JOHNSON SERVICE GROUP PLC

Interim Results 30 June 2023

"Strong organic growth.
Confidence for the full year
and for longer term growth."

Peter Egan Chief Executive Officer
Yvonne Monaghan Chief Financial Officer

CONTENTS

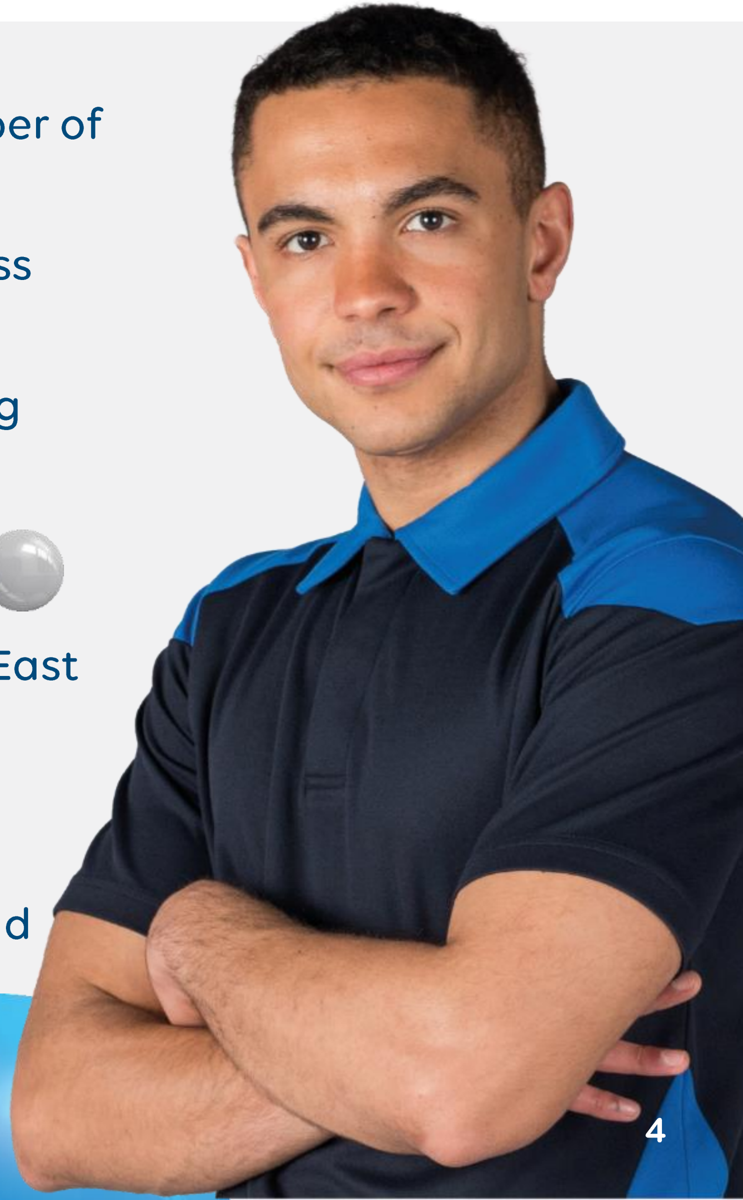
1 OPERATIONAL HIGHLIGHTS

"…we expect the full year outturn to be slightly ahead of the guidance provided in our July trading update."

Operational Highlights

JOHNSON
Service Group PLC

- Continuing strong organic growth in HORECA with increased number of locations serviced
- Increasing sales activity and strengthening pipeline of new business enquiries in both Workwear and HORECA
- Inflationary cost increases offset by improved efficiency and pricing
- Energy costs remain high but are being proactively managed
- Capital projects being progressed to add further capacity
- New leasehold site secured to expand HORECA capacity in South East
- £5.75m acquisition of Regency Laundry in February 2023
- €31.5m acquisition of Celtic Linen in August 2023
- Sustainability targets in place for 2023, including carbon, water and waste reduction



2 FINANCIALS

JOHNSON
Service Group PLC

"The Board is pleased with the progress made by the Group in the first half of the year and with the results reported today."

