FRANCHISE BRANDS

Franchise Brands plc

Delivering on our ambitions

2023 Annual Results Presentation

Disclaimer

The information contained in this document (“Presentation”) and the presentation made to you verbally has been prepared by Franchise Brands plc (the “Company”). Franchise Brands plc is a UK company quoted on AIM, a market operated by London Stock Exchange plc. This Presentation has not been fully verified and is subject to material updating, revision and further verification and amendment without notice. This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000 (as amended) (“FSMA”) and therefore it is being provided for information purposes only.

While the information contained herein has been prepared in good faith, neither the Company nor any of its directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as “Information”) and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.

The views of the Company’s management/directors and/or its partners set out in this document could ultimately prove to be incorrect. No warranty, express or implied, is given by the presentation of these figures herein and investors should place no reliance on the Company’s estimates cited in this document.

This Presentation may contain “forward-looking statements” that involve substantial risks and uncertainties, and actual results and developments may differ materially from those expressed or implied by these statements. These forward-looking statements are statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, performance, financial condition, prospects, growth, strategies and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

These forward-looking statements are not guarantees of future performance of the Company and reflect assumptions and subjective judgements by the Company that are difficult to predict, qualify and/or quantify. These forward-looking statements speak only as of the date of this Presentation and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Presentation. Financial targets set out herein are the aspirations of the Group and are not provided as forecasts or formal guidance. **Actual results may differ.**

This Presentation should not be considered as the giving of investment advice by the Company or any of its directors, officers, agents, employees or advisers. In particular, this Presentation does not constitute or form part of any offer or invitation to subscribe for or purchase any securities and neither this Presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purpose whatsoever on the information or opinions contained in these slides or the Presentation or on the completeness, accuracy or fairness thereof. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.

The distribution of this document in or to persons subject to jurisdictions outside the UK may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

Allenby Capital Limited (“Allenby Capital”), which is authorised and regulated by the Financial Conduct Authority, is acting as the nominated adviser and broker to the Company. Accordingly, the recipients should note that Allenby Capital is neither advising nor treating as a client any other person and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Allenby Capital and nor for providing advice in relation to the matters contained in this Presentation.

Dowgate Capital Limited (“Dowgate Capital”) and Stifel Nicolaus Europe Limited (“Stifel”), who are authorised and regulated by the Financial Conduct Authority, are acting as joint brokers to the Company. Accordingly, the recipients should note that Dowgate Capital and Stifel are neither advising nor treating as a client any other person and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dowgate Capital and Stifel, nor for providing advice in relation to the matters contained in this Presentation.

"If they grow, we grow"

We are focused on building, developing and growing market-leading franchise business

Contents

Overview of Franchise Brands

Who we are

Multi-brand franchisor, focused on B2B van-based service with a presence in 10 countries across UK, North America and Europe.

Pirtek, Metro Rod and Metro Plumb provide essential services to B2B customers on a mostly reactive basis.

Filta provides a planned service to the hospitality sector.

The B2C brands, ChipsAway, Ovenclean and Barking Mad are mostly single van operations.

Demand for our mostly essential services is resilient, but not recession-proof

Scale

FY23 system sales of £350m and Adjusted EBITDA of £30.1m.

Over 625 franchisees across 7 franchise brands who employ over 3,000 people and use >2,000 service vehicles

> c700 direct employees .

Focus

Focused on building market-leading businesses primarily via a franchise model.

Will use DLOs where they enhance the franchise channel.

Strategy to grow franchisees' businesses as we believe: "If our franchisees grow, we grow".

How we grow

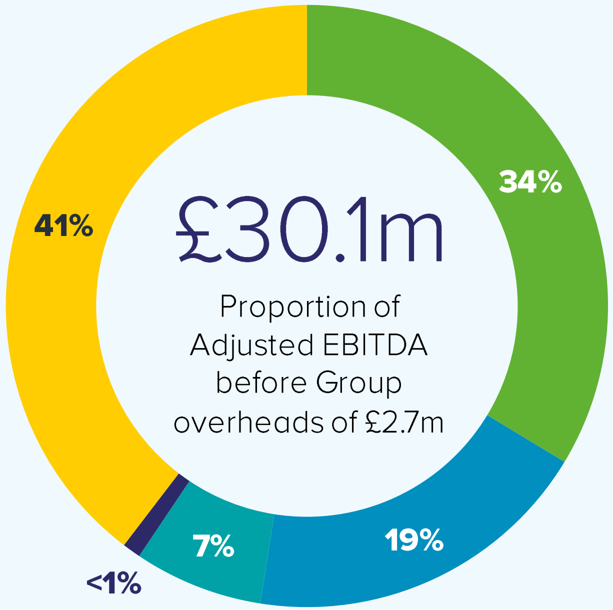
Maximum Potential Model allows us to estimate market size.

Use our growth tools to realise that potential.

Leverage shared services across the Group to enhance operational gearing:

+ Technology
+ Marketing
+ Finance

At a glance



Our leading brands

Pirtek*
Leading European provider of on-site hydraulic hose replacement services.

£13.3m
Adjusted EBITDA**

73
Total franchisees

Water & Waste Services
Drainage, plumbing, pumps maintenance and repair services and FOG services to commercial kitchens in the UK.

£10.9m
Adjusted EBITDA**

85
Total franchisees

Filta International
Cooking oil filtration, biodiesel recycling, new oil delivery & cleaning services for commercial kitchens in North America and Europe.

£6.1m
Adjusted EBITDA**

159
Total franchisees

B2C
Leading home service brands in the UK.

