



## Chairman's Statement



**Stephen Hemsley**  
Executive Chairman

# Resilient performance of our underlying business with record System sales

## £35.1m

Adjusted EBITDA\*

\* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items.



## Chairman's Statement continued



The Group achieved record System sales in all key divisions and a creditable Adjusted EBITDA outturn for the year, despite ongoing challenging macroeconomic conditions in many of our key markets.”

**Stephen Hemsley**  
Executive Chairman

### Introduction

2024 saw resilient underlying demand for the Group's essential reactive and planned services, resulting in record System sales in all key divisions, in challenging macroeconomic conditions in most key markets. Against this background, we focused on what we could control, maintaining a strong emphasis on cost management, supporting a creditable outturn for the year, with Adjusted EBITDA of £35.1m.

The integration of the businesses acquired over the previous three years is progressing well. Our new CEO, Peter Molloy, is providing new focus and is connecting the Group through the launch of the *One Franchise Brands* initiative to accelerate the pace of integrating the Group to enhance sales, create an efficient overhead structure and drive operational gearing.

The cash-generative nature of our predominantly franchised business has allowed us to reduce Adjusted net debt from £74.7m to £65.1m and leverage from 2.5x to 1.9x times Adjusted EBITDA, which was in line with management's expectations and comfortably within our banking covenants.

### Overview

A particular highlight of trading in 2024 was the record System sales achieved in the Pirtek, Water & Waste Services and Filta International divisions. System sales were particularly strong in the US, helped by robust economic growth, while the rate of growth in the UK and most European markets was more moderated than in previous years.

Lower European economic growth marginally impacted demand for reactive services in certain sectors, such as construction and plant hire, as equipment was not being as intensively used. There was a more significant slowdown in preventative maintenance and project work where, in certain sectors, larger projects were held back. The contrast between the performance of the US and UK and European businesses suggests that our geographic diversification strategy, including the acquisition of Filta, has helped to balance regional variations in market conditions.

### Appointment of new CEO and separation of responsibilities with Executive Chairman

In October, the Group announced the appointment of Peter Molloy, CEO of the Water & Waste Services division, to the new role as CEO, and as a Director on the Board of the Company. The Group has grown rapidly over the past two years and had reached a scale where the timing was right for the appointment of a CEO to separate my responsibilities and provide greater focus on the strategic and commercial development of the business to support our ambitious growth plans.

As CEO, Peter Molloy is responsible for the day-to-day leadership of the Group across its four principal divisions and shared central functions, and will drive the implementation of the strategy, business performance and accelerate integration. As Executive Chairman, my focus is on the strategic and corporate development of the Company, including Group finance and future acquisitions.





## Chairman's Statement continued

Peter has been a key part of the Franchise Brands team since 2017 and has made an exceptional contribution in leading the substantial growth of Metro Rod and in the successful formation and integration of the Water & Waste Services division. The Board is confident that he will successfully drive the implementation of our strategic priorities, which includes an increased focus on digitally-enabled integration through *One Franchise Brands*, enabling the Group to realise its significant growth potential.

### Management team

We have also recently announced a number of new appointments to strengthen the Group's leadership team and drive the execution of our strategy.

In June 2024, Mark Boxall joined us as Chief Operating Officer, a newly created position on the Group's Management Board.

Mark was previously Chief Operating Officer at D4t4 Solutions plc (now Celebrus Technologies plc), a software and data platform provider. Mark is driving integration across the Group, with a particular focus in the short term on the rollout of standardised Group-wide IT systems, managed centrally.

Post year-end, we developed a new finance structure following Peter's appointment as CEO and the launch of the *One Franchise Brands* strategic initiative. Having conducted a comprehensive search for a new CFO in Q4 2024, the Board concluded that an enhanced finance team providing both commercial and financial support was the optimal structure to meet the needs of the business in this focused period of integration. We therefore combined the roles of CFO and Commercial Director under the role of the CFO and created a new non-Board position of Group Finance Director.

Andrew Mallows, our interim CFO, was appointed CFO on a permanent basis, reflecting his experience as CFO and Commercial Director in the eight years he has been with the business. Beth Peace, who has been with the business since 2019 and was a Finance Director in the Water & Waste Services division, was appointed Group Finance Director. The new finance team is working closely with Peter Molloy and Mark Boxall to deliver the *One Franchise Brands* strategy.

