FRANCHISE BRANDS

Franchise Brands plc

2024 Interim Results Presentation

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"As 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**.

Presence in **10 countries** across UK, North America and Europe across **7 franchise brands.**

Pirtek, Metro Rod and Metro Plumb provide **essential services** on a mostly reactive basis.

Filta provides a planned service to hospitality sector.

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

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

Scale

Annualised System sales[1]* of **£400m[2]** and Adjusted EBITDA of £35.7m to £37.2m[3].

> 625 franchisees who employ over 3,000 people and use >2,000 service vehicles.

> 650 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: **"As our franchisees grow, we grow".**

How we grow

Maximum Potential Model allows us to estimate market size.

£1.8bn maximum potential System sales (currently £400m*).

Use our **growth tools** to realise that potential.

Leverage shared services across the Group to enhance **operational gearing** which will play significant role in underpinning future margin expansion:

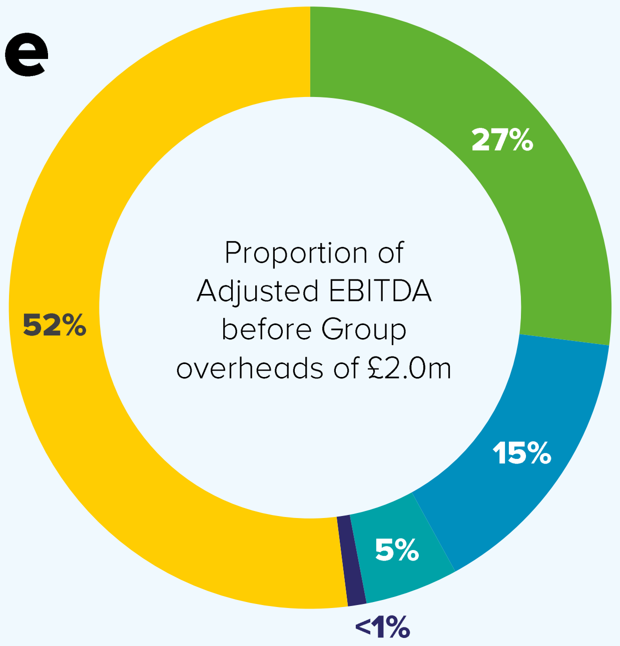
- Technology
- Marketing
- Finance

[1] *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.*

[2] *Based on 2FY 024 results*

[3] *Range of current market expectations for FY24*

H1 2024: At a glance



Our leading brands

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

£10.4m
Adjusted EBITDA*

72
Total franchisees

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

£5.4m
Adjusted EBITDA*

93
Total franchisees

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

£2.9m
Adjusted EBITDA*

157
Total franchisees

B2C
Leading home service brands in the UK: ChipsAway, Ovenclean & Barking Mad.

£1.0m
Adjusted EBITDA*

318
Total franchisees

Azura
Leading franchise software systems developer with over 35 franchise customers.

£0.1m
Adjusted EBITDA*

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

Financial & operational highlights: H1 2024

£206.0m
System sales
+42% H1 2023: £145.5m

4.04p
Adjusted earnings per share[2]
-7% H1 2023: 4.34p

£69.8m
Revenue
+35% H1 2023: £51.9m

£69.9m
Adjusted net debt[4]
30 June 2023: £74.7m

£17.8m
Adjusted EBITDA[1]
+45% H1 2023: £12.3m

72%
Cash conversion
H1 2023: 57%

£10.6m
Adjusted profit before tax[2]
+21% H1 2023: £8.8m

1.10p
Dividend per share
+10% H1 2023: 1.00p

H1 a period of satisfactory progress and integration following Pirtek acquisition in H1 2023.

Resilient underlying demand for the Group's essential reactive services resulted in key divisions achieved record System sales despite some anticipated moderation in demand across certain sectors.

Pirtek generated record total system sales of £92.8m, up 2% on a LFL basis, a resilient performance given more subdued market conditions. Integration into the Group continues to progress well, particularly in IT.

Metro Rod delivered record system sales of £39.3m an increase of 5%. Significant improvement in Willow Pumps' profitability.

Increase in system sales at Filta International of 5% to a record £45.0m despite weaker used cooking oil price; FiltaMax strategic growth initiatives gaining traction.

Creditable performance in B2C division despite challenging environment.

1 Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items.
2 & 3 Adjusted Profit Before Tax and Adjusted EPS are before amortisation of acquired intangibles, share-based payment expense, and non-recurring items.
4 Adjusted net debt excludes debt on right-of-use assets of £9.7m and is the debt measure used for testing bank covenants.
Note: H1 2023 includes a number of adjustments which were set out in Note 1 of the 2023 Annual Report & Accounts.