£2.3m
Adjusted EBITDA**

327
Total franchisees

Azura
Leading franchise software systems developer with over 30 franchise customers.

£0.2m
Adjusted EBITDA**

* Contribution since 21 April 2023
**Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items.

Financial & operational highlights

£350.1m
System sales
+88% 2022: £186.4m

8.42p
Adjusted earnings per share**
+1% 2022: 8.34p

£121.3m
Revenue
+74% 2022: £69.8m

£74.7m
Net debt***
2022: Net cash £9.8m

£30.1m
Adjusted EBITDA*
97% 2022: £15.3m

2.20p
Dividend per share
+10% 2022: 2.00p

£19.7m
Adjusted profit before tax
55% 2022: £12.7m

- Another year of momentous change for the business with the acquisition of Pirtek Europe Ltd for £210.8m funded by £100m of bank debt and £114.3m of equity which has again doubled the size of the group.
- The enlarged group performed strongly in the period generating System sales of £350m and Adjusted EBITDA of £30m.
- Pirtek traded at record levels, contributing as expected to the Group results.
- The integration of Pirtek is progressing well, with an immediate focus on optimising the effectiveness of the business through utilising shared resources, in particular technology.
- In the newly-named Water & Waste Services division also traded at record levels with sales up 18.2% to £107m, with Metro Rod and Metro Plumb being the main drivers of this increase.
- Creation of new centralised international IT function that will manage every aspect of the digital landscape for the whole business.

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items.
** Adjusted EPS is earnings per share before amortisation of acquired intangibles, share-based payment expense, exchange differences and non-recurring items.
*** Adjusted net debt excludes debt on right-of-use assets of £7.6m and is the debt measure used for testing bank covenants.
Note: The results include, for the first time, several prior year adjustments which are set out in Note 1 to the Annual Report & Accounts

Divisional performance

Pirtek at a glance

	UK & Ireland	Germany & Austria	Belgium & Netherlands	France	Sweden	TOTAL
Established	1988	Germany 1998 Austria 2014	Netherlands 1997 Belgium 1998	2021 & 2022	2017	
System sales £m and % of total	£56m 44%	£47m 37%	£16m 13%	£5m 4%	£2m 2%	**£126m** 100%
Franchisees	40	22	11	-	-	**73**
Service centres (of which corporately operated)	86 (2)	98 (1)	24 (6)	8	1	**217** (9)
Vans	333	350	108	42	25	**858**

PIRTEK

- Established in 1988, market-leading European provider of hose replacement services in eight countries.
- Service provided via 73 franchisees that operate through 217 service centres with over 850 mobile service units.
- The more developed franchise markets have national coverage and are highly profitable. Start-up corporate markets in France and Sweden and the small Austrian operation have yet to reach scale and make a small profit.
- Perpetual, royalty-free master agreement enables trade in a further 8 countries. However, priority is to achieve profitability in all existing countries before expanding.
- 94% of system sales from franchise channels including the 9 corporately operated service centres.

System sales in the period of ownership from 21 April 2023. System sales comprise the sales made to third parties by franchisees; franchise territories operated corporately in each country; and by the DLO operations in the corporate markets of France and Sweden. Franchisees, centres and vans as at 31 December, 2023.

Pirtek

- The resilient underlying demand for Pirtek's essential reactive services resulted in the division trading at record levels during eight months of ownership in 2023:
  - 10% increase in System sales in 12M 2023, and 14% increase in Adjusted EBITDA in local currency and 10% increase in Adjusted EBITDA on a constant currency basis.
  - Some softening in demand in 2H in construction and hire fleet sectors, impacting UK and Germany. These sectors have remained subdued in 2024.
  - Other customer sectors growing strongly, including waste management, logistics, rail.
- Review of Pirtek Europe's management structure post-acquisition:
  - Previous holding company management structure unnecessary.
  - Objective: integrate Pirtek into Franchise Brands, share as many resources as possible.
  - Integrate Pirtek businesses more closely.
- An area of particular focus is IT:
  - Objective: unify Pirtek's works management and financial systems, and other Group systems, onto common platforms.
  - Vision an ideal replacement for Pirtek works management system.
  - Will result in improved functionality and cost savings for both franchisees and corporate.
- Significant opportunity for co-operation with the Metro Rod and Filta businesses.

Pirtek Europe

	Franchise £'000	DLO £'000	Central Costs £'000	2023 £'000
System sales	**118,687**	**7,289**	**-**	**125,976**
Revenue	**34,771**	**7,292**	**(116)**	**41,947**
Cost of sales	(9,954)	(1,570)	116	(11,408)
Gross profit	**24,817**	**5,722**	**-**	**30,539**
GP%	71%	78%	-	73%
Administrative expenses	(11,178)	(5,305)	(738)	(17,221)
Divisional Adjusted EBITDA	**13,639**	**417**	**(738)**	**13,318**
Adjusted EBITDA as a % System sales	11.5%	5.8%		10.6%

- 94% of System sales generated by franchising (of which 4% is from the 9 corporately operated service centres) and 6% by DLO operations in Sweden and France.
- Statutory revenue is made up of:
  - MSF and other fee income generated from franchisees (46%);
  - the sale of materials used in core hose replacement business (25%);
  - the sales revenue generated by the corporate operations (28%), and
  - revenue from the sale and resale of franchise territories (1%).
- Transition of revenue model to higher MSF royalty income with materials supplied at cost from original model of low % MSF and requirement for franchisees to purchase materials from franchisor at a mark up. Transition finally completed in all countries by end 2023.

