.6 million).

Statutory loss before taxation, after amortisation of intangibles (excluding software amortisation) of £5.4 million (June 2020: £5.5 million) and an exceptional credit of £2.6 million (June 2020: exceptional charge of £0.5 million) was £14.0 million (June 2020: £18.6 million).

The tax rate on adjusted loss before taxation, excluding exceptional items and the amortisation of software (excluding software amortisation), was 23.1% (June 2020: 16.7%). The rate is in line with the expected rate for the full year, excluding the effect of the capital allowances super-deduction which offers 130% first-year relief on qualifying main rate plant and machinery investments until 31 March 2023.

Adjusted diluted loss per share was 1.9 pence (June 2020: 2.8 pence).

Dividend

An interim dividend in respect of 2021 is not being proposed. The Board is aware of the importance of dividends to Shareholders and will look to reinstate its dividend policy as trading returns to more predictable and normalised levels.

Finances and Capital Structure

Free cash flow in the first half of the year, after capital lease payments, was £5.7 million compared to £38.6 million in the first half of 2020, with 2020 benefiting from a working capital inflow of £16.8 million compared to an outflow of £7.4 million in 2021. The outflow on working capital was as expected as the business returns to more normal levels of trading.

Total net debt (excluding IFRS 16) at 30 June 2021 was £8.8 million (December 2020: net cash £6.6 million). After including the impact of IFRS 16, net debt at June 2021 was £46.9 million (December 2020: £33.6 million).

Bank covenants for 2021 are based on minimum EBITDA levels (calculated as adjusted EBITDA excluding right of use asset depreciation) with a return to gearing and interest cover covenants from March 2022. From March 2022 the agreed gearing covenant is for the ratio of total debt, including IFRS 16 liabilities, to adjusted EBITDA to be not more than three times. The Group's medium to long-term intention is to operate at gearing levels of between one to two times.

Our Capital Allocation policy remains unchanged and we acknowledge that we are carrying a lower than normal level of debt in the short term, reflecting the continued macro-economic uncertainty. Our periodic review of capital structure will take into account maintaining a strong balance sheet, continuing capital investment in our plants and in acquisitions, a progressive dividend policy and distributing any surplus cash to Shareholders.

Post-Employment Benefits

The recorded net deficit after tax for all post-employment benefit obligations, calculated in accordance with IAS 19, was £6.4 million at June 2021 compared to £12.1 million at December 2020. The improvement in the position is due, in part, to a higher discount rate assumed on liabilities offset, to a lesser extent, by higher assumed inflation. We continue to have a significant portion of scheme assets invested so as to hedge against movements in liabilities, thereby reducing overall scheme volatility.

The triennial valuation of the defined benefit pension scheme as at 30 September 2019 was completed in 2020. We are tracking ahead of the recovery plan put in place at the previous valuation and we have therefore agreed with the Trustee to continue with the existing deficit recovery payments of £1.9 million per annum until the result of the next review in September 2022.

Business Review

Our Businesses

The Group comprises of Textile Rental businesses which trade through a number of very well recognised brands, servicing the UK's Workwear and Hotel, Restaurant and Catering ('HORECA') market sectors. The 'Johnsons Workwear' brand predominantly provides workwear rental, protective wear and laundry services to corporates across all industry sectors. 'Stalbridge', 'London Linen' and 'South West Laundry' provide premium linen services to the restaurant, hospitality and corporate events market and Johnsons Hotel Linen, our high volume linen business, comprises of Johnsons Hotel Linen by 'Afonwen', by 'PLS' and by 'Fresh'.

The changes made to ensure continuity of operations and to manage the health, safety and welfare of our employees during the early months of the pandemic have continued during 2021. We continue to review our operations, update risk assessments and implement new processes and procedures where necessary. We would like to acknowledge the continuing commitment and efforts of our employees and thank them for their support.

We are encouraged by the return of the hospitality market since restrictions began to be lifted in mid-April. Volumes are continuing to increase as more of the economy returns to normal trading and office workers begin to return. We anticipate that, in the absence of renewed restrictions, this trend will continue over the coming months.

Workwear Division

Operating as Johnsons Workwear, we provide workwear rental and laundry services to some 36,000 customers in the UK from small local businesses to the largest companies covering food related and other industrial sectors.

The total revenue for the Workwear division was £64.5 million (June 2020: £64.6 million) reflecting the continuing impact of COVID-19 on both our existing customers and winning new business. Adjusted EBITDA was £23.0 million (June 2020: £24.4 million) with a margin of 35.7% (June 2020: 37.8%). Adjusted operating profit was £11.2 million (June 2020: £11.6 million) after claiming a CJRS grant of £0.6 million (June 2020: £1.8 million).

The Workwear business continued to operate throughout the pandemic with volumes returning to 98% of pre-Covid levels by June 2021. The various lockdowns over the last 18 months resulted in our sales force being temporarily furloughed due to decreased demand for changing workwear supplier. Revised working processes and procedures to protect our employees and business have been maintained despite recent Government announcements. Our personnel have continued to fully support the business during such unpredictable and challenging times, a reflection of the strong service and family culture throughout our business.

Our Existing Customer Satisfaction Survey achieved the highest results since our surveys began back in 2004, scoring 87.1%, a credit to all our teams during such challenging times. Customer retention levels also remain high at 95%.

The successful installation of automated processing equipment in Basingstoke during 2020 has resulted in a commitment to similar installations in both Perth and Hinckley. Work for both will be completed in the second half of 2021. New washing machines ordered will increase capacity in Letchworth and a new garment finishing tunnel was installed in Hinckley during the second quarter. Machinery installation is ongoing at our new Exeter plant, with an expected soft opening in late September this year. The updating of our commercial fleet is continuing along with the rebranding of vehicles less than five years old. The first double decker trailer and tractor unit for the Workwear division, which will operate between Perth and Aberdeen and reduce the number of road journeys between the two sites, was delivered in July 2021.

The installation of the new workwear laundry management IT platform is on track. All business departments have constructively contributed towards the functionality of the new system which resulted in a successful conversion at our plant in Hull in June, followed by Lancaster in July. Our thanks to the dedication of all employees involved in achieving a smooth transition with no negative impact to our customers or operations. The roll out programme across all remaining sites will continue throughout 2021 and conclude in early 2022.

Eight of our sites have now successfully achieved certification EN 14065, Biocontamination Control System for Laundry Processed Textiles. This achievement demonstrates to our customers that our laundry service has systems and processes in place to control microbiological contamination in laundered textiles. The standard compliments others already in place, especially for food and pharmaceutical industries, as well as giving us the ability to process isolation gowns and other healthcare products separately in our sites. Plans are in place for the majority of our other sites to also become accredited.

HORECA Division

The total revenue for the HORECA division was £35.1 million (June 2020: £50.2 million) with both periods severely affected by various lockdown restrictions. Adjusted EBITDA was a £3.5 million loss (June 2020: £2.7 million profit). Adjusted operating loss was £18.2 million (June 2020: £18.8 million) after claiming a reduced CJRS grant of £9.3 million (June 2020: £14.8 million).

Volumes reached over 70% of normal in June 2021 and have continued to increase during July and August to reach over 80%.

A significant proportion of employees were furloughed during the first quarter of the year and many of our sites were mothballed. As we approached the end of lockdown, we began to return employees from furlough and the business proactively sought to recruit additional resource as quickly as possible, in many cases in advance of processing requirements. As well as utilising traditional recruitment channels, we used social media and direct mailings to ensure that we reached as many potential employees as possible. This, combined with our strong reputation local to our sites, has meant we have been successful in recruiting the operational employees we require. We have successfully recruited over 700 new employees in the period to date. Recruitment has been more challenging than was anticipated and the competition for labour in the employment market generally has resulted in increased costs of production.

Our Stalbridge, South West Laundry and London Linen brands have seen a strong recovery of volumes since the lifting of hospitality venue restrictions in April and May. A strategic marketing campaign was timed to coincide with hospitality reopening and this has resulted in a significant number of new sales in the second quarter. The outlook continues to be positive as the sales pipeline remains strong.