Divisional performance

Pirtek Europe at a glance: H1 2024

	UK & Republic of Ireland	Germany & Austria	Belgium & Netherlands	France	Sweden	TOTAL
Established	1988	Germany 1998 Austria 2014	Netherlands 1997 Belgium 1998	2021 & 2022	2017	
System sales £m % of total	£41.3m 45%	£33.7m 36%	£12.3m 13%	£4.1m 4%	£1.4m 2%	**£92.8m** 100%
EBITDA £m[1] % total	£5.1m 47%	£3.4m 31%	£2.0m 18%	£0.2m 2%	£0.2m 2%	**£10.4m** 100%
Franchisees[2]	41	22	11	-	-	**74**
Service centres (corporately operated)[2]	86 (2)	99 (1)	24 (6)	8	1	**218** (9)
Mobile service units[3]	334	355	108	43	24	**864**

PIRTEK

Established in 1988, market-leading European provider of hose replacement services in eight countries.

Resilience through emergency response service, targeting a 1-hour ETA.

System sales of £92.8m in H1 2024. 94% of System sales from major markets. Market leaders, providing national coverage, primarily on a franchise basis.

Smaller operations in Sweden and France corporately operated with strong regional footholds. Priority is to expand coverage, increase capacity and reach scale.

Service provided via 72 franchisees that operate through 218 service centres with over 850 mobile service units.

Expanding range of services to provide total solutions to customers: total hose management, technical and preventative maintenance.

Longer-term expansion opportunity through perpetual, royalty-free master agreement enables trade in a further 8 countries.

[1] Individual geography EBITDA £m: before central costs.(total includes central costs).
[2] Franchisees, service centres and mobile service units as at 30 June 2024

Pirtek Europe

Pirtek generated total System sales of £92.8m (ten-weeks H1 2023: £37.2m).

On a like-for-like basis, System sales grew by 2%, a resilient performance given more subdued market conditions:

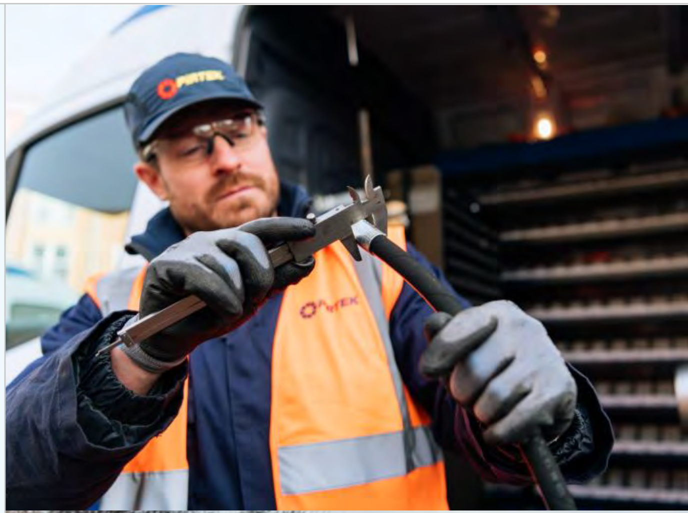
- UK & RoI maintained System sales at £41.3m despite softening demand from construction and plant hire sectors and project work being held back.
- Germany & Austria LFL increase* of 3.4%. Growth supported by infrastructure spend despite demand being held back by significant slowdown in manufacturing.
- Benelux LFL increase* of 10.9%. Key drivers were reactive services to infrastructure, shipping, logistics, while larger quoted works more limited.

The integration of Pirtek into the Group continues to progress, particularly in IT.

- Vision works management system introduced to France. Progressing with modifications needed for UK, Germany and Benelux roll out.
- Sharing resources more widely across the Pirtek business.
- Group cross selling initiative progressing.

The Maximum Potential Model is beginning to highlight new opportunities.

A slow start to the year but signs of recovery in recent weeks.



* In local currency

Pirtek Europe

	H1 2024				H1 2023			
	Franchised £'000	DLO £'000	Central Costs £'000	H1 2024 £'000	Franchised £'000	DLO £'000	Central Costs £'000	H1 2023 £'000
System sales	**83,642**	**9,197**	**-**	**92,838**	**33,847**	**3,321**	**-**	**37,168**
Statutory Revenue	**22,277**	**9,196**	**(204)**	**31,269**	**9,132**	**3,321**	**(21)**	**12,432**
Cost of sales	(5,957)	(2,447)	191	(8,213)	(2,606)	(752)	21	(3,337)
Gross profit	**16,320**	**6,749**	**(13)**	**23,056**	**6,526**	**2,569**	**-**	**9,095**
GP %	***73%***	***73%***	***6%***	***74%***	***71%***	***77%***	***-***	***73%***
Administrative expenses	(6,721)	(5,498)	(482)	(12,701)	(2,699)	(2,150)	(389)	(5,238)
Adjusted EBITDA	**9,599**	**1,251**	**(495)**	**10,355**	**3,827**	**419**	**(389)**	**3,857**
Adjusted EBITDA as % system sales				**11.2%**				**10.4%**

System sales of £92.8mcompared to £37.2m in 10 weeks of ownership in H1 2023. 2% increase on a LFL basis, a resilient performance in subdued conditions.