Pirtek Europe – by country

	UK & ROI £'000	Germany & Austria £'000	Benelux £'000	Sweden £'000	France £'000	Central Costs £'000	2023 £'000
System sales	**55,769**	**46,513**	**16,405**	**1,860**	**5,430**	**-**	**125,976**
Statutory Revenue	**16,242**	**10,943**	**7,586**	**1,862**	**5,430**	**(116)**	**41,947**
Cost of sales	(4,887)	(3,260)	(1,808)	(255)	(1,315)	116	(11,408)
Gross profit	**11,355**	**7,683**	**5,778**	**1,607**	**4,114**	**0**	**30,538**
GM%	70%	70%	76%	86%	76%	0%	73%
Administrative expenses	(4,506)	(3,470)	(3,201)	(1,315)	(3,989)	(738)	(17,220)
Adjusted EBITDA	**6,849**	**4,213**	**2,577**	**292**	**125**	**(738)**	**13,318**
Adjusted EBITDA as % system sales	12.3%	9.1%	15.7%	15.7%	2.3%		10.6%

UK and RoI
- 49% Adjusted EBITDA*
- Materials supplied to franchisees comprise 27% of statutory revenue. Sold at cost with almost all GP from MSF on system sales and other small franchisee fees.

Germany & Austria
- 30% Adjusted EBITDA.
- Materials supplied to franchisees at cost. Vast majority of income from MSF and other fee income from franchisees.

Netherland & Belgium
- 18% Adjusted EBITDA.
- Transition to MSF at end of 2023 so GP generated from both margin on materials and MSF on system sales.

Sweden & France
- 3% Adjusted EBITDA.
- Early stage, sub scale operations with no national coverage
- Continue to invest in growing the footprint of depots and service vans with expectation of a more meaningful contribution in future years.

Central costs
- Pirtek Europe team in Acton, London.

* Before central costs

Water & Waste Services division – at a glance

	Metro Rod	Metro Plumb*	Willow Pumps	Filta UK	TOTAL
Established **Acquired**	1983 2017	2016 2017	1992 2019	1996 2022	
System sales £m (% total)	66 (62%)	10 (9%)	19 (18%)	12 (11%)	**£107m** (100%)
Franchisees	42	18	-	25	**85**
Corporately operated territories	2	-	-	-	**2**
Engineers	473	96	47	34	**650**

METRO ROD METRO PLUMB WILLOW PUMPS filta

+ Newly-named Water & Waste Services division encompasses Metro Rod, Metro Plumb, Kemac, and the UK activities of Filta.
+ Division created by a series of acquisitions, which have then been grown organically.
+ DLOs used to enhance the franchise channels.
+ Integration and cross selling opportunities are still being developed which drives operational gearing.
+ Strong, long standing management team.
+ Small shares of large, fragmented markets.

*Includes Kemac

Continued strong growth

METRO ROD
DRAIN CARE AND REPAIR

Metro Rod and Metro Plumb delivered continued strong momentum, with system sales growing by 20.3% to £71.6m.

Rate of growth slowed in 2H to 16% compared to 24% in H1. Planned reduction in dependence on fixed price, high volume, emergency work with no upside potential.

Freeing up of valuable labour resources are driving our AOV: increased 12% on 7% increase in jobs completed.

Strong franchisee growth across the Metro Rod network:

- 86% grew their businesses (2022: 91%).
- 48% grew by more than 20% y-o-y (2022: 61%).

METRO PLUMB
THE NATION'S LOCAL PLUMBER

Metro Plumb continues to expand. Now 18 stand-alone and 19 Metro Plumb/Metro Rod franchisees. Seven new stand-alone franchisees and two leavers over the year.

Metro Plumb system sales grew 22%, now represent 9.6% of total Metro Rod & Metro Plumb System sales.

Continued focus on broadening the customer base in both commercial and domestic sectors.

Kemac increased revenues by 10.5%.

Continued development of Willow Pumps and Filta UK

WILLOW PUMPS
DESIGN, INSTALLATION & MAINTENANCE

Increased revenue by 2.7% to £18.7m following a significant slowdown in H2

- New management team
- Shifted business mix from high revenue, low profit work
- Launch of special projects division - capital light, higher margin business managing larger projects using a well-established supply chain.

Record £3.1m of sales delivered by the Metro Rod network to external customers

Metro Rod Kent & Sussex territory sold to Metro Rod franchisees in H2.
Exeter retained, but for sale.

filta

Focus on how best to optimise service delivery

Filta Environmental franchise network being reinvigorated:

- GRU servicing work largely transferred to franchisees (Acquisition of IP of Cyclone GRU and securing of supply chain)
- Enables us to begin to expand the network
- Reduces corporate sales and profits, but allows us to build a more robust and sustainable business

Expansion of Filta Seal business as a DLO by recruiting more technicians and further marketing.

Overall, Filta UK system sales increased by 35.0% to £12.3m (2022 ten months: £9.1m) and on a LFL basis by 13% despite the transfer of servicing business to the franchisees.