New boiler installations during 2021 in Glasgow and Milborne Port will deliver more efficient steam generation, whilst a complete rewire of our Grantham factory will also reduce utility consumption. New ironing lines being installed in Sturminster Newton and Southall will maintain and improve quality, replacing obsolete and high maintenance machinery.

Within Hotel Linen, 2021 commenced with the ongoing effect of the national lockdown impacting upon volume and customer demand. Whilst a significant number of hotels remained closed, many remained open for key workers, particularly in the city centre locations as well as a number of customers continuing to act as quarantine hotels. During the quieter winter months, we continued to maintain service and manage costs and also benefited from the ability to furlough and flexi-furlough employees which helped to reduce costs whilst continuing to protect jobs for those employees who have remained with us.

Our local engineering teams fully utilised the quieter period to complete both essential and planned maintenance schedules and plan for the reopening of the business.

In addition, we continued with the upgrade and installation of our laundry management IT platform with eight of our nine sites now utilising the new system. The final site will be upgraded later this year once the busy summer season is over. Following some successful trials, and to further enhance the overall customer experience, we plan to roll out a new web-based customer portal system to an increasing number of customers over the coming months. The portal will allow customers to benefit from moving to online ordering and invoicing and a greater ability to automate the linen management process.

We also commissioned our new £10 million production facility in Leeds which is a long-term investment to increase capacity across the Yorkshire and North East markets. Whilst the site will take a period to reach optimum productivity and capacity, we are confident of the strategic importance of the site. We anticipate that we will deliver long-term operational success by balancing volume and demand across our network of nine sites.

With the ending of the national lockdown and some uncertainty over potential business in the coming months, we were encouraged by the resilience of domestic consumer demand with a quicker recovery than we, and our customer base, had anticipated. Operationally, the significant incremental increases initially caused some service challenges as we attempted to match resource to demand. These challenges were experienced across the whole laundry sector. We have, however, since returned our service levels to a more normalised level and we wish to pay tribute to the dedication and hard work of our people who rose to the challenge and worked tirelessly to re-engage with customers and help meet demand.

We continue to benefit from ongoing sales and referrals for new business, especially from new build hotels where the strength of our longstanding reputation for service and quality continue to help us win additional new business from current and new customers.

Employees

Our employees are the foundation of our business and the past months have been extremely challenging for each and every one of them. The Board would like to thank them for their support, hard work and significant contribution to the business through these difficult times.

Resetting and Refreshing Our Sustainability Approach

Our Head of Sustainability, who brings with her over 15 years of experience in developing and embedding sustainability strategies, joined the Group in April 2021.

We are currently developing our refreshed sustainability strategy, which we intend to apply across the Group. The strategy will detail the long-term commitments we are making to address our impacts and will enable us to measure our future performance by developing and setting targets in key priority areas. Whilst we are in the early stages of this process, we are already clear that, to us, the term *Sustainability* must be used in the widest possible way to encompass all our environmental and social impacts and governance requirements.

Key Priorities and Ongoing Activities

Whilst we are still developing our strategy, we have already identified some of our key priorities which will be reflected within it and these include:

- transition to a low carbon organisation;
- a Group wide approach to Equality, Diversity & Inclusion (ED&I);
- a framework for engaging and managing our supply chain to ensure alignment with our sustainability vision and goals;
- a model for reducing our waste to landfill which will include policies on end of life textile management opportunities and moving towards elimination of single use plastics; and
- a continuation of the focus on increasing water and energy recycling.

A selection of some of the ongoing projects and initiatives we have undertaken since our last report include:

- We continue to trial a wastewater recycling solution at one of our HORECA sites. This reverse osmosis method utilises hollow fibre ceramic technology to allow for increased repeated use of wash water. Early results were encouraging and we now await the final stage conclusions.
- We have reviewed our company car policy and are trialing several electric vehicle options for those who are due to renew their cars this year. At this stage electric vehicles are a voluntary option however, if their deployment during this trial period proves successful to both the organisation and our colleagues, we anticipate a transitional EV Company Car policy to be implemented over the coming months.
- We are now part of the Prince's Responsible Business Network having become members of Business in the Community. This membership illustrates our commitment to learning and developing our sustainability knowledge and practices and our aim of becoming a leader for our industry.
- An Employee Engagement survey will be undertaken across the Group to allow all of our employees the opportunity to contribute to the business.

Outlook

Whilst HORECA volumes still remain less predictable than in the past, primarily as a result of ongoing uncertainties around travel and other restrictions, since the end of June we have continued to experience increased demand across our sites. We anticipate that, in the absence of further lockdowns or local restrictions, volumes will continue to improve over the coming months.

Along with many other businesses, we are seeing inflationary pressures on some of our costs. 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.

It remains difficult to give guidance for the coming months but, in the absence of increased restrictions, we expect that we will announce results for the year towards the higher end of current market expectations.

We continue to take proactive actions to adapt our operations and we remain confident in our medium and long-term growth prospects. We also anticipate that there will continue to be further opportunities for consolidation of the market and, given our strong balance sheet, we look forward to taking advantage of opportunities as they arise.

Responsibility Statement

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

Business Review

Continued >

The Directors confirm that to the best of their knowledge:

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

The Directors of Johnson Service Group PLC are listed in the Johnson Service Group PLC Annual Report for 2020 and remain unchanged with the exception of the retirement of Bill Shannon on 5 May 2021. Details of the Directors are available on the Johnson Service Group PLC website: www.jsg.com

By order of the Board

Peter Egan	**Yvonne Monaghan**
Chief Executive Officer	Chief Financial Officer
1 September 2021	1 September 2021

Forward Looking Statements

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

Consolidated Income Statement

	Note	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Revenue	2	**99.6**	**114.8**	**229.8**
Operating loss	2	**(12.4)**	**(15.5)**	**(27.4)**
Operating loss before amortisation of intangible assets (excluding software amortisation) and exceptional items		**(9.6)**	**(9.5)**	**(12.1)**
Amortisation of intangible assets (excluding software amortisation)		(5.4)	(5.5)	(11.0)
Exceptional items	3			
– Restructuring costs		–	–	(5.8)
– Insurance claims		2.6	–	2.5
– Impairment losses re insurance claims		–	(0.5)	(1.0)
Operating loss	2	**(12.4)**	**(15.5)**	**(27.4)**
Finance cost	4	(1.6)	(3.1)	(4.9)
Loss before taxation		**(14.0)**	**(18.6)**	**(32.3)**
Taxation credit	7	3.1	2.5	5.2
Loss for the period attributable to equity holders		**(10.9)**	**(16.1)**	**(27.1)**
Loss per share	8			
Basic loss per share		**(2.5p)**	**(4.2p)**	**(6.6p)**
Diluted loss per share		**(2.5p)**	**(4.2p)**	**(6.6p)**
Adjusted basic loss per share		**(1.9p)**	**(2.8p)**	**(3.4p)**
Adjusted diluted loss per share		**(1.9p)**	**(2.8p)**	**(3.4p)**

Consolidated Statement of Comprehensive Income

	Note	Half year to 30 June 2021 £m	Restated Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Loss for the period		**(10.9)**	**(16.1)**	**(27.1)**
Items that will not be subsequently reclassified to profit or loss				
Re-measurement and experience gains/(losses) on post-employment benefit obligations	14	5.7	(2.6)	(9.4)
Taxation in respect of re-measurement and experience (gains)/losses		(1.5)	0.5	1.7
Change in deferred tax due to change in tax rate		0.7	0.2	0.2
Items that may be subsequently reclassified to profit or loss				
Cash flow hedges (net of taxation)				
– fair value gain/(loss)		0.8	(2.8)	(2.9)
– transfers to administrative expenses		0.2	0.9	1.8
– transfers to finance cost		–	0.7	0.6
Other comprehensive income/(loss) for the period		**5.9**	**(3.1)**	**(8.0)**
Total comprehensive loss for the period		**(5.0)**	**(19.2)**	**(35.1)**