Financial Highlights

JOHNSON
Service Group PLC

	2023 H1	2022 H1	2022 FY
Revenue (£m)	**215.0**	176.2	385.7
Adjusted EBITDA (£m)[1,2]	**57.7**	42.8	104.9
Adjusted EBITDA margin (%)[1,2]	**26.8**	24.3	27.2
Adjusted operating profit (£m)[2]	**19.0**	12.8	41.2
Adjusted operating margin (%)[2]	**8.8**	7.3	10.7
Adjusted PBT (£m)[2,3]	**16.4**	11.2	38.2
Adjusted diluted EPS (p)[2,3]	**2.9**	2.3	8.0
Number of shares used in EPS calc (m)[3]	**429.3**	445.3	444.4
Dividend (p)	**0.9**	0.8	2.4

Notes:

1. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.
2. Before amortisation of intangible assets (excluding software), goodwill impairment and exceptional items and, in the case of earnings per share only, associated taxation.
3. Weighted average number of shares is 429.2m (June 2022: 445.2m; Dec 2022: 444.3m). Shares in issue at 04/09/23 were 422.0m.

Management of Cost Pressures

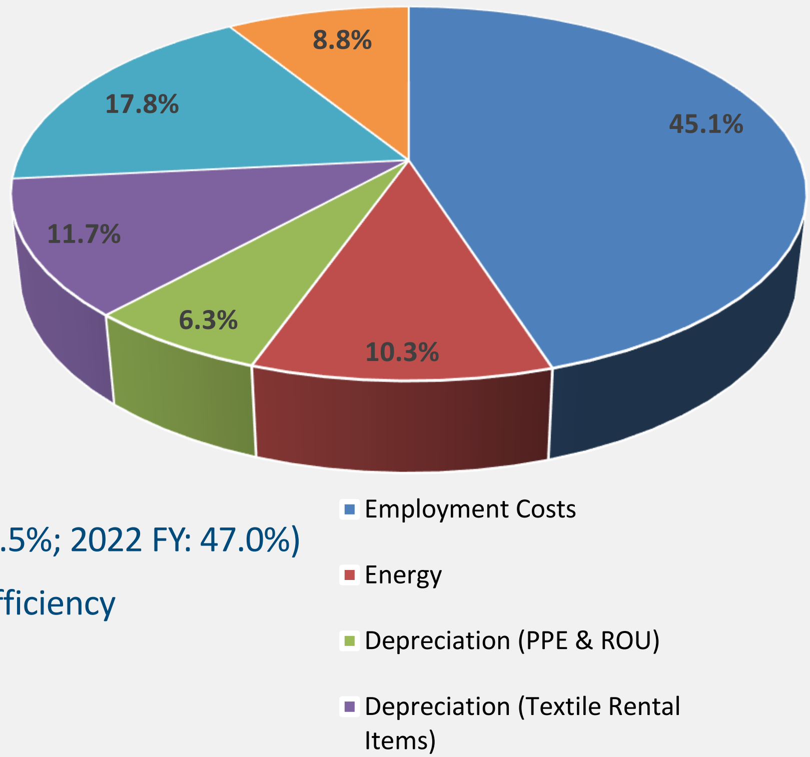
JOHNSON
Service Group PLC

Energy

- Market remains volatile although energy unit prices have generally fallen
- 2023 H1 energy costs represented 10.3% of revenue (2019 H1: 6.5%; 2022 H1: 9.3%; 2022 FY: 9.4%)
- Material price increases implemented across our customer base to compensate
- Impact of energy prices being proactively managed with various fixed pricing in place:

	UK Gas - % Fixed	UK Electricity - % Fixed
2023 H2	86%	92%
2024 H1	63%	80%
2024 H2	38%	48%
Thereafter	35% of FY25 fixed with reducing amounts thereafter	29% of FY25 fixed with reducing amounts thereafter

2023 HY Cost Analysis



Employment Costs

- Employment costs now represent some 45.1% of revenue (2019 H1: 43.2%; 2022 H1: 47.5%; 2022 FY: 47.0%)
- Additional volumes better utilise our labour resource and further improve processing efficiency

Margin

- Energy and employment represent two significant drivers of cost increase
- Had both been at the same percentage of revenue as for 2019 H1, adjusted operating profit margin would have been 14.5% (2019 H1: 13.5%)