Water & Waste Services division financial results

	2023				2022				
	Metro Rod £'000s	Willow Pumps £'000s	Filta UK £'000s	2023 £'000s	Metro Rod £'000s	Willow Pumps £'000s	Filta UK £'000s	2022 £'000s	Change %
System sales	**75,671**	**18,659**	**12,331**	**106,661**	**62,916**	**18,175**	**9,132**	**90,223**	**18%**
Statutory revenue	**19,203**	**18,659**	**11,018**	**48,880**	**15,641**	**18,175**	**8,657**	**42,473**	**15%**
Cost of sales	(4,020)	(12,399)	(6,865)	(23,284)	(12,894)	(5,979)	(3,489)	(22,362)	14%
Gross profit	**15,183**	**6,260**	**4,153**	**25,596**	**12,894**	**5,979**	**3,489**	**22,362**	**14%**
GP%	79%	34%	38%	52%	82%	33%	40%	53%	(1%)
Administrative expenses	(7,595)	(4,406)	(2,688)	(14,689)	(6,556)	(4,134)	(2,422)	(13,112)	12%
Adjusted EBITDA	**7,588**	**1,854**	**1,465**	**10,907**	**6,338**	**1,845**	**1,067**	**9,250**	**18%**
Adjusted EBITDA/ System sales (%)	10.0%	9.9%	11.9%	10.2%	10.1%	10.1%	11.7%	10.3%	

+ Metro Rod accounted for 70% divisional Adjusted EBITDA. Increased by 20% to £7.6m
  – Metro Rod and Metro Plumb system sales increased 20% to record £71.6m.
  – Pump services increased 21% and tankering by 23%. AOV 3x drainage.
  – MSF represented 69% of statutory revenue and increased marginally to 18.7% of System sales
  – 12% increase in administrative expenses, less than 18% increase in System sales due to operational gearing.
  – Adjusted EBITDA margin 10.2%
+ Change of focus at Willow Pumps led to revenue increase limited to 3%, GP% increase from 33% to 34% and overheads increase of 7% with the addition of the Special Projects team. Adjusted EBITDA fell very marginally.
+ Filta UK Adjusted EBITDA increased 37% to £1.5m from £1.1m and by 14% on a LFL basis on system sales up 13% on a similar basis. A creditable result as a significant margin is being transferred to franchisees.
+ Overall, divisional Adjusted EBITDA increased 18% to £10.9m

Filta North America at a glance

filtafry

- Oil removed from fryer into mobile filtration unit, micro filtered to remove impurities
- Fryer cleaned via vacuum-based cleaning service
- Clean oil returned to fryer

8,500

Customers serviced per week

filtabio

- Provided as part of FiltaFry filtration service
- Oil removed from fryer and collected by franchisee and stored at their depots (45k lb facilities)
- Oil sold to be recycled into bio diesel

47m lbs

Waste oil collected and recycled in 2023

filtagold

- Filta Gold bulk oil launched in 2023
- 67 franchisees in total sell fresh oil to customers
- 5 franchisees currently sell fresh oil to customers with ECO Jugs, oil delivered by tanker
- Large customer demand for ECO Jug, more franchisees are beginning the move to liquid bulk