The notes on pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £m	Share Premium £m	Merger Reserve £m	Capital Redemption Reserve £m	Hedge Reserve £m	Restated Retained Earnings £m	Total Equity £m
Restated balance at 1 January 2020	**37.0**	**16.1**	**1.6**	**0.6**	**(0.5)**	**152.7**	**207.5**
Loss for the period	–	–	–	–	–	(16.1)	(16.1)
Other comprehensive loss for the period	–	–	–	–	(1.2)	(1.9)	(3.1)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(1.2)**	**(18.0)**	**(19.2)**
Share options (value of employee services)	–	–	–	–	–	0.5	0.5
Deferred tax on share options	–	–	–	–	–	(0.3)	(0.3)
Issue of share capital	7.4	–	–	–	–	75.3	82.7
Transactions with Shareholders recognised directly in Shareholders' equity	**7.4**	**–**	**–**	**–**	**–**	**75.5**	**82.9**
Balance at 30 June 2020	**44.4**	**16.1**	**1.6**	**0.6**	**(1.7)**	**210.2**	**271.2**
Loss for the period	–	–	–	–	–	(11.0)	(11.0)
Other comprehensive income/(loss) for the period	–	–	–	–	0.7	(5.6)	(4.9)
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**0.7**	**(16.6)**	**(15.9)**
Share options (value of employee services)	–	–	–	–	–	(0.1)	(0.1)
Deferred tax on share options	–	–	–	–	–	0.1	0.1
Issue of share capital	–	0.2	–	–	–	–	0.2
Transactions with Shareholders recognised directly in Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**0.2**
Balance at 31 December 2020	**44.4**	**16.3**	**1.6**	**0.6**	**(1.0)**	**193.6**	**255.5**
Loss for the period	–	–	–	–	–	(10.9)	(10.9)
Other comprehensive income for the period	–	–	–	–	1.0	4.9	5.9
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**1.0**	**(6.0)**	**(5.0)**
Share options (value of employee services)	–	–	–	–	–	0.4	0.4
Purchase of own shares by EBT	–	–	–	–	–	(0.1)	(0.1)
Issue of share capital	0.1	0.5	–	–	–	–	0.6
Transactions with Shareholders recognised directly in Shareholders' equity	**0.1**	**0.5**	**–**	**–**	**–**	**0.3**	**0.9**
Balance at 30 June 2021	**44.5**	**16.8**	**1.6**	**0.6**	**–**	**187.9**	**251.4**

The Group has an Employee Benefit Trust (EBT) to administer share plans and to acquire shares, using funds contributed by the Group, to meet commitments to employee share schemes. As at 30 June 2021, the EBT held 9,024 shares (June 2020: 8,388 shares; December 2020: 8,388 shares).

Consolidated Balance Sheet

	Note	As at 30 June 2021 £m	Restated As at 30 June 2020 £m	As at 31 December 2020 £m
Non-current assets				
Goodwill	9	130.9	130.5	130.9
Intangible assets	10	22.3	32.8	27.7
Property, plant and equipment	11	112.4	108.8	107.2
Right-of-use assets	12	36.1	37.9	38.5
Textile rental items	13	39.4	44.6	35.6
Trade and other receivables		0.2	0.8	0.4
Deferred income tax assets		0.8	2.3	–
		342.1	**357.7**	**340.3**
Current assets				
Inventories		1.2	1.9	1.4
Trade and other receivables		43.0	35.3	31.3
Current income tax assets		2.5	2.3	3.0
Cash and cash equivalents		6.8	7.3	7.8
		53.5	**46.8**	**43.5**
Current liabilities				
Trade and other payables		77.8	64.2	64.8
Borrowings		8.6	7.4	1.0
Lease liabilities		5.2	5.7	5.5
Derivative financial liabilities		0.1	0.8	0.1
Provisions		1.7	1.0	2.0
		93.4	**79.1**	**73.4**
Non-current liabilities				
Post-employment benefit obligations	14	8.3	9.0	14.9
Deferred income tax liabilities		–	5.8	1.2
Trade and other payables		0.9	1.2	0.4
Borrowings		7.0	–	–
Lease liabilities		32.9	34.0	35.1
Derivative financial liabilities		0.2	2.1	2.0
Provisions		1.5	2.1	1.3
		50.8	**54.2**	**54.9**
Net assets		**251.4**	**271.2**	**255.5**
Capital and reserves attributable to the Company's Shareholders				
Share capital	15	44.5	44.4	44.4
Share premium		16.8	16.1	16.3
Merger reserve		1.6	1.6	1.6
Capital redemption reserve		0.6	0.6	0.6
Hedge reserve		–	(1.7)	(1.0)
Retained earnings		187.9	210.2	193.6
Total equity		**251.4**	**271.2**	**255.5**

The notes on pages 9 to 24 form an integral part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements on pages 5 to 24 were approved by the Board of Directors on 1 September 2021 and signed on its behalf by:

Yvonne Monaghan
Chief Financial Officer

Consolidated Statement of Cash Flows

	Note	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Cash flows from operating activities				
Loss for the period		(10.9)	(16.1)	(27.1)
Adjustments for:				
Taxation credit	7	(3.1)	(2.5)	(5.2)
Total finance cost		1.6	3.1	4.9
Depreciation		26.4	34.3	66.2
Amortisation		5.5	5.6	11.2
Loss on disposal of tangible fixed assets		0.1	0.5	0.8
Loss on disposal of textile rental items		–	–	0.2
Decrease in inventories		0.2	0.4	0.9
(Increase)/decrease in trade and other receivables		(11.7)	19.4	23.7
Increase/(decrease) in trade and other payables		4.1	(3.0)	(0.2)
Deficit recovery payments in respect of post-employment benefit obligations		(0.9)	(0.9)	(1.9)
Share-based payments		0.4	0.5	0.4
Commodity swaps not qualifying as hedges		(0.3)	–	0.3
Exceptional items relating to investing activities		(2.6)	–	(2.5)
(Decrease)/increase in provisions		(0.2)	0.3	0.2
Cash generated from operations		8.6	41.6	71.9
Interest paid		(1.7)	(2.4)	(4.0)
Taxation received/(paid)		0.5	(4.3)	(3.4)
Net cash generated from operating activities		**7.4**	**34.9**	**64.5**
Cash flows from investing activities				
Acquisition of business (net of cash and cash equivalents acquired)	16	(0.8)	(0.7)	(0.9)
Purchase of other intangible assets	10	–	(1.3)	(1.2)
Purchase of property, plant and equipment		(8.4)	(8.0)	(20.4)
Proceeds from insurance claims		2.6	–	2.5
Purchase of software		(0.3)	(0.5)	(1.0)
Proceeds from sale of property, plant and equipment		–	–	0.2
Purchase of textile rental items		(14.6)	(17.6)	(28.1)
Proceeds received in respect of special charges		0.8	1.0	2.1
Net cash used in investing activities		**(20.7)**	**(27.1)**	**(46.8)**
Cash flows from financing activities.				
Proceeds from borrowings		10.0	58.0	58.0
Repayments of borrowings		(3.0)	(143.0)	(143.0)
Capital element of leases		(2.9)	(3.0)	(6.1)
Purchase of own shares by EBT		(0.1)	–	–
Net proceeds from issue of Ordinary shares		0.6	82.7	82.9
Net cash generated from/(used in) financing activities		**4.6**	**(5.3)**	**(8.2)**
Net (decrease)/increase in cash and cash equivalents		**(8.7)**	**2.5**	**9.5**
Cash and cash equivalents at beginning of the period		6.6	(2.9)	(2.9)
Cash and cash equivalents at end of the period	18	**(2.1)**	**(0.4)**	**6.6**
Cash and cash equivalents comprise:				
Cash		6.8	7.3	7.8
Overdraft		(8.9)	(7.7)	(1.2)
Cash and cash equivalents at end of the period		**(2.1)**	**(0.4)**	**6.6**

The notes on pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

Johnson Service Group PLC (the 'Company') and its subsidiaries (together 'the Group') provide textile rental and related services across the UK.