Cash Flow

JOHNSON
Service Group PLC

		2023 H1 £m	2022 H1 £m	2022 FY £m
Adjusted operating profit		**19.0**	12.8	41.2
Depreciation, impairment and software amortisation		**38.7**	30.0	63.7
Working capital		**(2.6)**	(9.1)	(8.2)
Capital expenditure	fixed assets and software	**(12.9)**	(6.7)	(22.4)
	rental stocks (net)	**(29.6)**	(23.3)	(49.8)
	fixed asset proceeds	**0.2**	-	0.4
Interest		**(2.3)**	(1.7)	(3.6)
Tax		**(1.6)**	3.5	3.5
Exceptional items (cash effect)		**(0.2)**	(0.3)	0.7
Dividends		**(6.8)**	-	(3.5)
Additional pension contributions		**(0.9)**	(0.9)	(1.9)
Other		**0.2**	0.1	0.8
Net cash inflow		**1.2**	4.4	20.9
Share buybacks		**(19.8)**	-	(5.6)
Discontinued operations (cash effect)		**-**	0.1	0.2
Acquisitions		**(6.9)**	(1.3)	(1.3)
New lease liabilities		**(10.2)**	(0.8)	(2.1)
(Increase) / decrease in Net Debt		**(35.7)**	2.4	12.1
NET DEBT		**83.7**	57.7	48.0
Net Debt excluding IFRS 16 Leases		**40.5**	21.9	13.7

Other Financial Information

JOHNSON
Service Group PLC

Interest

- Interest cost of £2.6m including £1.0m relating to lease liabilities (2022 H1: £1.6m and £0.8m respectively; 2022 FY: £3.0m and £1.5m respectively)
- Notional pension interest cost of £0.2m (2022 H1: £nil; 2022 FY: £nil)

Bank Facility

- £85.0m Revolving Credit Facility
  - Intention to increase to £120.0m in the coming months
  - tenure extended by 12 months to August 2026
  - further 12-month extension option (subject to bank consent)
  - option to increase facility by up to a further £15m (again, subject to bank consent)

Taxation

- Effective tax rate[1] of 25.1% (2022 H1: 9.7%; 2022 FY: 6.8%)

Pensions

- Net pension deficit of £5.3m (Dec 2022: £7.1m)
- Impact of an increase in discount rate on liabilities offset, to a lesser extent, by higher assumed inflation
- Deficit recovery contributions of £0.9m (2022 H1: £0.9m)