67

Franchisees selling FiltaGold bulk oil

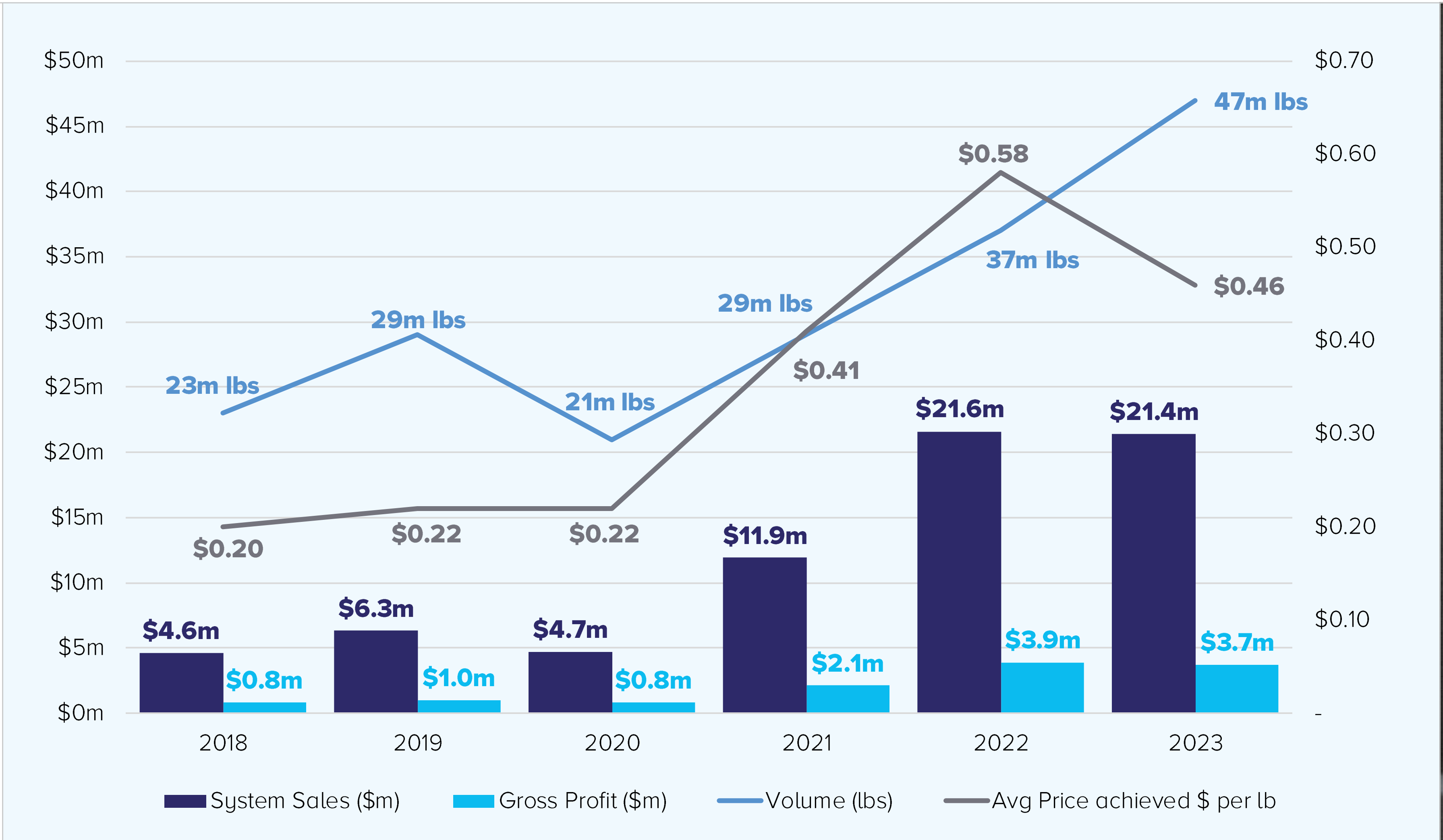
filtaclean

- Launched 2023
- Steam based, eco friendly & safe, deep clean service
- Large opportunity to vertically expand with existing customers
- Immense new customer opportunities

33

Franchisees signed up for FiltaClean

Waste Oil, 2018 to 2023



Filta International

	North America £'000	Europe £'000	2023 £'000	North America £'000	Europe £'000	10M 2022 £'000	Change £'000	Change %
System sales	**87,004**	**3,478**	**90,482**	**66,700**	**2,860**	**69,560**	**20.922**	**30%**
Revenue	**26,506**	**611**	**27,117**	**23,273**	**477**	**23,750**	**3,367**	**14%**
Cost of sales	(17,011)	(338)	(3,215)	(15,398)	(261)	(15,659)	(1,690)	21%
Gross profit	**9,495**	**273**	**9,768**	**7,875**	**216**	**8,091**	**1,677**	**21%**
GM%	*36%*	*29%*	36%	*34%*	*36%*	34%	2%	6%
Administrative expenses	(3,171)	(500)	(3,671)	(2,516)	(361)	(2,877)	(794)	28%
Adjusted EBITDA	**6,324**	**(227)**	**6,097**	**5,359**	**(145)**	**5,214**	**883**	**17%**
Adjusted EBITDA/System sales (%)	7.3%	-	6.7%	8.0%	-	7.5%		

- The results for the period are for a full 12 months compared to 10M in 2022.
- System sales in North America increased by 34% to $108.2m and by 12% on a LFL basis. In sterling, System sales increased by 30% to £87m and by 8% on a LFL basis:
  - Development of FiltaMax growth initiatives, focus on over 50 metro areas, robust customer activity
  - Reduced used oil price impacted equipment sales
  - Transitioning to MSF model
  - Addition of FiltaGold and FiltaClean (royalty-based)
- Adjusted EBITDA in North America increased 18% to £6.3m, and overall by 17% as a result of small losses in Europe.
- Excluding the gross margin on oil sales Adjusted EBITDA from core franchise business grew by 37% to £3.3m or 14% on a LFL basis.
- Filta Europe system sales increased 22% and by 1% on a LFL basis. GP grew 5% on a LFL basis. Slow recovery from Covid effects compounded by GRU supply chain issues (now resolved).

B2C division

Franchise recruitment and retention environment continues to be challenging.

Notwithstanding this, franchise recruitment in 2023 matched 2022 with 39 new franchisees and the number of leavers declined from 69 to 59.

Overall, closed the year with 327 franchisees at end 2023 compared to 347 at the start, a creditable performance.

ChipsAway, 81% of division's Adjusted EBITDA, performed robustly, recruiting 25 new franchisees with 30 leavers.

While offers for the business were received as part of last year's sale process, they did not meet our expectations. Marketing activity therefore suspended.

	2023 £'000	2022 £'000	Change £'000	Change %
System sales	**26,189**	**25,773**	416	2%
Revenue	**6,106**	**6,138**	(32)	(1)%
Cost of sales	(1,207)	(1,063)	(144)	14%
Gross profit	**4,899**	**5,075**	(176)	(3)%
GP%	80%	83%	(2)%	(3)%
Admin expenses	(2,583)	(2,618)	35	(1)%
Adjusted EBITDA	**2,316**	**2,457**	(141)	(6)%

Digital transformation

- Most of the objectives from the 3-year digital transformation journey we started in 2020 have been met.
- Opportunities to leverage our scale and new technologies, improve reliability and security.
- Creation of new centralised IT function.
- Will accelerate new developments that can positively impact the Group although it will increase our IT expenditure in the short term.
- Azura is also growing.

Financial performance

Prior year adjustments

- Following the Group's recent material acquisitions we have extensively reviewed our accounting policies to ensure they comply with the latest accounting standards and are consistent across the enlarged Group.
- The overall impact of the adjustments in 2022 is a reduction in statutory revenue of £29.3m and no change in Adjusted EBITDA. These changes have also resulted in no adjustment to the Adjusted EBITDA reported at the CMD in February.
- **Principal restatements*:**
  - National account revenue at Metro Rod, Filta UK, Filta Europe and ChipsAway is now being treated on a net rather than gross business. We now consider these subsidiaries to be acting as a commission agent for their franchisees. The impact of this in 2022 was to reduce revenue by £29.3m, with an equivalent reduction in cost of sales and no profit impact.
  - Revenue in relation to the timing of recognising the sale of franchise territories and related training fees at Metro Rod and B2C is now being recognised over the life of the franchise agreement rather than upfront.
- Other adjustments were also made to improve disclosures that had no impact on reported results.

* For further information, see Note 1 on pages 127 to 128 of the Annual Report.