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

The condensed consolidated interim financial statements were authorised for issue by the Board on 1 September 2021.

1 BASIS OF PREPARATION

These condensed consolidated interim financial statements of the Group are for the half year ended 30 June 2021. They have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom.

The condensed consolidated interim financial statements have not been reviewed or audited, nor do they comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and do not include all of the information or disclosures required in the annual financial statements and should therefore be read in conjunction with the Group's 2020 Annual Report and Accounts, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Financial information for the year ended 31 December 2020 included herein is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

Other than as described in note 23, financial information for the half year ended 30 June 2020 included herein is derived from the condensed consolidated interim financial statements for that period.

Going Concern Assessment

The current and plausible future impact of COVID-19 and the related macroeconomic environment on the Group's activities and performance has been considered by the Board in preparing its going concern assessment. The Group has prepared a Base Case scenario, reflecting an initial set of assumptions around financial projections and trading performance, together with various, more pessimistic, expectations for market developments over the remainder of 2021 and 2022 to reflect subdued trading conditions.

After considering the current financial scenarios, the severe but plausible sensitivities and the facilities available to the Group, the Directors have a reasonable expectation that the Group has adequate resources for its operational needs, will remain in compliance with the financial covenants set out in the bank facility agreement and will continue in operation for at least the next 12 months from the date of approving the condensed consolidated interim financial statements. As a consequence, and having reassessed the principal risks and uncertainties, the Directors considered it appropriate to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

The process and key judgements in coming to this conclusion are set out below. The Board is required to assess going concern at each reporting period. These assessments are significantly more difficult currently given the uncertainties about the impact of COVID-19 on the markets in which we operate. The level of judgement to be applied has therefore increased considerably. The Directors have considered three main factors in reaching their conclusions on going concern, as set out below.

1) Cash Flows and Sensitivity Analysis

In assessing going concern, the Directors considered a variety of scenarios in the context of the COVID-19 pandemic. These scenarios are not the forecasts of the Company but are designed to stress test liquidity and covenant compliance. EBITDA used within the scenarios is that used for bank covenant purposes which, for 2021, is defined as adjusted operating profit before property, plant and equipment depreciation, rental stock depreciation and software amortisation. In 2022, the definition is amended to also exclude right of use asset depreciation. The three most relevant scenarios, in ascending order of severity, reviewed to test going concern are as follows:

Base Case Scenario

This scenario assumes that the HORECA market continues to improve following the full lifting of restrictions on 19 July 2021. Volumes in June were over 70% of normal and are assumed to continue to increase month on month thereafter, reaching between 80% and 90% of normalised levels by December 2021, such range reflecting the nuances of specific sub-markets within the overall HORECA market, for example, restaurants, hotels and contract catering. Further modest monthly increases are then assumed throughout 2022.

Limited Social Distancing Measures Scenario

This scenario assumes summer trading in line with the Base Case, but with the winter months seeing a return to restrictions akin to those in place during June 2021 i.e. hotels and indoor hospitality are open but are limited to table service and a maximum group of six. Volumes processed within HORECA have, therefore, been reduced to some 70% of normal activity, such level of activity being that which was achieved in June 2021. For the purpose of this scenario, these restrictions are assumed to be in place for the six months from October 2021 through to March 2022 inclusive.

Notes to the Condensed Consolidated Interim Financial Statements Continued >

1 BASIS OF PREPARATION (continued)

Severe but Plausible Scenario

Given the ongoing and successful vaccine rollout, a full lockdown scenario is not envisaged. Instead, this scenario builds upon the 'Limited Social Distancing Measures' scenario above, by introducing further restrictions during the winter. Management have assumed that during the months of December 2021 to February 2022, hotels are closed and only outdoor hospitality is permitted resulting in subdued volumes, based upon a percentage of normalised activity, in-line with that achieved prior to the opening of hotels and indoor hospitality on 17 May 2021. Volumes in October 2021, November 2021 and March 2022 are as per the 'Limited Social Distancing Measures' scenario above.

2) Covenants

As previously announced, in addition to extending its bank facilities in May 2020, the Group also renegotiated its banking covenants such that the pre-existing covenants were replaced, up to and including until the December 2021 covenant test date, with a maximum net debt and a minimum EBITDA threshold. From March 2022, the covenants will revert to a leverage and interest covenant test.

In all three scenarios above, the financial projections indicate that the Group would remain in compliance with the financial covenants in its bank facilities. A decline in underlying EBIT/EBITDA well in excess of that contemplated in the scenarios would need to persist throughout the period for a covenant breach to occur. The Directors do not consider such a scenario plausible.

The Group also has a number of mitigating actions under its control (not all of which were included in the scenarios) including minimising capital expenditure to critical requirements, further reducing levels of discretionary spend and rationalising its overhead base in order to be able to meet the covenant tests.

3) Liquidity

The Group extended its committed debt facilities in May 2020. The facilities comprise a £135 million revolving credit facility, which matures in August 2023, together with an additional £40 million revolving credit facility, which is due to mature in May 2022 but which may be extended for a further one year, subject to lender approval. Quarterly covenant tests allow for maximum bank borrowings of £155 million at each quarter end through to September 2021, reducing to £145 million for the quarter ending December 2021. Thereafter, the maximum net debt covenant falls away and is effectively replaced with a leverage covenant. The bank facilities available to the Group provide ample liquidity in all scenarios modelled.

2 SEGMENT ANALYSIS

Segment information is presented in respect of the Group's operating segments, which are based on the Group's management and internal reporting structure as at 30 June 2021. These segments are the same as those included within the 2020 Annual Report and Accounts.

The chief operating decision-maker has been identified as the Board of Directors (the 'Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board determines the operating segments based on these reports and on the internal reporting structure. For reporting purposes, in accordance with IFRS 8, the Board aggregates operating segments with similar economic characteristics and conditions into reporting segments, which form the basis of the reporting in the Annual Report and Accounts. The Board has identified two main reporting segments, being Workwear and Hotel, Restaurant and Catering ('HORECA'). Discontinued Operations are reported separately. Results, assets, liabilities and other information not included within Workwear, HORECA or Discontinued Operations are reported separately within All Other Segments.

The Board 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. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Any right-of-use assets, lease liabilities and depreciation relating to internal property leases with Johnson Group Properties PLC are eliminated on consolidation. Interest income and expenditure are not included in the result for each reporting segment that is reviewed by the Board.

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

2 SEGMENT ANALYSIS (continued)

The reporting segment results for the half year ended 30 June 2021, together with comparative figures, are as follows:

Half year to 30 June 2021	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Revenue				
Rendering of services	63.0	35.1	–	98.1
Sale of goods	1.5	–	–	1.5
	64.5	**35.1**	**–**	**99.6**
Operating profit/(loss) before amortisation of intangible assets (excluding software amortisation)	**11.2**	**(18.2)**	**(2.6)**	**(9.6)**
Amortisation of intangible assets (excluding software amortisation)	–	(5.4)	–	(5.4)
Exceptional items	2.6	–	–	2.6
Operating profit/(loss)	**13.8**	**(23.6)**	**(2.6)**	**(12.4)**
Finance costs				(1.6)
Loss before taxation				**(14.0)**
Taxation				3.1
Loss for the period attributable to equity holders				**(10.9)**

		Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Balance sheet information						
Segment assets		–	138.6	245.7	1.2	385.5
Unallocated assets:	Deferred income tax assets					0.8
	Current income tax assets					2.5
	Cash and cash equivalents					6.8
Total assets						**395.6**
Segment liabilities		(3.7)	(49.7)	(62.9)	(3.7)	(120.0)
Unallocated liabilities:	Bank borrowings					(15.6)
	Deferred income tax liabilities					–
	Derivative financial liabilities					(0.3)
	Post-employment benefit obligations					(8.3)
Total liabilities						**(144.2)**

	Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Other information					
Non-current asset additions					
– Property, plant and equipment	–	9.2	4.0	–	13.2
– Right of use assets	–	–	0.2	–	0.2
– Textile rental items	–	9.7	10.3	–	20.0
– Intangible software	–	0.1	–	–	0.1
Depreciation and amortisation expense					
– Property, plant and equipment	–	2.5	5.4	–	7.9
– Right of use assets	–	1.1	2.0	–	3.1
– Textile rental items	–	8.1	7.3	–	15.4
– Intangible software	–	0.1	–	–	0.1
– Customer contracts	–	–	5.4	–	5.4

Notes to the Condensed Consolidated Interim Financial Statements Continued >

2 SEGMENT ANALYSIS (continued)

Half year to 30 June 2020	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Revenue				
Rendering of services	63.4	50.2	–	113.6
Sale of goods	1.2	–	–	1.2
	64.6	**50.2**	**–**	**114.8**
Operating profit/(loss) before amortisation of intangible assets (excluding software amortisation)	**11.6**	**(18.8)**	**(2.3)**	**(9.5)**
Amortisation of intangible assets (excluding software amortisation)	(0.1)	(5.4)	–	(5.5)
Exceptional items	(0.5)	–	–	(0.5)
Operating profit/(loss)	**11.0**	**(24.2)**	**(2.3)**	**(15.5)**
Finance cost				(3.1)
Loss before taxation				**(18.6)**
Taxation				2.5
Loss for the period attributable to equity holders				**(16.1)**

		Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Restated Total £m
Balance sheet information						
Segment assets		–	138.9	250.9	2.8	392.6
Unallocated assets:	Deferred income tax assets					2.3
	Current income tax assets					2.3
	Cash and cash equivalents					7.3
Total assets						**404.5**
Segment liabilities		(3.4)	(44.6)	(54.2)	(6.0)	(108.2)
Unallocated liabilities:	Bank borrowings					(7.4)
	Deferred income tax liabilities					(5.8)
	Derivative financial liabilities					(2.9)
	Post-employment benefit obligations					(9.0)
Total liabilities						**(133.3)**

	Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Other information					
Non-current asset additions					
– Property, plant and equipment	–	3.1	10.2	–	13.3
– Right of use assets	–	0.4	0.8	–	1.2
– Textile rental items	–	7.6	4.2	–	11.8
– Intangible software	–	0.4	–	–	0.4
– Customer contracts	–	–	1.3	–	1.3
Depreciation and amortisation expense					
– Property, plant and equipment	–	2.5	5.5	–	8.0
– Right of use assets	–	1.0	2.2	0.1	3.3
– Textile rental items	–	9.2	13.8	–	23.0
– Intangible software	–	0.1	–	–	0.1
– Customer contracts	–	0.1	5.4	–	5.5

2 SEGMENT ANALYSIS (continued)

Year ended 31 December 2020	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Revenue				
Rendering of services	127.1	100.3	–	227.4
Sale of goods	2.4	–	–	2.4
	129.5	**100.3**	**–**	**229.8**
Operating profit/(loss) before amortisation of intangible assets (excluding software amortisation) and exceptional items	**23.3**	**(31.5)**	**(3.9)**	**(12.1)**
Amortisation of intangible assets (excluding software amortisation)	(0.1)	(10.9)	–	(11.0)
Exceptional items	(0.1)	(4.2)	–	(4.3)
Operating profit/(loss)	**23.1**	**(46.6)**	**(3.9)**	**(27.4)**
Finance cost				(4.9)
Loss before taxation				**(32.3)**
Taxation				5.2
Loss for the period attributable to equity holders				**(27.1)**

		Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Balance sheet information						
Segment assets		–	132.1	239.1	1.8	373.0
Unallocated assets:	Deferred income tax assets					3.0
	Cash and cash equivalents					7.8
Total assets						**383.8**
Segment liabilities		(3.5)	(47.1)	(55.0)	(3.5)	(109.1)
Unallocated liabilities:	Bank borrowings					(1.0)
	Derivative financial liabilities					(2.1)
	Post-employment benefit obligations					(14.9)
	Deferred income tax liabilities					(1.2)
Total liabilities						**(128.3)**

	Discontinued Operations £m	Workwear £m	HORECA £m	All Other Segments £m	Total £m
Other information					
Non-current asset additions					
– Property, plant and equipment	–	6.0	14.7	–	20.7
– Right of use assets	–	3.4	1.8	–	5.2
– Textile rental items	–	14.1	9.8	–	23.9
– Intangible software	–	1.0	–	–	1.0
– Customer contracts	–	–	1.2	–	1.2
Depreciation, impairment and amortisation expense					
– Property, plant and equipment	–	5.3	11.2	–	16.5
– Right of use assets depreciation	–	2.2	4.5	0.1	6.8
– Right of use assets impairment	–	0.1	–	–	0.1
– Textile rental items depreciation	–	17.7	24.5	–	42.2
– Textile rental items impairment	–	–	0.6	–	0.6
– Intangible software	–	0.2	–	–	0.2
– Customer contracts	–	0.1	10.9	–	11.0

Notes to the Condensed Consolidated Interim Financial Statements Continued >

3 EXCEPTIONAL ITEMS

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Restructuring costs	–	–	(5.8)
Insurance claims	2.6	–	2.5
Impairment losses re insurance claims	–	(0.5)	(1.0)
Total exceptional items	**2.6**	**(0.5)**	**(4.3)**

Current year exceptional items

During the half year to 30 June 2021, further interim insurance proceeds of £2.0 million were received relating to a fire in January 2020 at a Workwear processing site. Final insurance proceeds of £0.6 million were also received relating to a flood in February 2020 at a further Workwear site.

Prior year exceptional items

Restructuring costs

In the prior year, restructuring costs included £4.7 million of redundancy costs relating to the realignment of the workforce in response to the impact of COVID-19 and £1.1 million in respect of the closure of the Workwear site in Newmarket, of which £0.4 million related to redundancy costs. There were no restructuring costs in the period to 30 June 2020.

Insurance claims and impairment losses

During the prior year, a Workwear processing site was destroyed as a result of a fire. Plant and equipment with a net book value of £0.5 million (charged in the period to 30 June 2020) and Textile Rental items with a net book value of £0.2 million were destroyed and were written off. Interim insurance proceeds of £1.5 million were also received.

A further Workwear processing site was damaged as a result of flooding during the prior year. Plant and equipment with a net book value of £0.3 million were written off. Interim insurance proceeds of £1.0 million were also received.

4 FINANCE COST

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Interest payable on bank loans and overdrafts	0.6	1.3	2.0
Discontinuance of hedge accounting on interest rate swaps previously designated as cashflow hedges	–	0.6	0.6
(Gain)/loss on interest rate swaps not qualifying as hedges	(0.1)	–	0.1
Amortisation of bank facility fees	0.2	0.2	0.4
Finance costs on lease liabilities	0.8	0.9	1.7
Notional interest on post-employment benefit obligations	0.1	0.1	0.1
	1.6	**3.1**	**4.9**

5 ALTERNATIVE PERFORMANCE MEASURES (APMs)

Adjusted loss after taxation	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Loss before taxation	(14.0)	(18.6)	(32.3)
Amortisation of intangible assets (excluding software amortisation)	5.4	5.5	11.0
Exceptional items	(2.6)	0.5	4.3
Adjusted loss before taxation	(11.2)	(12.6)	(17.0)
Taxation on adjusted loss	2.6	2.2	3.2
Adjusted loss after taxation	**(8.6)**	**(10.4)**	**(13.8)**

5 ALTERNATIVE PERFORMANCE MEASURES (APMs) (continued)

Adjusted EBITDA	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Operating loss before amortisation of intangible assets (excluding software amortisation) and exceptional items	(9.6)	(9.5)	(12.1)
Software amortisation	0.1	0.1	0.2
Property, plant and equipment depreciation	7.9	8.0	16.5
Right of use asset depreciation	3.1	3.3	6.8
Textile rental items depreciation	15.4	23.0	42.2
Adjusted EBITDA	**16.9**	**24.9**	**53.6**

6 DIVIDENDS

Whilst the Board recognises the importance of dividends to Shareholders, this has to be balanced with the impact that COVID-19 has had on our business. As previously guided, and in order to conserve cash resources in response to the pandemic, the Board does not propose to declare an interim dividend in respect of 2021, nor did it declare a dividend in respect of 2020. The Board will keep future dividends under review and will look to reinstate its dividend policy as trading returns to more normal levels.