Share Buyback

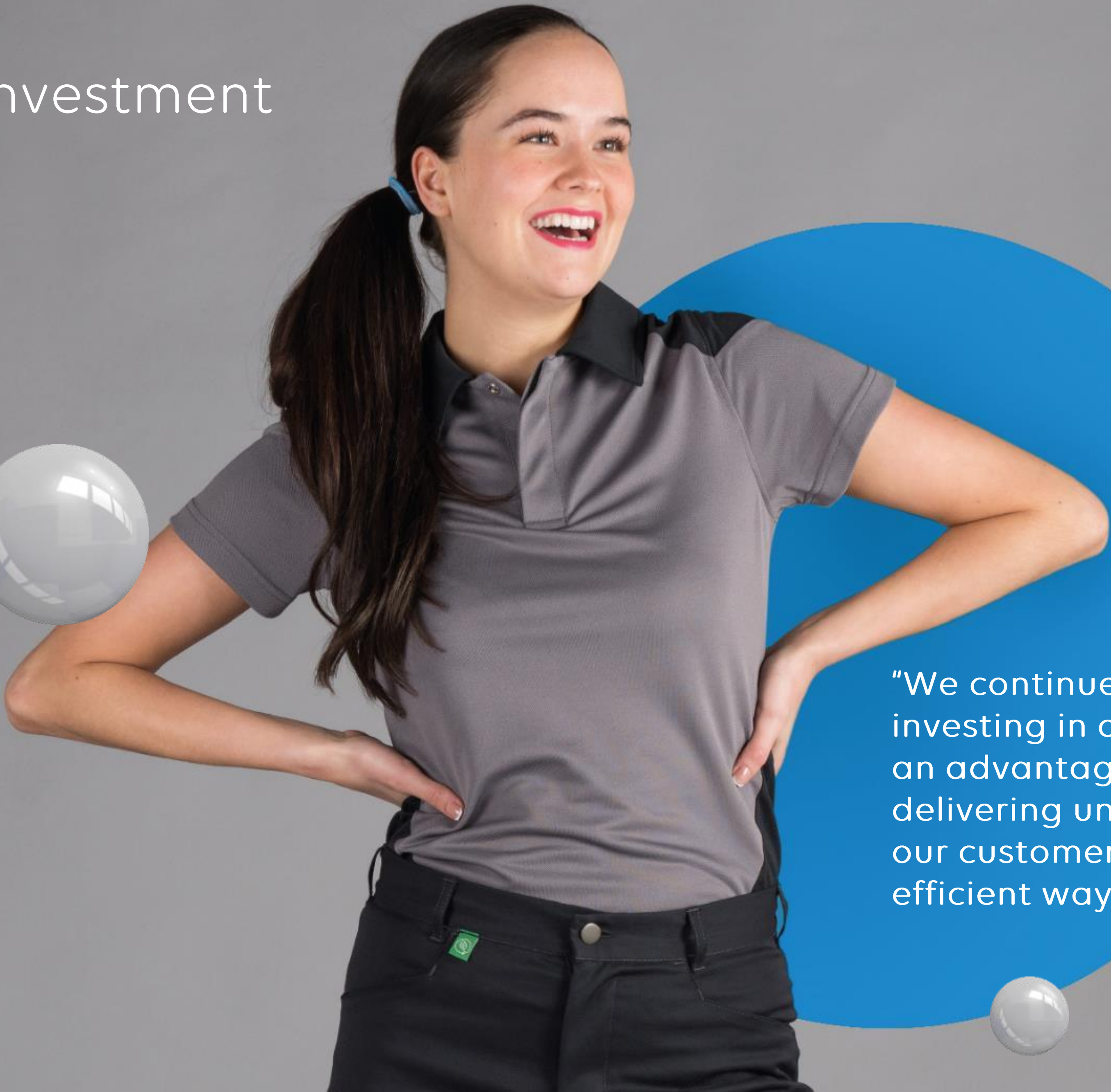
- Initial share buyback completed with £25.3m returned to Shareholders
- Intention to launch a further share buyback programme of up to £10.0m

Dividend

- Continuing progressive dividend policy
- Interim Dividend for 2023 of 0.9 pence per share
- Dividend cover to reduce from historic level of 3x to 2.5x by FY24

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

3 Investment



"We continue to believe that investing in our estate will give us an advantage in the market in delivering unrivalled service to our customers in the most efficient way."

Acquisition of Celtic Linen

- €31.5m acquisition in August 2023
- Operates in the Republic of Ireland's ('ROI') Healthcare and HORECA sectors, delivering over one million items weekly
  - largest linen supplier to ROIs Healthcare market
  - second largest linen supplier to ROIs HORECA market
- Diversification of our customer base, with over 50% of Celtic Linen's revenue derived from Healthcare
- Two freehold facilities:
  - Drinagh, County Wexford: 160,000 square feet; Healthcare work and HORECA work; servicing customers around Dublin, Rosslare, Waterford and Cork
  - Naas, County Kildare: 14,000 square feet; HORECA work only; servicing customers in Dublin and the West of Ireland
- Existing and experienced management team to remain with the business
- Acquisition expected to be immediately earnings enhancing

CELTIC LINEN

Acquisition of Regency Laundry

JOHNSON
Service Group PLC

- £5.75m acquisition in February 2023
- 26,000 sq ft leasehold processing facility in Corsham
- Operates in the luxury/bespoke segment of the HORECA sector in the South of England
- Regularly delivers c200k pieces of luxury linen per week
- 350 new bedrooms added since acquisition, representing an increase of 8%
- £1.4 million capital investment recently approved:
  - Increase capacity by over 30%
  - Further improve efficiencies and quality
  - Completed by mid-2024