Summary of group results

	2023 £'000	2022 £'000	Change £'000	Change %
System sales	**350,053**	**186,353**	**163,700**	**88%**
Statutory revenue	**121,265**	**69,839**	**51,426**	**74%**
Cost of sales	(50,060)	(33,898)	(16,162)	48%
Gross profit	**71,205**	**35,941**	**35,264**	**98%**
GM%	59%	51.5%		
Administrative expenses	(41,104)	(20,684)	(20,420)	99%
Adjusted EBITDA	**30,101**	**15,257**	**14,844**	**97%**
Depreciation and amortisation of software	(4,417)	(2,281)	(2,136)	94%
Finance expense	(5,807)	(235)	(5,572)	2,371
Foreign exchange	(146)	28	(146)	100%
Adjusted profit before tax	**19,731**	**12,742**	**6,990**	**55%**
Tax expense	(5,153)	(2,561)	(2,593)	101%
Adjusted profit after tax	**14,578**	**10,181**	**4,397**	**43%**
Adjusted EBITDA/System sales (%)	8.6%	8.2%		

- System sales, which comprise the underlying sales of our franchisees and the statutory revenue of our DLOs, increased by 88% to £350.1m
- Statutory revenue comprises many different types of revenue, including the MSF, which is now recorded on a net basis, as well as the statutory revenue of our DLOs. Increased by 74% to £121.3m (2022: £69.8m) after prior year adjustments.
- Strong trading performance, continued efficiency gains combined with cost savings from integrating Filta and Pirtek have driven a 97% increase in Adjusted EBITDA to a record £30.1m (2022: £15.3m).
- Overall Adjusted EBITDA / System sales for 2023 has grown to 8.6% (2022: 8.2%), demonstrating the operational gearing arising from the integration of the acquisitions and the continuing digitisation of the business.
- Depreciation and amortisation of software and finance charge all rose as a result of the acquisitions of Pirtek and Filta.
- Adjusted tax charge at 26% (H1 2022: 20%) reflects the change in UK rates from 19% to 25% from April 2023 and the generally higher overseas rates now applicable.

Adjusted and statutory profit

	2023 £'000	2022 £'000	Change £'000	Change %
Adjusted profit after tax	**14,578**	**10,181**	**4,397**	**43%**
Amortisation of acquired intangibles	(7,718)	(1,693)	(6,025)	
Share-based payment charge	(838)	(535)	(303)	
Non-recurring costs	(6,159)	(1,708)	(4,451)	
Other gains and losses	-	1,232	(1,232)	
Tax on adjusting items	3,174	649	2,525	
Statutory profit after tax	**3,037**	**8,126**	**(5,089)**	**(63%)**

+ Software deprecation and amortisation increased 80% to £4.1m primarily due to the acquisitions of Pirtek and the 12M impact of the Filta acquisition.
+ Finance expense reflects additional cost of debt to finance Pirtek acquisition and increasing base rate over the year.
+ Overall effective tax rate of Group increased from 20% to 26% (increase in UK rate to 25%, full year Filta North America charge 27%, higher Pirtek local country tax rates such as Germany 30%),
+ Non-recurring costs of £6.2m include Pirtek acquisition costs of £3.6m, and the subsequent one-off re-organisation costs of £1.5m.
+ As a result of the costs incurred in acquiring Pirtek, statutory profit after tax reduced by 63% to £3.0m.

EPS and dividend

	2023 £'000	EPS/DPS p	2022 £'000	EPS/DPS p	Change %
Adjusted profit before interest after tax	**18,861**	**10.90**	**10,371**	**8.49**	**28%**
Interest after tax (at 25%)	(4,283)		(190)		
Adjusted profit after tax	**14,578**	**8.42**	**10,181**	**8.34**	**1%**
Weighted basic number of shares in issue (m)	173.1m		122.1m		
Dividend per share					
Interim		1.00		0.90	
Final (proposed)		1.20		1.10	
Total		**2.20**		**2.00**	**10%**
Dividend cover (based on Adjusted profit after tax)		**3.9x**		**4.2x**	

EPS based on Adjusted profit before interest but after tax increased by 28% and would have a further 3-4% higher on a group basis had the corporation tax rate in the UK not increased from 19% to 25% on just under 60% of Group profit.

EPS based on Adjusted profit after tax increased by 1%

The average weighted number of shares in issue increased by 42% to 173.1m as a result of the 64m shares issued for the acquisition of Pirtek and the annualisation of the 34m shares issued in 2022 for the acquisition of Filta. Total shares in issue 194m.

A final dividend of 1.2p per share is proposed taking the total dividend for the year to 2.2p per share, a 10% increase.

The dividend is 3.9x covered by Adjusted profit after tax (2022: 4.2x).

Cash flow summary

Shortform cashflow	2023 £'000	2022 Restated £'000
Adjusted EBITDA	**30,101**	**15,257**
Working Capital movements	(61)	(1,512)
Cash generated from operations	**30,040**	**13,745**
% of adjusted EBITDA	100%	90%
Cashflow from CapEx, interest, taxes & dividends		
Purchase of PPE, software & IP	(2,859)	(1,510)
Interest paid bank and other loan	(5,374)	(235)
Taxes Paid	(4,498)	(2,629)
Dividends paid	(3,371)	(2,339)
Total	**(16,102)**	**(6,713)**
Cashflow from acquisition and financing activities		
Acquisition of subsidiaries	(205,785)	4,320
Deferred consideration	-	(1,680)
Funds raised via debt & equity	214,263	-
Bank loan & lease repayments	(15,687)	(4,109)
Acquisition & reorganisation costs	(6,159)	(1,708)
Total	**(13,368)**	**(3,177)**
Other net movements	**1,051**	**(2,176)**
Net Cash Movement	**1,621**	**1,679**
Net cash at the beginning of the year	10,935	9,057
Exchange differences on cash and cash equivalents	(278)	199
Net Cash at the end of the year	**12,278**	**10,935**

The Group generated cash from operating activities of £30.0m (2022: £13.7m), resulting in a cash conversion rate of 100% (2022: 90%), if the cost of the Pirtek and Filta acquisitions and reorganisation are added back.