90% of System sales generated by franchising, 10% from DLO operations:

- 6% by DLO operations in Sweden and France.
- 4% from 9 corporately operated service centres.

Statutory revenue in H1 2024 was £31.3m (H1 2023: £12.4m).

Central costs mostly represent cost of Pirtek Europe's head office. Significantly streamlined post-acquisition resulting in 53% LFL reduction in cost.

Adjusted EBITDA of £10.4m (H1 2023: £3.9m), a satisfactory performance in challenging market conditions.

The ratio of Adjusted EBITDA to System sales increased to 11.2% from 10.4% as a result of integration cost savings.

Outlook:

- Slow start to the year due to external factors.
- Some early signs of recovery in recent weeks.
- Hopeful for period of more robust growth with interest rates starting to reduce.

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 **% of total**	34.0 62%	5.4 11%	9.2 17%	6.0 11%	**£54.6m** 100%
Franchisees	44	21	-	28	**93**
Corporately operated territories	2	-	-	-	**2**
Engineers	491	87	34	89	**701**

Water & Waste Services division encompasses Metro Rod, Metro Plumb, Kemac, and the UK activities of Filta.

Division created by a series of acquisitions, and subsequent organic growth.

DLOs to enhance the franchise channels.

Focus on integration. Currently reviewing how we can integrate Filta more effectively into the wider division.

Cross selling opportunities: division and Group.

Small shares of large, fragmented markets.

*Includes Kemac. 18 Metro Rod franchisees also operate a Metro Plumb franchise

Business overview

METRO ROD
DRAIN CARE AND REPAIR

Metro Rod, Metro Plumb, and Kemac increased system sales by 5% to £39.3m (H1 2023: £37.4m).

Growth spread across almost the entire network.

Market continues to be challenging. Customers holding back spend on non-essential maintenance.

Sales also held back by our firmer position with slow-paying customers.

METRO PLUMB
THE NATION'S LOCAL PLUMBER

Continues to expand. Now 21 stand-alone and 18 Metro Plumb/Metro Rod franchisees.

Metro Plumb system sales grew 14%.

WILLOW PUMPS
DESIGN, INSTALLATION & MAINTENANCE

Willow Pumps: System sales (excluding corporate franchises) grew by 5% to £8.6m (H1 2023: £8.2m).

Initiatives taken in 2023 by new management team to reduce exposure to high sales, low margin activities beginning to be realised. Special Projects division gaining momentum.

Significant improvement in both gross margin and Adjusted EBITDA.

filta
ENVIRONMENTAL

Overall, Filta UK system sales increased by 15% to £6m.

Filta Environmental franchise network being reinvigorated.

Filta Seal revenue grew by 15%, continue to expand DLO activity.

Reviewing how we can integrate Filta into the wider division.

Water & Waste Services division overview

	H1 2024				H1 2023					
	Metro Rod £'000s	Willow Pumps £'000s	Filta UK £'000s	H1 2024 £'000s	Metro Rod £'000s	Willow Pumps £'000s	Filta UK £'000s	H1 2023 £'000s	Change £'000s	Change %
System sales	**39,285**	**9,237**	**6,040**	**54,562**	**37,349**	**9,437**	**5,274**	**52,060**	**2,502**	**5%**
Statutory revenue	**9,753**	**9,237**	**5,447**	**24,437**	**9,438**	**9,437**	**5,274**	**24,149**	**288**	**1%**
Cost of sales	(1,859)	(5,882)	(3,398)	(11,139)	(1,901)	(6,411)	(3,255)	(11,567)	428	(4%)
Gross profit	**7,894**	**3,355**	**2,049**	**13,298**	**7,537**	**3,026**	**2,019**	**12,582**	**716**	**6%**
GP%	***81%***	***36%***	***38%***	***54%***	***80%***	***32%***	***38%***	***52%***	***2%***	***4%***
Administrative expenses	(4,189)	(2,258)	(1,498)	(7,945)	(3,803)	(2,132)	(1,450)	(7,385)	(560)	8%
Adjusted EBITDA	**3,705**	**1,097**	**551**	**5,353**	**3,734**	**894**	**569**	**5,197**	**156**	**3%**
Adjusted EBITDA/System sales	**9.4%**	**11.9%**	**9.1%**	**9.8%**	**10.0%**	**9.5%**	**10.8%**	**10.0%**		

Metro Rod accounted for 70% divisional Adjusted EBITDA.