Regency
SINCE 1879
LAUNDRY CONCIERGE

New HORECA Site

JOHNSON
Service Group PLC

- 46,000 sq ft strategically located leasehold site in the South-East
- £16.0m investment split 50:50 FY23/FY24
- Highly automated and energy efficient equipment
- Anticipated to open in the second half of 2024
- Initial capacity to process c600,000 items per week
- Strategic location allows for opportunity to grow in the London and South-East area
- Targeted focus on sales activity ahead of opening
- Transfer in of existing work processed in Dorset provides for significant opportunities to reduce delivery miles and allow for further growth by back filling

Capital Expenditure

JOHNSON
Service Group PLC

£12.9m

Investment

Perth
Automated sortation system

Glasgow
Additional ironer

Hull
Automated sortation system

Grantham
Extension and additional ironers

Group-Wide
New commercial vehicles

4 Sustainability

"We continue to make excellent progress with embedding our sustainability programme across the Group..."

Sustainability

JOHNSON
Service Group PLC

- Electric vehicles / HVO fuel being utilised where practicable
- Successful implementation of innovative water recycling technology at our Shaftesbury site continues to consistently deliver over 75% water recycling rates; further installation underway in Hayle
- Formal development of our approach and strategy in respect of a "circular economy"
- Phased transition has begun to a single waste management provider across mainland UK
- Improvement in our external sustainability ratings
- Progress towards Scope 3 Emissions reporting

Our Family ▪ Group-wide ED&I strategy ▪ Diversity awareness training to be rolled out	**Our World** ▪ 5% reduction in CO_2e intensity ▪ 2% reduction in water intensity ▪ 5% reduction of all waste to landfill ▪ 40% of company car fleet transitioned to EV
Our Integrity ▪ Develop strategy for transitioning to sustainable materials across our product range ▪ Supplier and Customer Guiding principles to be rolled out	**Our Communities** ▪ Formalise employee volunteering policy and increase employee volunteering hours ▪ Increase direct financial donations

5 OPERATIONAL PERFORMANCE

"…we are encouraged with the Group's performance as we plan to further expand capacity in each of our businesses."

Operational Performance

Workwear

JOHNSON Service Group PLC

JOHNSONS Workwear

	2023 H1	2022 H1	2022 FY
Revenue (£m)	**71.1**	66.0	134.6
Adjusted EBITDA (£m)[1,2,3]	**24.4**	22.2	46.6
Adjusted EBITDA margin (%)[1,2,3]	**34.3**	33.6	34.6
Adjusted operating profit (£m)[2,3]	**11.1**	10.0	21.9
Adjusted operating margin (%)[2,3]	**15.6**	15.2	16.3

Notes:

1. Adjusted operating profit plus depreciation charge for property, plant and equipment, textile rental items and right of use assets, plus software amortisation.
2. Before amortisation of intangible assets (excluding software amortisation) and exceptional items.
3. FY22 includes a £1.1m credit from the finalisation of the Exeter insurance claim in respect of additional revenue cost incurred in FY20 and FY21.

Operational Performance

Workwear

- Organic revenue increased by 7.5%
- Customer retention levels at 92.3%
- Existing customer satisfaction at 82.9%
- We maintain our position of market sector leader in providing a first-class service to our customers
- 26% of all new sales won in the period came from new to rental
- Major refurbishment of our Manchester site is planned for early 2024 with capital investment of £4.0m
- Introduction of a more sustainable and recyclable garment range
- Several initiatives implemented to reduce water and energy use including a continuous heat and water recovery unit in Lancaster

Operational Performance

HORECA

JOHNSONS Hotel Linen

JOHNSONS Hotel, Restaurant & Catering Linen

Regency Laundry Concierge

	2023 H1	2022 H1	2022 FY
Revenue (£m)	**143.9**	110.2	251.1
Adjusted EBITDA (£m)[1,2]	**36.3**	23.3	63.0
Adjusted EBITDA margin (%)[1,2]	**25.2**	21.1	25.1
Adjusted operating profit (£m)[2]	**10.9**	5.5	24.1
Adjusted operating margin (%)[2]	**7.6**	5.0	9.6