- Purchases of PPE increased due to the addition of the Pirtek DLOs.
- Interest increased as a result of the acquisition debt.
- Taxes paid increased as profits increased, the rate of tax increased and the UK moved to quarterly advance payments.
- Dividends reflect the combined cash cost of the 2022 final and the 2023 interim dividends.
- Acquisition of subsidiaries represents the acquisition of Pirtek for £210.8m, less the cash acquired (net of share issue costs) which was financed with bank debt of £100m and the proceeds of an equity funds raise of £114.3m. In 2022, Filta was acquired in an all-shares transaction, so it did not involve cash movement.
- Bank loans repaid represent the repayment of the loans taken out in April 2023 to finance the Pirtek acquisition.

After these outflows, the Group finished the period with cash of £12.3m (31 December 2022: £10.9m).

Debt

	31 Dec 2023 £'000	31 Dec 2022 (restated) £'000	Change £'000
Cash	12,278	10,935	1,343
Term loan	(50,000)	-	(50,000)
RCF	(36,908)	-	(36,908)
Loan fee	749	-	749
Hire purchase debt	(837)	(1,132)	295
Adjusted (net debt)*/net cash	**(74,718)**	**9,803**	**(84,521)**
Other lease debt	**(7,567)**	**(1,624)**	**(5,943)**
(Net Debt)/Net cash	**(82,285)**	**8,179**	**(90,464)**
Adjusted net debt/Adjusted EBITDA	**2.48x**		

* Adjusted net debt is the key debt measure used for testing bank covenants and excludes debt on leased assets of £7.6m

- The Group had headroom of £23.0m on its bank facilities (total facility including accordion option of £110.0m less £87.0m in use) at 31 December 2023.
- The Group's adjusted net debt, as used to test the bank covenants, was £74.7m at 31 December 2023, which represents 2.48x Adjusted 2023 EBITDA. Thus, the Group has comfortable headroom on all its bank covenants.

Capital allocation

Short term
capital allocation priorities

- Strategic focus is on integrating Pirtek and Filta into the Group, promoting operational synergies and repaying acquisition debt.
- Anticipate being in a net cash position in 2027.
- The Board will not be considering further acquisitions of scale until we approach a net cash position.

Medium term
capital allocation priorities

- Acquisitions of franchise businesses and bolt-on DLOs that drive franchise channels.
- Potential disposal of non-core businesses and non-franchise activities which no longer make a contribution to growing the franchise channels.
- Share buybacks to cover share option dilution.
- A progressive dividend policy.

Summary and Outlook

- Key divisions achieved record results in 2023 despite some softening in demand in H2 in the construction and hire-fleet customer sectors (which has continued into 2024). This demonstrates the resilient underlying demand for the Group's essential reactive services.
- The fall in the price for used oil in the US also impacted profits in 2023, and whilst volumes continue to grow, the price continues to soften which will impact our income in 2024.
- The change in the accounting treatment of income from the sale of franchise territories from taking revenue upfront to spreading it over the life of the franchise agreement may also reduce profit in 2024.
- The centralised international IT function will accelerate growth and new developments that will positively impact the Group which will drive operational gearing.
- Our short-term operational focus is integrating all the Group's businesses and repaying the acquisition debt, which is progressing well.
- Maximum Potential Model shows significant opportunities for growth of B2B businesses with small shares of large and fragmented markets.
- The strategic model underscores the Group's medium-term ambitions and demonstrates the potential for System sales of c£600m and Adjusted EBITDA of c£60m in 2027.
- In conclusion, the Group is in very good shape with tremendous growth opportunities.