- Metro Rod and Metro Plumb system sales (excluding Kemac) increased 5% to £37.5m.
- MSF represented 72% of statutory revenue and decreased marginally to 18.8% of System sales (higher value services attract lower MSF).
- 10% increase in administrative expenses, due to inflationary pressures on wages, other fixed costs.
- Adjusted EBITDA fell very marginally by 1% to £3.7m.
- Ratio of Adjusted EBITDA/System sales declined to 9.4%.

Change of focus at Willow Pumps resulted in revenue fall of 2%, but 11% increase in gross profit. With effective overhead control, led to 23% increase in Adjusted EBITDA to £1.1m.

Small reduction in Filta UK Adjusted EBITDA. Acceptable result during transition as significant margin is being transferred to franchisees. Will result in more robust and sustainable business.

Overall, divisional Adjusted EBITDA increased 3% to £5.4m.

Outlook: B2B drainage and plumbing markets challenging, Modest signs of improvement, but until we see more solid economic growth, difficult to predict return to double digit growth.

Filta International at a glance: H1 2024

	North America	Europe	TOTAL
System sales £m - Core franchise business - Waste Oil	£43.3m 84% 16%	£1.7m	**£45.0m**
Number of Franchisees **On MSF**	125 14%	32	**157**
Franchisees offering FiltaClean	53 40%	-	-
Franchisees offering FiltaGold	87 70%	-	-
Waste oil, FiltaBio: - Volume collected - 6,000-gallon storage tanks	25m lbs 73	-	-

filtafry filtabio filtagold filtaclean

Established in 1996, operates in US, Canada and Europe.

System sales of £43.3m in 1H 2024, 84% from core franchise business. 14% of franchisees now on royalty.

Cooking oil filtration, biodiesel recycling, new bulk oil delivery & cleaning services for commercial kitchens.

Planned services. 8,500 weekly services in North America.

Expansion of range of services: FiltaClean (eco-friendly kitchen cleaning) and FiltaGold (new bulk oil supply) launched in 2023, both royalty.

FiltaBio focus on volumes, with 25m lbs of used oil sold for reprocessing into bio diesel in H1 2024 and 73 franchisees now with 6,000-gallon storage tanks.

Filta International

System sales in North America increased by 7% in local currency in H1 2024 (5% in £).

System sales for core franchise business increased 12% in local currency (11% in £).

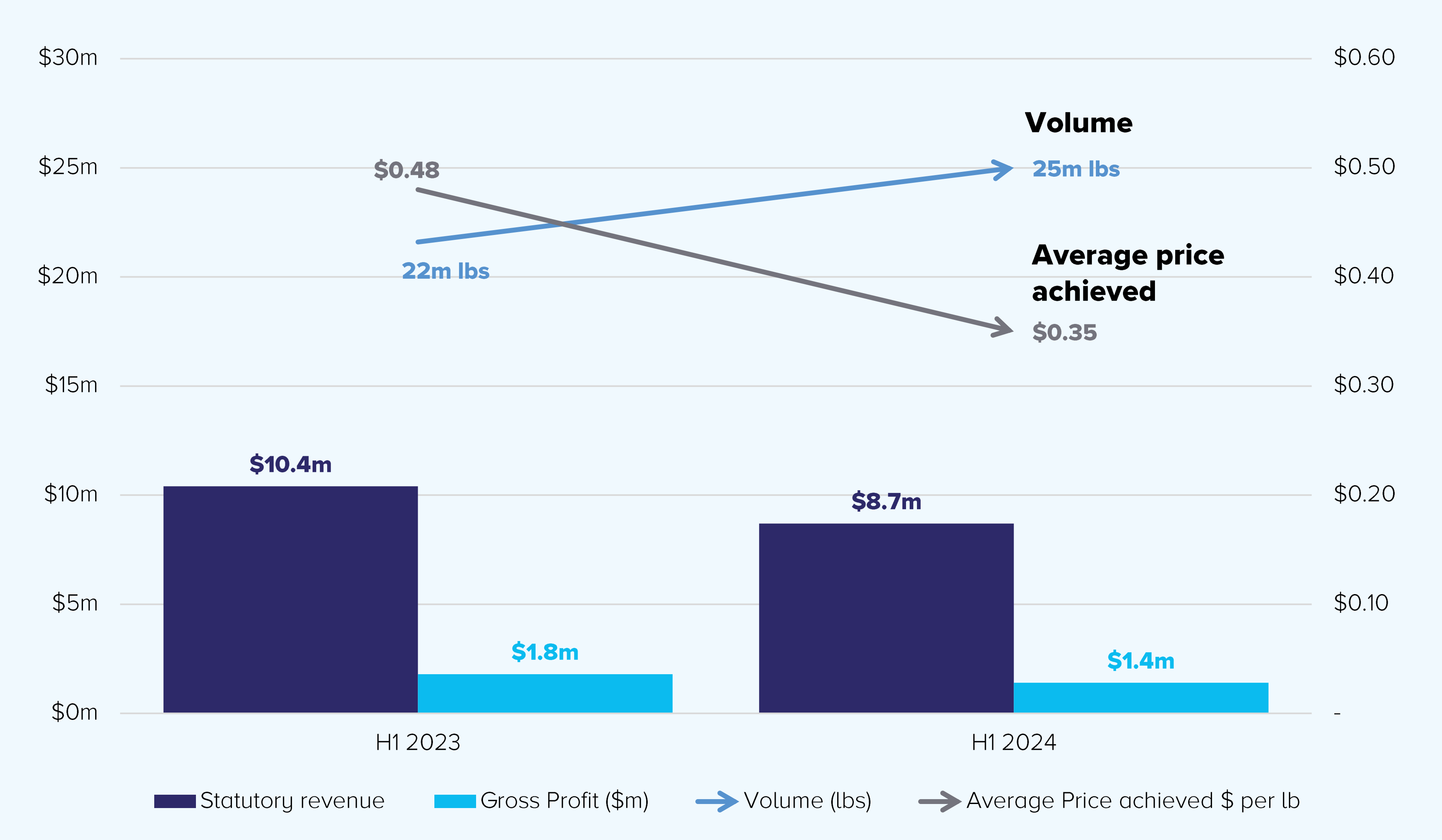
FiltaMax strategic growth initiatives based on Maximum Potential Model gaining traction:

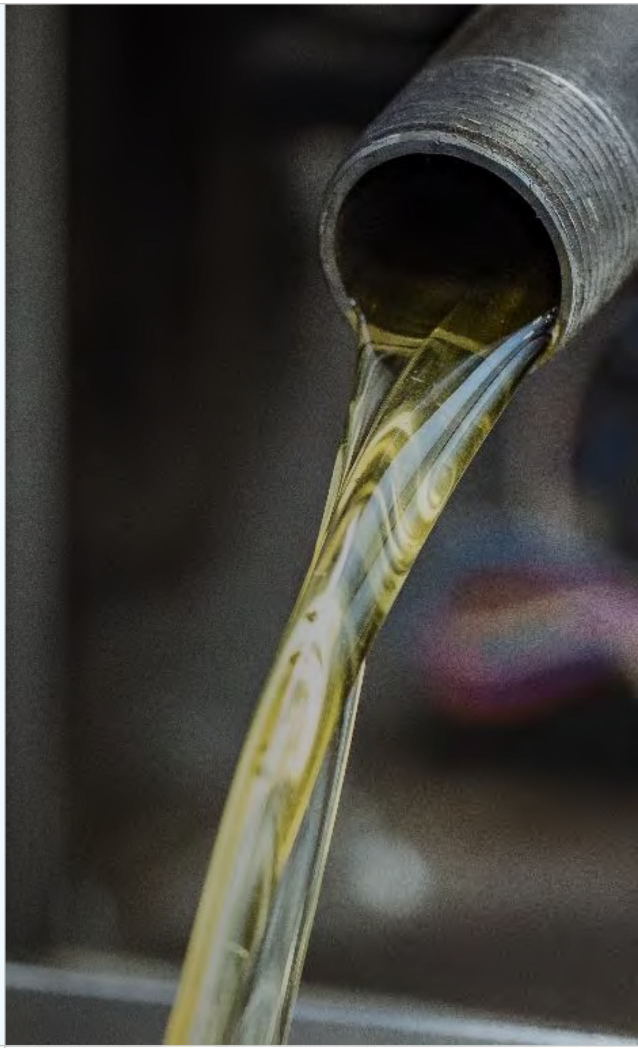
- Expansion of range of services, FiltaClean and FiltaGold, reducing impact of used oil.
- 70% of franchisees now offer new bulk oil supply.
- Roll out of MSF model gaining momentum as new services attract MSF. 23% increase in MSF yoy.

Sale of used cooking oil in H1 2023 impacted by 27% fall in average price, only partially compensated for by 15% increase in volume. 16% reduction in revenue.

System sales in Europe flat yoy but cost savings almost eliminated the losses.