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

Operational Performance

HORECA

- Organic revenue increased by 28.4%
- Hotel Linen installed a net 6,000 rooms in H1 such that it was servicing over 206,000 rooms at 30 June 2023
- Focus on sales activity within London and the South-East ahead of the opening of our new site in Crawley
- Roll out of Hotel Linen's on-line customer portal has continued with excellent feedback
- Employee engagement initiatives have resulted in a more stable workforce
- Continued investment in several factory locations to create extra space and capacity
- Ongoing investment in energy efficient / water recycling equipment continues to support our sustainability objectives
- Some 60 Hotel Linen vehicles expected to be delivered in 2023 including a new HGV tractor unit and double decker trailer

6 OUTLOOK

"The Board remains of the opinion that the operating margin of each individual Division can return to the historic levels achieved in 2019 however, the timing of achieving this is dependant on where a number of inflationary pressures, most notably energy and labour, settle over the medium term."

Outlook

JOHNSON
Service Group PLC

- Trading momentum remains encouraging
- Challenges of cost pressures are being proactively managed
- Confident in medium and long-term growth prospects
- EBITDA margin will continue to improve towards pre-COVID levels over the medium term
- Expansion of recently acquired Regency business
- Integration of recently acquired Celtic Linen business
- Development of acquired site in the South-East
- Ongoing capital investment to increase efficiency and underpin capacity
- M&A to further strengthen our positions in the market
- Intention to launch a second share buyback programme up to £10.0 million
- Strong Balance Sheet which allows for (1) organic investment; (2) M&A; (3) enhanced returns to Shareholders
- The Board expects the result for 2023 to be slightly ahead of market expectations

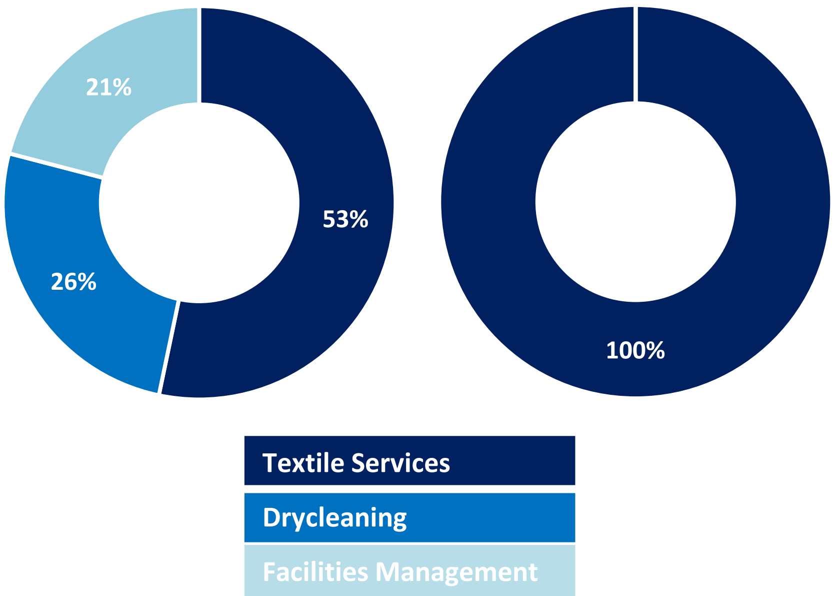
7 INVESTMENT CASE

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

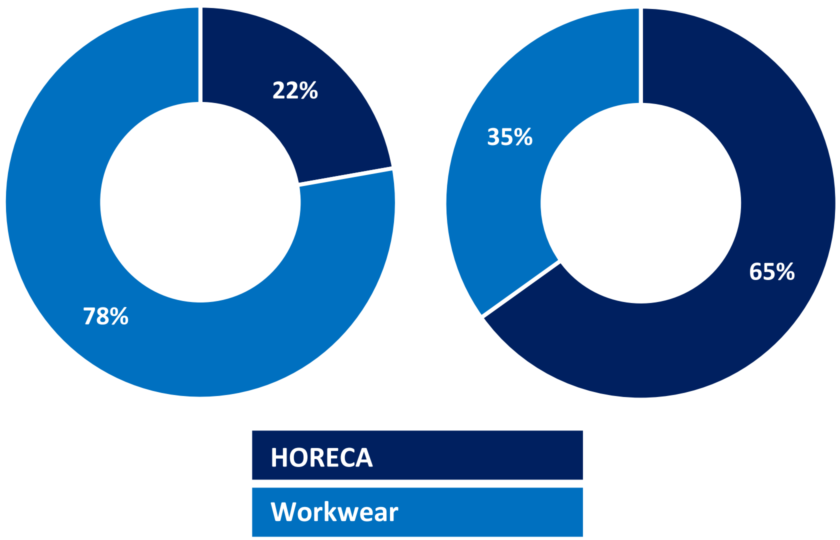
Repositioned as a Dedicated Textile Services Provider