7 TAXATION

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Current tax			
UK corporation tax credit for the period	–	(2.4)	(3.7)
Adjustment in relation to previous periods	–	(0.1)	(0.4)
Current tax credit for the period	**–**	**(2.5)**	**(4.1)**
Deferred tax			
Origination and reversal of temporary differences	(3.6)	(0.8)	(1.9)
Changes in statutory tax rate	0.5	0.7	0.7
Adjustment in relation to previous years	–	0.1	0.1
Deferred tax credit for the period	**(3.1)**	**–**	**(1.1)**
Total credit for taxation included in the income statement	**(3.1)**	**(2.5)**	**(5.2)**

Taxation in relation to amortisation of intangible assets (excluding software amortisation) has increased the credit for taxation on continuing operations in the half year to 30 June 2021 by £0.6 million (June 2020: £0.3 million; December 2020: £1.2 million). Taxation in relation to exceptional items in the half year to 30 June 2021 has reduced the credit by £0.1 million (June 2020: £nil; December 2020: £0.8 million increase to the credit).

During the half year to 30 June 2021, a £1.1 million charge relating to deferred taxation (June 2020: £0.4 million credit; December 2020: £1.7 million credit) has been recognised in other comprehensive income.

During the half year to 30 June 2021, £nil relating to deferred taxation (June 2020: £0.3 million charge; December 2020: £0.2 million charge) has been recognised directly in Shareholders' equity.

Reconciliation of effective tax rate

Taxation on non-exceptional items for the half year to 30 June 2021 is calculated based on the estimated average annual effective tax rate (excluding the impact of the capital allowances super-deduction) of 23.1% (June 2020: 16.7%; December 2020: 20.0%). This compares to the weighted average tax rate expected to be enacted or substantively enacted at the balance sheet date of 19.0% (June 2020: 19.0%; December 2020: 19.0%). Taxation on exceptional items is calculated based on the actual tax charge or credit for each specific item. The exclusion of the impact of the capital allowances super-deduction, which offers 130% first-year relief on qualifying main rate plant and machinery investments until 31 March 2023, is due to the additional 30% permanent difference on our Textile Rental items significantly distorting the estimated average annual effective rate. Instead the super deduction will be applied to the period from which it will impact the Group, the six months to 31 December 2021.

Changes to the UK corporation tax rates, which were substantively enacted as part of Finance Bill 2021 on 24 May 2021, include an increase to the main rate from 19% to 25% with effect from 1 April 2023. Deferred income taxes at the balance sheet date have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 22.3% being used to measure all deferred tax balances as at 30 June 2021 (June 2020: 19.0%; December 2020: 19.0%).

Further differences between the estimated average annual effective tax rate and statutory rate include, but are not limited to, the effect of non-deductible expenses. The adjustment for under or over provisions in previous years is recognised when the amounts are agreed.

Notes to the Condensed Consolidated Interim Financial Statements Continued >

8 LOSS PER SHARE

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Loss for the period attributable to Shareholders	(10.9)	(16.1)	(27.1)
Amortisation of intangible assets (net of taxation)	4.8	5.2	9.8
Exceptional items (net of taxation)	(2.5)	0.5	3.5
Adjusted loss attributable to Shareholders	**(8.6)**	**(10.4)**	**(13.8)**

	Number of shares	Number of shares	Number of shares
Weighted average number of Ordinary shares	444,644,046	381,549,911	412,947,064
Potentially dilutive options*	408,058	969,267	835,491
Fully diluted number of Ordinary shares	**445,052,104**	**382,519,178**	**413,782,555**

	Pence per share	Pence per share	Pence per share
Basic loss per share			
Basic loss per share	(2.5p)	(4.2p)	(6.6p)
Adjustment for amortisation of intangibles assets	1.1p	1.4p	2.4p
Adjustment for exceptional items	(0.5p)	–	0.8p
Adjusted basic loss per share	(1.9p)	(2.8p)	(3.4p)
Diluted loss per share			
Diluted loss per share	(2.5p)	(4.2p)	(6.6p)
Adjustment for amortisation of intangibles assets	1.1p	1.4p	2.4p
Adjustment for exceptional items	(0.5p)	–	0.8p
Adjusted diluted loss per share	(1.9p)	(2.8p)	(3.4p)

*** Includes outstanding share options granted to employees.**

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 earnings per share if the performance conditions, as set out in the Directors' Remuneration Report within the 2020 Annual Report and Accounts, are satisfied at the end of the reporting period, irrespective of whether this is the end of the vesting period or not.

Potentially dilutive Ordinary shares are dilutive at the point, from a continuing operations level, when their conversion to Ordinary shares would decrease earnings per share or increase loss per share. For each period presented above, potentially dilutive Ordinary shares have not been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases the loss per share from continuing operations.

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

9 GOODWILL

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Cost			
Brought forward	130.9	130.5	130.5
Business combinations	–	–	0.4
Closing	**130.9**	**130.5**	**130.9**

In accordance with International Financial Reporting Standards, goodwill is not amortised, but instead is tested at least annually for impairment and carried at cost less accumulated impairment losses.

Management have reviewed the indicators of impairment per IAS 36 and do not believe that any have been triggered since 31 December 2020 and, as such, no impairment review has been carried out as at 30 June 2021. In line with the requirements of IAS 36, a full impairment review will be performed during the second half of the year.

10 INTANGIBLE ASSETS

Capitalised software

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Opening net book value	2.7	1.9	1.9
Additions	0.1	0.4	1.0
Amortisation	(0.1)	(0.1)	(0.2)
Closing net book value	**2.7**	**2.2**	**2.7**

Other intangible assets

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Opening net book value	25.0	34.8	34.8
Additions	–	1.3	1.2
Amortisation	(5.4)	(5.5)	(11.0)
Closing net book value	**19.6**	**30.6**	**25.0**
Total	**22.3**	**32.8**	**27.7**

Other intangibles assets comprise of customer contracts and relationships.

11 PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Opening net book value	107.2	104.0	104.0
Additions	13.2	13.3	20.7
Depreciation	(7.9)	(8.0)	(16.5)
Disposals	(0.1)	(0.5)	(1.0)
Closing net book value	**112.4**	**108.8**	**107.2**

Notes to the Condensed Consolidated Interim Financial Statements Continued >

11 PROPERTY, PLANT AND EQUIPMENT (continued)

CAPITAL COMMITMENTS

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

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Software	–	0.9	0.1
Property, plant and equipment	11.5	5.6	10.3

12 RIGHT OF USE ASSETS

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Opening net book value	38.5	39.0	39.0
Additions	0.2	1.2	5.2
Reassessment/modifications	0.5	1.0	1.9
Depreciation	(3.1)	(3.3)	(6.8)
Impairment	–	–	(0.1)
Disposals	–	–	(0.7)
Closing net book value	**36.1**	**37.9**	**38.5**

13 TEXTILE RENTAL ITEMS

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Opening net book value	35.6	56.8	56.8
Additions	20.0	11.8	23.9
Depreciation	(15.4)	(23.0)	(42.2)
Impairment losses	–	–	(0.6)
Disposals	–	–	(0.2)
Special charges	(0.8)	(1.0)	(2.1)
Closing net book value	**39.4**	**44.6**	**35.6**

14 POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

In the half year to 30 June 2021 deficit recovery payments of £0.9 million were paid by the Group to the defined benefit scheme (June 2020: £0.9 million; December 2020: £1.9 million).