Appendix

FRANCHISE BRANDS

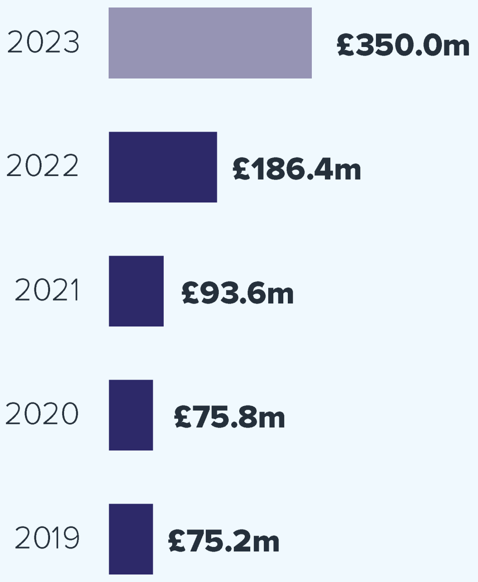
Divisional trading results

	2023							2022					
	W&WS	Filta International	Pirtek	B2C	Azura	Inter-co elimination	2023	W&WS	Filta International	B2C	Azura	Inter-co elimination	2022
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
System sales	**106,661**	**90,482**	**125,976**	**26,189**	**745**		**350,053**	**90,223**	**69,560**	**25,773**	**797**	**-**	**186,353**
Statutory revenue	**48,880**	**27,117**	**41,947**	**6,106**	**745**	**(3,530)**	**121,265**	**42,473**	**23,750**	**6,138**	**797**	**(3,319)**	**69,839**
Cost of sales	(23,284)	(17,349)	(11,408)	(1,207)	-	3,188	(50,060)	(20,111)	(15,659)	(1,063)	(1)	2,936	(33,898)
Gross profit	**25,596**	**9,768**	**30,539**	**4,899**	**745**	**(342)**	**71,205**	**22,362**	**8,091**	**5,075**	**796**	**(383)**	**35,941**
GM%	52%	36%	73%	80%	100%	10%	59%	53%	34%	83%	100%	12%	51%
Administrative expenses	**(14,689)**	**(3,671)**	**(17,221)**	**(2,583)**	**(531)**	**342**	**(38,353)**	**(13,112)**	**(2,877)**	**(2,618)**	**(625)**	**383**	**(18,849)**
Divisional EBITDA	**10,907**	**6,097**	**13,318**	**2,316**	**214**	**-**	**32,852**	**9,250**	**5,214**	**2,457**	**171**	**-**	**17,092**
Group overheads							**(2,751)**						**(1,835)**
Adjusted EBITDA							**30,101**						**15,227**

Strong track record of delivery

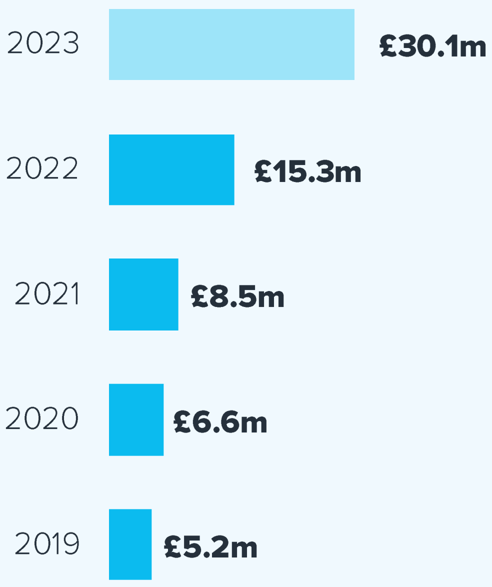
System sales (£m)

CAGR
47%



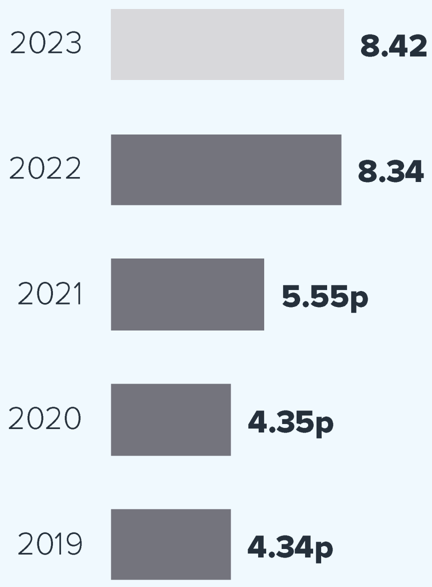
Adjusted EBITDA (£m)

CAGR
55%



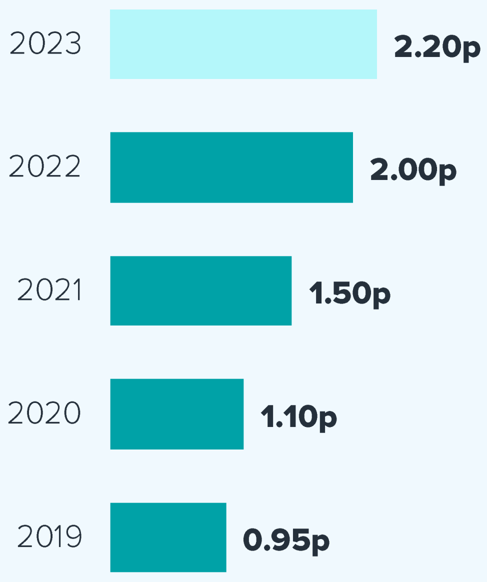
Adjusted earnings per share (p)

CAGR
18%



Dividend per share (p)

CAGR
23%



Enhanced corporate governance

In line with the expansion of the Group and our ambition for the future, in 2023 we developed our corporate governance structure by reorganising the board and introducing a two-tier organisation.

More streamlined board

2 Executive Directors:

- Executive Chairman
- CFO

3 Non-Executive Directors:

- Peter Kear, new Senior NED
- Andy Brattesani, independent NED
- Nigel Wray, NED

The plc board is supported by a Management Board for the day-to-day management of the business.

Divisional management:

- Pirtek
- Water & Waste Services
- Filta International
- B2C

Heads of Central Services:

- Technology
- Marketing
- Commercial
- Corporate Development
- Company Secretarial

FRANCHISE BRANDS

www.franchisebrands.co.uk

Franchise Brands plc
Ashwood Court
Tytherington Business Park
Macclesfield
SK10 2XF

mail@franchisebrands.co.uk

01625 507910

PIRTEK
www.pirtek.co.uk

METRO ROD DRAIN CARE AND REPAIR
www.metrorod.co.uk

METRO PLUMB THE NATION'S LOCAL PLUMBER
www.metrorod.co.uk

WILLOW PUMPS DESIGN, INSTALLATION & MAINTENANCE
www.willowpumps.co.uk

filta
www.filta.co.uk
www.gofilta.com
www.filtafry.eu

Azura Franchise Technologies
www.azuragroup.com

ChipsAway LIKE IT NEVER HAPPENED
www.chipsaway.co.uk

ovenclean — LESS GRIME, MORE TIME —
www.ovenclean.com

Barking Mad
www.barkingmad.uk.com