JOHNSON Service Group PLC

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



Source of revenue within Textile Services significantly changed over the previous decade



Disposals	Acquisitions
SGP property & facilities management; Johnsons The Cleaners	bourne textile services; London Linen Group; Ashbon Laundry; ZIP Textile Services Ltd; CTS Chester Textile Services; afonwen laundry & linen hire; PLS; Star County; South West Laundry; fresh linen; Lilliput Services

An Essential Service Provider

JOHNSON
Service Group PLC

An Essential Service Provider

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

Quality Service

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

A Local Service

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

Sustainable

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

Substitution

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

A High Quality Compounder

JOHNSON
Service Group PLC

Market Leader with Scale Advantages

- Consistently organically extending market leadership
- High barriers to entry
- Scale and depth to provide nationwide coverage
- Investment in automation reduces labour intensity
- Route density builds efficiency; difficult to replicate
- Strong reputation as the best-in-class operator
- Excellent track record of customer satisfaction

Balance Sheet Strength Provides Flexibility

- Leverage ratio expected to remain below management's target range of 1.0-1.5x
- Strong cash generation and Covid Placing gives significant scope for further M&A and/or additional shareholder returns

Strong M&A Track Record & Future Opportunities

- Reputation for acquiring good businesses at attractive multiples
- Proven track record of integrating and optimising acquisitions
- Fragmented UK market provides future opportunities
- UK adjacent markets
- Longer-term transformational offshore opportunities

Proven Compounding Model

- Virtuous circle of high and sustainable free cash flow generation which can be reinvested either organically or inorganically
- Supplemented by sustainable annual dividend growth, with progressive policy reinstated post-COVID and ongoing reduction in dividend cover
- Creating strong shareholder returns over the long-term

Strong Organic Growth → Disciplined M&A Strategy → Strong Free Cash Flow → Reinvest

Clear Capital Allocation Framework

JOHNSON
Service Group PLC

Clear Priorities for use of Capital

- The Group maintains a strong Balance Sheet
- Medium to long-term leverage target of 1x – 1.5x, other than for short term specific exceptions
- Framework remains unchanged and will continue to 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
  - operating a progressive dividend policy
  - distributing any surplus capital to Shareholders

"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. We continue to see exciting opportunities to deploy capital organically and have a good M&A pipeline. "

JOHNSON

Service Group PLC

Appendices

Appendix 1
Segmental Analysis

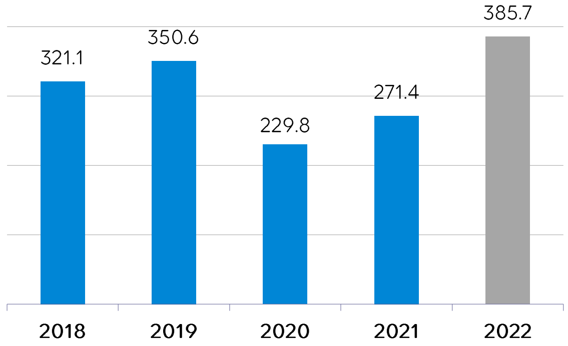
	2023 HY			2022 HY			2022 FY		
	Revenue £m	Adjusted Operating Profit [1] £m	Adjusted EBITDA [1,2] £m	Revenue £m	Adjusted Operating Profit [1] £m	Adjusted EBITDA [1,2] £m	Revenue £m	Adjusted Operating Profit [1] £m	Adjusted EBITDA [1,2] £m
Workwear	71.1	11.1	24.4	66.0	10.0	22.2	134.6	21.9	46.6
HORECA	143.9	10.9	36.3	110.2	5.5	23.3	251.1	24.1	63.0
Textile Rental	**215.0**	**22.0**	**60.7**	**176.2**	**15.5**	**45.5**	**385.7**	**46.0**	**109.6**
Group Costs	-	(3.0)	(3.0)	-	(2.7)	(2.7)	-	(4.8)	(4.7)
Total	215.0	19.0	57.7	176.2	12.8	42.8	385.7	41.2	104.9