Following discussions with the Group's appointed actuary, a re-measurement gain of £5.7 million has been recognised in the half year to 30 June 2021. The improvement in the position is due, in part, to a higher discount rate assumed on liabilities offset, to a lesser extent, by higher assumed inflation.

Within the Group's 2020 Interim Report and Accounts, disclosures were made in respect of the actuarial pension valuation as at 30 June 2020. As disclosed within note 25 of the Group's 2020 Annual Report and Accounts, on subsequent review of the support information provided for the purposes of the disclosure, an error was identified. The impact of the error was an overstatement of the fair value of scheme assets, as at 30 June 2020, by £10.3 million. Comparative figures have, therefore, been restated. For further details see note 23 of these condensed consolidated interim financial statements.

14 POST-EMPLOYMENT BENEFIT OBLIGATIONS (continued)

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

	As at 30 June 2021 £m	Restated As at 30 June 2020 £m	As at 31 December 2020 £m
Post-employment benefit obligation	(8.3)	(9.0)	(14.9)
Deferred income tax asset thereon	1.9	1.7	2.8
	(6.4)	**(7.3)**	**(12.1)**

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

	As at 30 June 2021 £m	Restated As at 30 June 2020 £m	As at 31 December 2020 £m
Opening post-employment benefit obligation	(14.9)	(7.3)	(7.3)
Notional interest	(0.1)	(0.1)	(0.1)
Employer contributions	0.9	0.9	1.9
Re-measurement gains/(losses)	5.7	(2.6)	(9.4)
Utilisation of healthcare provision	0.1	0.1	–
Closing post-employment benefit obligation	**(8.3)**	**(9.0)**	**(14.9)**

15 SHARE CAPITAL

Issued share capital is as follows:

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
Share capital at the start of the period	44.4	37.0	37.0
New shares issued	0.1	7.4	7.4
Share capital at the end of the period	**44.5**	**44.4**	**44.4**

In the half year to 30 June 2021, 480,673 SAYE scheme options were exercised with a total nominal value of £48,067 (June 2020: £nil; December 2020: £23,509). Proceeds in excess of the nominal value were credited to Share Premium. In the half year to 30 June 2021, 465,000 shares were allotted to the Employee Benefit Trust, with a nominal value of £46,500, in order to satisfy the exercise of 464,364 LTIP options. In the half year to 30 June 2020, 300,000 shares were allotted to the Employee Benefit Trust, with a nominal value of £30,000, in order to part satisfy the exercise of 304,080 LTIP options.

During the prior period, the Company placed 73.9 million Ordinary shares (the '2020 Placing') with existing and new institutional investors raising net proceeds of £82.7 million (gross proceeds of £85.0 million less costs of £2.3 million) of which £7.4 million was credited to share capital. The 2020 Placing shares represented approximately 19.99 per cent. of the Company's existing share capital. The 2020 Placing price of 115 pence per share was equal to a discount of 7 per cent. to the 10-day average closing mid-market price of 123.6 pence per share, and 2 per cent. to the 10-day volume weighted average price of 117.5 pence per ordinary share both ending on 28 May 2020, being the last practicable day prior to the publication of the announcement.

The 2020 Placing was undertaken using a cash box structure. As a result, 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.

16 BUSINESS COMBINATIONS

There have been no business combinations in the half year to 30 June 2021 or in the year ended 31 December 2020.

In the half year to 30 June 2021, £0.8 million of deferred consideration was paid relating to the acquisition of Fresh Linen in 2019.

Notes to the Condensed Consolidated Interim Financial Statements Continued >

17 BORROWINGS

As at 30 June 2021, borrowings were secured and drawn down under a committed facility dated 21 February 2014, as amended from time to time, comprising a £135.0 million rolling credit facility (including an overdraft) which runs to August 2023 and a £40.0 million rolling credit facility which runs to May 2022 with the option, subject to agreement from the lenders, for a one year extension.

Individual tranches were drawn down, in sterling, for periods of up to six months at LIBOR rates of interest prevailing at the time of drawdown, plus the applicable margin. The margin varies between 1.25% and 2.25%, but for the period to 31 March 2022 is fixed at 2.00%.

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

As at 30 June 2021, the Group has in place the following hedging arrangements which have the effect of replacing LIBOR with fixed rates as follows:

- for £15.0 million of borrowings, LIBOR is replaced with 1.144% from 30 January 2019 to 31 January 2022; and
- for £15.0 million of borrowings, LIBOR is replaced with 0.805% from 8 January 2020 to 9 January 2023.

Following the equity placing in June 2020 which raised £82.7 million, the Group repaid its loans outstanding at that date. Hedge accounting was therefore discontinued at that date as the Group no longer had any loans for the Group's interest rate swaps to economically hedge.

Borrowings are stated net of unamortised issue costs of £0.3 million (30 June 2020: £0.6 million; 31 December 2020: £0.4 million).

18 ANALYSIS OF NET DEBT

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

June 2021	At 1 January 2021 £m	Cash Flow £m	Non-cash Changes £m	At 30 June 2021 £m
Debt due within one year	0.2	0.1	–	**0.3**
Debt due after more than one year	0.2	(7.0)	(0.2)	**(7.0)**
Lease liabilities	(40.6)	2.9	(0.4)	**(38.1)**
Total debt and lease financing	(40.2)	(4.0)	(0.6)	**(44.8)**
Cash and cash equivalents	6.6	(8.7)	–	**(2.1)**
Net debt	(33.6)	(12.7)	(0.6)	**(46.9)**

June 2020	At 1 January 2020 £m	Cash Flow £m	Non-cash Changes £m	At 30 June 2020 £m
Debt due within one year	0.3	0.1	(0.1)	**0.3**
Debt due after more than one year	(84.7)	85.1	(0.1)	**0.3**
Lease liabilities	(40.4)	3.0	(2.3)	**(39.7)**
Total debt and lease financing	(124.8)	88.2	(2.5)	**(39.1)**
Cash and cash equivalents	(2.9)	2.5	–	**(0.4)**
Net debt	(127.7)	90.7	(2.5)	**(39.5)**

December 2020	At 1 January 2020 £m	Cash Flow £m	Non-cash Changes £m	At 31 December 2020 £m
Debt due within one year	0.3	0.1	(0.2)	**0.2**
Debt due after more than one year	(84.7)	85.1	(0.2)	**0.2**
Lease liabilities	(40.4)	6.1	(6.3)	**(40.6)**
Total debt and lease financing	(124.8)	91.3	(6.7)	**(40.2)**
Cash and cash equivalents	(2.9)	9.5	–	**6.6**
Net debt	(127.7)	100.8	(6.7)	**(33.6)**

18 ANALYSIS OF NET DEBT (continued)

The unamortised fees due after more than one year at 30 June 2020 and 31 December 2020 have been shown within non-current trade and other receivables as there are no borrowings at the end of the period for the fees to be offset against. As at 30 June 2021, the relevant fees are deducted from debt due within one year.

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

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Cash (Current assets)	6.8	7.3	7.8
Overdraft (Borrowings, Current liabilities)	(8.9)	(7.7)	(1.2)
	(2.1)	**(0.4)**	**6.6**

Lease liabilities are comprised of the following balance sheet amounts:

	As at 30 June 2021 £m	As at 30 June 2020 £m	As at 31 December 2020 £m
Amounts due within one year (Lease liabilities, Current liabilities)	(5.2)	(5.4)	(5.5)
Amounts due within one year (Lease liabilities, Non-current liabilities)	(32.9)	(34.3)	(35.1)
	(38.1)	**(39.7)**	**(40.6)**

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Year ended 31 December 2020 £m
(Decrease)/increase in cash in the period	(8.7)	2.5	9.5
(Increase)/decrease in debt and lease financing	(4.0)	88.2	91.3
Change in net debt resulting from cash flows	(12.7)	90.7	100.8
Lease liabilities recognised during the period	(0.4)	(2.3)	(6.3)
Movement in unamortised issue costs of bank loans	(0.2)	(0.2)	(0.4)
Movement in net debt during the period	(13.3)	(88.2)	94.1
Opening net debt	(33.6)	(127.7)	(127.7)
Closing net debt	**(46.9)**	**(39.5)**	**(33.6)**

20 RELATED PARTY TRANSACTIONS

Transactions during the year between the Company and its subsidiaries, which are related parties, have been conducted on an arm's length basis and eliminated on consolidation. Full details of the Group's other related party relationships, transactions and balances are given in the Group's Annual Report and Accounts for the year ended 31 December 2020. There have been no material changes in these relationships in the half year to 30 June 2021 or up to the date of this Report.