Waste Oil: H1 2023 & H1 2024





Filta International

	North America £'000	Europe £'000	H1 2024 £'000	North America £'000	Europe £'000	H1 2023 £'000	Change £'000	Change %
System sales	**43,261**	**1,695**	**44,956**	**41,281**	**1,717**	**42,998**	**1,958**	**5%**
Statutory revenue	**11,754**	**283**	**12,037**	**13,178**	**336**	**13,514**	**(1,477)**	**(11%)**
Cost of sales	(7,046)	(139)	(7,185)	(8,416)	(185)	(8,601)	1,416	(16%)
Gross profit	**4,708**	**144**	**4,852**	**4,762**	**151**	**4,913**	**(61)**	**(1%)**
GP%	***40%***	***51%***	***40%***	***36%***	***45%***	***36%***	***4%***	***11%***
Administrative expenses	(1,763)	(162)	(1,925)	(1,538)	(269)	(1,807)	(118)	7%
Adjusted EBITDA	**2,945**	**(18)**	**2,927**	**3,224**	**(118)**	**3,106**	**(179)**	**(6%)**
Adjusted EBITDA/System sales	**6.8%**	**(1.1%)**	**6.5%**	**7.8%**	**(6.9%)**	**7.2%**		

System sales increased 7% in $, 5% increase in £ to £45.0m.

Statutory revenue comprised of various income streams, including UCO revenue (down 19%) on a gross basis which had a disproportionate overall effect on statutory revenue, down 11%.

Reduction in value of UCO sales combined with reduction in margin to 16% resulted in decline in income of 25% to £1.1m.

Administrative expenses in North America increased by 15%: strengthened management team, additional software development costs, significant increase in professional costs.

Adjusted EBITDA from core franchise business (excluding UCO) grew by 2% to £3.3m. Adjusted EBITDA, including oil sales, fell by 9% to £2.9m.

Filta Europe System sales were flat and gross profit fell 5%. 40% reduction in overheads from reorganisation led to virtual elimination of losses.

Outlook:

- Core franchise business performing well.
- FiltaMax strategic growth initiatives, based on the Maximum Potential Model, are beginning to be realised.
- Relative stability in UCO price and focus on driving volume.

B2C division

Recruitment market for small consumer-facing franchise businesses remains challenging.

Notwithstanding this, the underlying trading of individual franchisees remains robust, with average sales per franchisee increasing 9% on total system sales up 3% to £13.2m (H1 2023: £12.9m).

Overall, recruited 16 new franchisees (H1 2023: 26) and had 25 leavers (H1 2023: 38), resulting in a net reduction of 9 (H1 2023: 12).

Strict overhead control in a period of inflationary pressures restricted the growth in overheads to 5%.

Adjusted EBITDA declined by 10% to £1.0m (H1 2023: £1.2m) which we consider a solid result given the challenging environment.

Outlook: environment continues to be challenging.

	H1 2024 £'000	H1 2023 £'000	Change £'000	Change %
System sales	**13,248**	**12,880**	**368**	**3%**
Revenue	**2,975**	**3,134**	**(159)**	**(5%)**
Cost of sales	(551)	(666)	115	(17%)
Gross profit	**2,424**	**2,468**	**(44)**	**(2%)**
GP%	***81%***	***79%***	***3%***	***3%***
Administrative expenses	(1,386)	(1,317)	(69)	5%
Adjusted EBITDA	**1,038**	**1,151**	**(113)**	**(10%)**
Adjusted EBITDA/System sales	**7.8%**	**8.9%**		

Integration update

Adjusted EBITDA/System Sales increased to 8.6% (H1 2023: 8.4%).

Vision works management system roll out to Pirtek businesses.

Group finance system: Netsuite.

Water & Waste Services division integration.

Opportunities to integrate shared central services: technology, finance, marketing.

Share know how and best practice, ie, Maximum Potential Model.

Cross selling initiative to Group's wider customer base gaining traction.

Integration key focus of 2024 Growth Summit.

Corporate update

Appointment of Stifel Nicolaus Europe Limited as nominated adviser to the Company, with effect from 1 October 2024.

Allenby Capital, Dowgate Capital and Stifel will remain as joint brokers to the Company.

Appointment of PKF Littlejohn LLP as its statutory auditor in place of BDO LLP whose resignation has been received.

The Company has commenced the search for a Chief Financial Officer and will update the market in due course.

Capital allocation

Short term
capital allocation priorities

Following recent acquisitions, strategic focus is on integrating and repaying the acquisition debt facilities.

Board does not expect to make any further significant acquisitions until the outstanding debt is substantially repaid, anticipated in 2027.

Capital allocation decisions will balance debt reduction, a progressive dividend policy and investment in the organic expansion of the Group.

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.