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

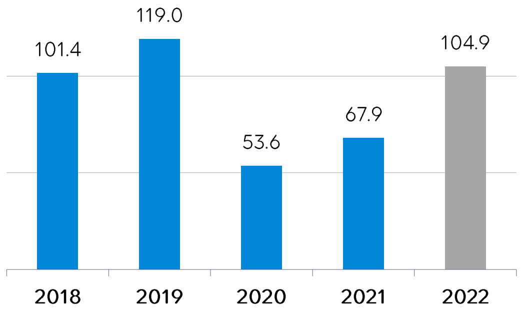
Appendix 2
Financial Track Record

JOHNSON Service Group PLC

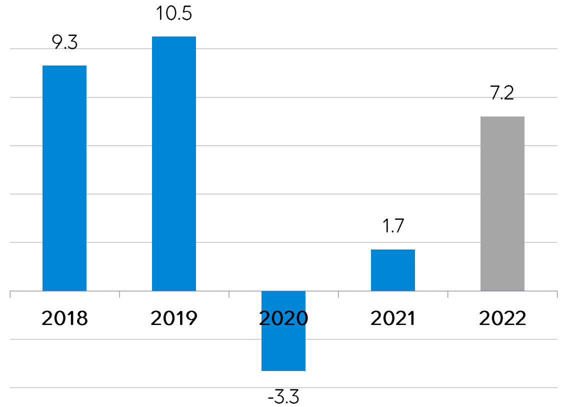
Revenue (£m)



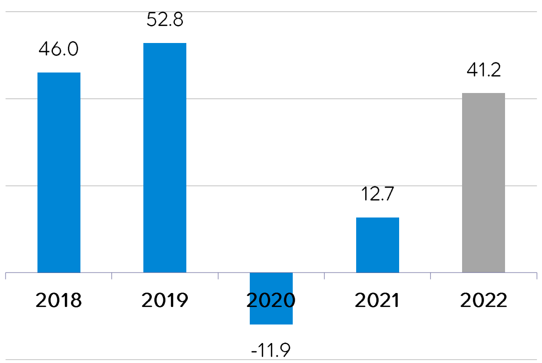
Adjusted EBITDA (£m)



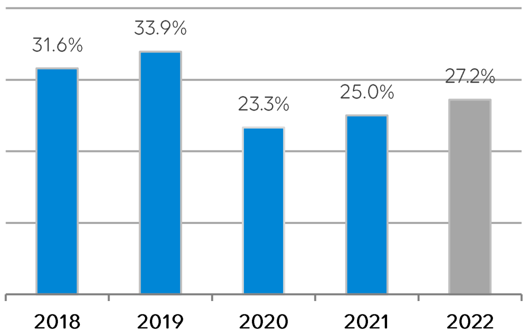
Adjusted Diluted EPS excluding super deduction (p)



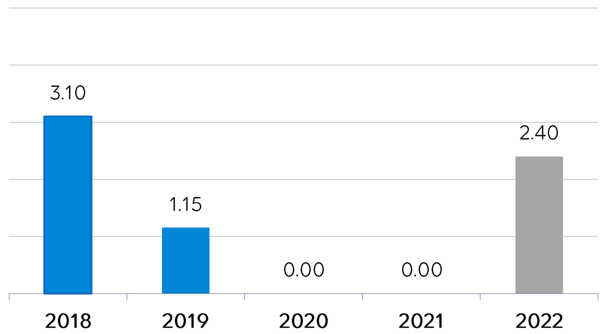
Adjusted Operating Profit (£m)



Adjusted EBITDA Margin (%)



Dividend per Share (p)



JOHNSON

Service Group PLC

www.jsg.com