21 CONTINGENT ASSETS

During the prior year the Group made claims against its insurance policy in relation to a fire and a flood at two Workwear processing sites. £3.6 million of insurance claim proceeds have been recognised within the Consolidated Income Statement during the half year to 30 June 2021 (June 2020: £0.5 million, December 2020 £4.4 million). £2.6 million (June 2020; £0.5 million: December 2020: £2.5 million) of this income has been recognised in exceptional items as it relates to capital items and £1.0 million (June 2020: £nil; December 2020; £1.9 million) is included within adjusted operating profit offsetting against an equal value of associated business interruption costs.

Work is ongoing with the insurers such that the claims will likely be finalised during the second half of 2021. The insurance proceeds relating to capital items expected to be received during the second half of 2021 are between £4.4 million and £5.4 million.

Notes to the Condensed Consolidated Interim Financial Statements Continued >

22 CONTINGENT LIABILITIES

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

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

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

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

As a condition of the sale of the Facilities Management division in August 2013, the Group has put in place indemnities, to the purchaser, in relation to any future amounts payable in respect of contingent consideration related to the Nickleby acquisition completed in February 2012. As set out in the 2012 Annual Report and Accounts the maximum amount payable under the terms of the indemnity could be up to £5.0 million. The Directors believe the risk of settlement at, or near, the maximum level to be remote.

23 PRIOR PERIOD RESTATEMENT

The Interim Statements for the half year ended 30 June 2020 have been restated following the identification of an error within the support information provided for the purposes of the post-employment benefit disclosure (note 14). The impact of the error was an overstatement of the fair value of scheme assets, as at 30 June 2020, by £10.3 million. As a result, the post-employment benefit obligations at 30 June 2020 should have been a £9.0 million liability compared to the reported £1.3 million asset and the deferred tax asset thereon should have been £1.7 million compared to the reported deferred tax liability of £0.3 million. As a result, both retained earnings and net assets should have been £8.3 million lower. The error had no impact on the Consolidated Income Statement or the Consolidated Statement of Cash flows.

The following tables shows the adjustments made to the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet for the half year to 30 June 2020. All other periods remain unaffected.

Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

	Note	Half year to 30 June 2020 £m	Adjustment £m	Restated Half year to 30 June 2020 £m
Items that will not be subsequently reclassified to profit or loss				
Re-measurement and experience gains/(losses) on post-employment benefit obligations	14	7.7	(10.3)	(2.6)
Taxation in respect of re-measurement and experience (gains)/losses		(1.5)	2.0	0.5
Other comprehensive income/(loss) for the period		**5.2**	**(8.3)**	**(3.1)**
Total comprehensive loss for the period		**(10.9)**	**(8.3)**	**(19.2)**

23 PRIOR PERIOD RESTATEMENT (continued)

	As at 30 June 2020 £m	Adjustment £m	Restated as at 30 June 2020 £m
Non-current assets			
Post-employment benefit assets	2.3	(2.3)	–
Deferred tax assets	0.6	1.7	2.3
Non-current liabilities			
Post-employment benefit obligations	(1.0)	(8.0)	(9.0)
Deferred tax liabilities	(6.1)	0.3	(5.8)
Net assets	**279.5**	**(8.3)**	**271.2**
Retained earnings	218.5	(8.3)	210.2
Total equity	**279.5**	**(8.3)**	**271.2**

24 ACCOUNTING POLICIES

Except as described below, the condensed consolidated interim financial statements have been prepared applying the accounting policies, presentation and methods of computation applied by the Group in the preparation of the published consolidated financial statements for the year ended 31 December 2020.

(a) Taxation

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

(b) Seasonality of operations

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

(c) Critical accounting estimates and assumptions

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

25 EVENTS AFTER THE REPORTING PERIOD

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

26 PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates a structured risk management process, which identifies and evaluates risks and uncertainties and reviews mitigation activity. The Group sets out in its 2020 Annual Report and Accounts the principal risks and uncertainties that could impact its performance:

Principal Risk	Risk Rating
Economic Conditions	High
Failure of Strategy	High
Loss of a Processing Facility	High
Cost Inflation	Medium
Insufficient Processing Capacity	Medium
Customer Sales and Retention	Medium
Competition and Disruption	Medium
Recruitment, Retention and Motivation of Employees	Medium
Health and Safety	Medium
Compliance and Fraud	Medium
Information Systems and Technology	Medium
Climate Change and Energy Costs	Medium

At that time, we also stated that whilst we had not established a new principal risk specifically in respect of the COVID-19 pandemic, the Board had considered how the above principal risks and uncertainties had been impacted by it. Relevant disclosures were provided in the 2020 Annual Report and Accounts.

Notes to the Condensed Consolidated Interim Financial Statements Continued >

26 PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Directors have reviewed the above principal risks and uncertainties during the period, together with the impact of COVID-19, and concluded that they remain applicable to the current financial year with no overall material change to the risk environment. Key considerations relating to the review of principal risks and uncertainties during the period are set out below:

Principal Risk	Considerations
Recruitment, Retention and Motivation of Employees	As reported, recruitment has been more challenging than was anticipated and the competition for labour in the employment market generally has meant that costs of production have seen an increase. We would expect the situation to improve in the second half of the year as COVID-19 unemployment reliefs come to an end.
Customer Sales and Retention	As the various lockdown restrictions began to ease, we experienced a quicker recovery in HORECA volumes than we, and our customer base, had anticipated. Operationally, the significant incremental increases initially caused some service challenges as we attempted to match resource to demand. These challenges were experienced across the whole laundry sector. We have, however, since returned our service levels to a more normalised level and we continue to work closely with our customers in order that we can match resource and production with demand. COVID-19 may lead to a higher number of customer closures than we would ordinarily experience and customers may delay opening until they are confident of demand for their own services having returned to more normalised levels. Our business model is structured so that we are not reliant on one particular customer or group of customers and we have limited concentration of credit risk with regard to trade receivables given the diverse nature of the Group's customer base.
Cost Inflation	Along with many other businesses, we are seeing inflationary pressures on some of our costs 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.
Health and Safety	The Group has followed all relevant guidelines to ensure that facilities are COVID-19 safe. While the potential risk due to COVID-19 remains, the Directors' assessment is that this has been mitigated by the measures already implemented.
Information Systems and Technology	Fraudsters have tried to capitalise on the disruption of the COVID-19 pandemic and ransomware attacks are becoming ever more prevalent. The Group is continuing to take action to assess and manage the effectiveness of its 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.

The Board strongly believes that effective risk management is critical to the achievement of our strategic objectives and the long-term sustainable growth of the Group. The Board will continue 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.

Further details of the Principal Risks and Uncertainties facing the Group, together with details of how they have been impacted by COVID-19, are detailed on pages 38 to 45 of the 2020 Annual Report and Accounts.

27 PUBLISHED FINANCIAL STATEMENTS

As previously announced, there is no longer a requirement to send out half-yearly reports to all Shareholders or to advertise the content in a national newspaper. In order to reduce costs, the Company has taken advantage of this reporting regime and no longer publishes half-yearly reports for individual circulation to Shareholders. Information that would normally be included in a half-yearly report is made available on the Company's website at www.jsg.com.

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 all relevant communications 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 4 of the Notice of Annual General Meeting.

If you have any queries regarding electronic communications, please contact the Company's Registrar, Link Group, 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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