### Board

Post year-end, we were pleased to welcome Louise George who has joined the board as an independent Non-Executive Director. She was also appointed as Chair of the Audit Committee and a member of the Nomination and Remuneration Committees.

Louise is a highly experienced CFO with over 20 years' board-level experience with AIM-quoted companies including substantial experience of franchised businesses. With the appointment of Louise, the plc Board now comprises three Executive Directors, and four non-Executive Directors, of whom three are considered by the Board to be independent. Louise will also be supporting the strengthened Group finance team.

### Capital allocation

The Group's clear strategic focus is to accelerate the pace of integration, drive operational gearing and deleverage. The Board does not anticipate making any further significant acquisitions until the outstanding debt is substantially repaid which we now expect to be in 2028. The Board may also consider the disposal of non-core businesses and non-franchise activities which no longer support the growth of the franchise businesses, which would accelerate de-leveraging. Capital allocation decisions will balance debt reduction, maintaining a progressive dividend policy and investment in the organic expansion of the Group.

In October 2024, we announced that our Employee Benefit Trust ("EBT") would restart its share purchase programme up to an aggregate value of £5,000,000. This programme aims to mitigate the dilutive impact of share option awards and improve overall shareholder return. As the rate of our deleveraging accelerates, we hope to announce a regular and consistent share purchase programme.

### Dividend

The Board is pleased to propose a final dividend of 1.3 pence per share (2023: 1.2 pence per share), giving a total dividend for the year of 2.4p (2023: 2.2p), an increase of 9%. Subject to shareholder approval at the AGM on 7 May 2025, the final dividend will be paid on 23 May 2025 to those shareholders on the register, at the close of business on 9 May 2025.







## Chairman's Statement continued

### Consideration of Main Market Listing

Given the scale and growth ambitions of the Group, in 2024 the Board started to consider moving its share quote from the AIM market to the Official List and Main Market of the London Stock Exchange. These considerations remain at an early stage and the Board will make appropriate announcements in due course.

### Outlook

With a resilient and geographically diversified base, we are well positioned to manage and mitigate macroeconomic and political uncertainty affecting our customers in many of our markets. We also remain focused on the opportunities and factors within our control.

The underlying demand for our essential services remains strong, albeit it continues to be subdued in a range of sectors which are experiencing lower activity levels, including construction and plant hire. This is leading to current trading remaining constrained, similar to the latter part of 2024. While we expect continued resilient demand for our essential reactive services, project work and discretionary spending will continue to be held back until demand recovers in key markets.

To further increase our resilience and reduce our dependence on cyclical markets, we have embarked on a strategy to open up new and under-represented growth sectors in each of our businesses. Our geographic diversification

strategy, including having Filta International, a business of scale in the US, will also help to balance regional variations in market conditions.

Our clear focus in 2025 is to accelerate the pace of the integration of all the Group's businesses following a period of rapid expansion. Our aim is to create one connected group with an efficient overhead structure, operating on a secure and effective IT platform, that enhances System sales through maximising Group-wide sales opportunities, including cross selling and driving Group-wide efficiencies. The 'One Franchise Brands' strategic initiative is key to unlocking and maximising these opportunities.

With the realisation of Group-wide efficiencies for the full year and the anticipated pick-up in higher value work expected in certain markets, we remain optimistic that the current market expectation range for the financial year ending 31 December 2025 is achievable.

Reducing leverage remains a strategic priority. Together with the tailwind we anticipate from continuing reductions in interest rates, this should allow us to drive earnings per share at a faster pace than over the last couple of years. With no acquisitions planned and limited capital expenditure, we expect to generate a strong cash flow, which will be used to reduce debt, continue our progressive dividend policy and restart a regular share purchase programme. We expect year-end leverage to be below 1.5x Adjusted EBITDA.

### Conclusion

The record System sales achieved in 2024 are a testament to the resilience of our underlying businesses, our experienced management teams, our entrepreneurial franchisees and our dedicated Support Centre teams and I would like to personally thank them for this excellent achievement.

Notwithstanding the economic and political uncertainties facing us in many markets in 2025, under the leadership of our new CEO, Peter Molloy and our strengthened Board and management team, I look forward to 2025 with cautious optimism.

**Stephen Hemsley**  
Executive Chairman  
26 March 2025