Financial performance

Group financial results

	H1 2024 £'000	H1 2023 restated* £'000	Change £'000	Change %
System sales	**206,035**	145,475	60,560	42%
Statutory revenue	**69,800**	51,875	17,925	35%
Cost of sales	**(25,940)**	(22,641)	(3,299)	(15%)
Gross profit	**43,860**	29,234	14,626	50%
Administrative expenses	**(26,099)**	(16,963)	(9,136)	(54%)
Adjusted EBITDA	**17,761**	12,271	5,490	45%
Depreciation and amortisation of software	**(2,998)**	(1,841)	(1,157)	(63%)
Finance expense	**(3,996)**	(1,611)	(2,385)	(148%)
Foreign exchange	**(200)**	(69)	(131)	(192%)
Adjusted profit before tax	**10,567**	8,750	1,817	21%
Tax expense	**(2,793)**	(2,077)	(716)	(34%)
Adjusted profit after tax	**7,774**	6,673	1,101	16%
Adjusted EBITDA/System sales (%)	**8.6%**	8.4%		

*H1 2023 includes a number of adjustments which were set out in Note 1 of the 2023 Annual Report & Accounts

1H 2024 includes a full 6M from Pirtek compared to 10-weeks in H1 2023.

System sales increased by 42% to £206m (H1 2023: £145.5m).

Statutory revenue increased by 35% to £69.8m (H1 2023: £51.9m). Comprises many different types of revenue, including the MSF, which is now recorded on a net basis, as well as statutory revenue of our DLOs.

Adjusted EBITDA, the main KPI of the business, increased 45% to a record £17.8m (H1 2023: £12.3m). Driven by resilient trading performance in a period of consolidation and integration.

Overall Adjusted EBITDA / System sales for H1 2023 has increased to 8.6% (H1 2023: 8.4%), as a result of the operational gearing arising from efficiency gains and integration cost savings.

Cash conversion, another key metric increased to 72% from 57% demonstrating the strong cashflow performance of the Group's franchise businesses.

Adjusted and statutory profit

	H1 2024 £'000	H1 2023 restated £'000	Change £'000	Change %
Adjusted profit after tax	**7,774**	6,673	1,101	16%
Amortisation of acquired intangibles	**(5,111)**	(4,027)	(1,084)	
Share-based payment charge	**(557)**	(411)	(146)	
Non-recurring costs	**(0)**	(2,991)	2,991	
Tax on adjusting items	**1,512**	145	1,367	
Statutory profit after tax	**3,618**	(611)	4,229	(692%)

Depreciation and amortisation of software increased 63% to £3.0m (H1 2023: £1.8m), primarily due to the full 6M impact of the Pirtek acquisition.

Finance expense reflects additional interest cost of the acquisition debt and increase in the average bank lending rate from 7.2% in 2023 to 7.8% in H1 2024.

Interest margin reduced from 2.75% at completion of the acquisition to 2.5% at 30 June 2024. A further reduction anticipated in H2 2024.

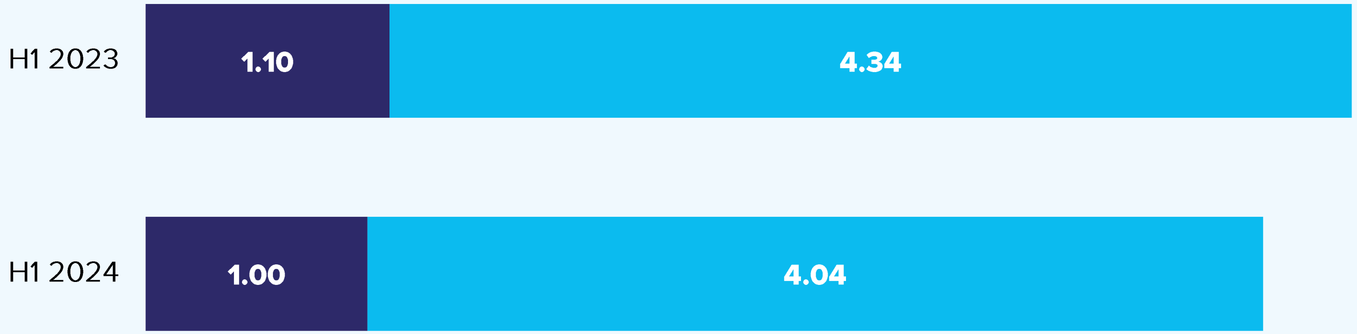
Overall effective tax rate of Group increased by 2.7% from 23.7% to 26.4% as a result of the higher UK tax rate of 25%, and higher Pirtek local country tax rates (ie, combined state, local and trade taxes in Germany are 30%).

Increase in amortisation of acquired intangibles reflects the full 6M impact of the Pirtek acquisition and final valuation of these assets.

Increase in share-based payment charge reflects additional grants made to the Pirtek team and other new joiners during 2023.

Statutory profit after tax increased to £3.7m (H1 2023: £(0.6)m. Loss in H1 2023 arose primarily as a result of the non-recurring and exceptional acquisition costs.

Adjusted EPS and dividend (p)



Adjusted EPS decreased 7% to 4.04p (H1 2023: 4.34p). This results from:

- Increased interest cost of Pirtek acquisition debt
- Overall effective tax rate of the Group has increased by 2.7% from 23.7% to 26.4%
- 25% increase in average number of shares in issue

10% increase in interim dividend of 1.10p per share (H1 2023: 1.0p), supporting Group's progressive dividend policy.

Period ending	**30 June 2024**	**31 December 2023**	**31 December 2022**	**31 December 2021**	**31 December 2020**
Final dividend		1.20	1.10	0.90	0.80
Interim dividend	**1.10**	1.00	0.90	0.60	0.30
Total	**1.10**	2.20	2.00	1.50	1.10

Cash flow summary

Shortform cashflow	June 2024 £'000	June 2023 Restated £'000	December 2023 Audited £'000
Adjusted EBITDA	**17,761**	**12,272**	**30,101**
Working Capital movements	(4,977)	(5,291)	(61)
Cash generated from operations	**12,784**	**6,981**	**30,040**
% of adjusted EBITDA	72%	57%	100%
Cashflow from CapEx, interest, taxes & dividends			
Purchase of PPE, software & IP	(1,273)	(1,011)	(2,858)
Interest paid bank and other loans	(3,548)	-	(5,374)
Taxes Paid	(1,007)	(605)	(4,498)
Dividends paid	-	(1,433)	(3,371)
Total	**(5,828)**	**(3,049)**	**(16,101)**
Cashflow from acquisition and financing activities			
Acquisition of subsidiaries	-	(200,602)	(48,894)
Acquired debt repaid	-	-	(136,747)
Funds raised via debt & equity	-	214,263	194,118
Bank loan & lease repayments	(5,545)	(1,002)	(15,687)
Acquisition & reorganisation costs	-	(6,270)	(6,159)
Total	**(5,545)**	**6,389**	**(13,369)**
Other net movements	**60**	**(133)**	**1,051**
Net Cash Movement	**1,471**	**10,188**	**1,621**
Net cash at the beginning of the year	12,278	10,935	10,935
Exchange differences on cash and cash equivalents	(75)	-	(278)
Net Cash at the end of the year	**13,674**	**21,123**	**12,278**

*The final dividend for 2023 was not paid until July 2024

The Group generated cash from operating activities of £12.8m (H1 2023: £7.0m), resulting in a cash conversion rate of 72%% (H1 2023: 57%), excluding the cost of the Pirtek acquisition and reorganisation costs in H1 2023.

- Purchases of PPE increased due to the addition of the Pirtek DLOs.
- Purchase of software represents the capitalised element of expenditure on software development.
- Interest paid increased as a result of servicing the acquisition debt.
- Taxes paid increased as profits increased, the rate of tax increased and the Group moved to quarterly advance payments.
- Dividends paid related to the final dividend for 2023*.
- H1 2023 acquisition cost, debt and equity fund raising all relate to the Pirtek acquisition. During H1 2024, £3.5m of the term loan was repaid.
- Bank loans repaid (£3.5m) represent the repayment of the loans taken out in April 2023 to finance the Pirtek acquisition. Lease payments (£2.1m) increased as a result of the Pirtek acquisition

Overall, the Group generated a net cash inflow during the period of £1.5m (H1 2023: £10.2m).

Debt

	30 Jun 2024 £'000	31 Dec 2023 £'000	Change £'000
Cash	**13,674**	12,278	1,396
Term loan	**(45,000)**	(50,000)	5,000
RCF	**(38,289)**	(36,908)	(1,381)
Loan fee	**823**	749	74
Hire purchase debt	**(1,103)**	(837)	(266)
Adjusted (net debt)/net cash[1]	**(69,895)**	**(74,719)**	**4,824**
Other lease debt	**(9,660)**	(7,567)	(2,093)
(Net Debt)/Net cash	**(79,555)**	**(82,286)**	**2,731**

The Group finished the period with cash of £13.7m (31 Dec 2023: £12.3m) and Adjusted net debt of £69.9m.

Adjusted net debt, as used to test the bank covenants, represents 1.9x Adjusted EBITDA based on the mid-range of current market expectations for the full year 2024[2], in line with four-year strategic model.

Banking covenants:		**June 2024**	**Test amount**
Net Leverage	**Adjusted net debt to LTM[3] Adjusted EBITDA**	2.19x	2.75x
Interest cover	**LTM interest to LTM Adjusted EBITDA**	4.2x	4.0x

1 Adjusted net debt excludes debt on right-of-use assets of £9.7m and is the debt measure used for testing bank covenants.
2 Adjusted EBITDA to 31 December 2024 of £36.6m is the mid-range of current market expectations of £35.7m to £37.2m
3 LTM is Last Twelve Months

Summary and Outlook

The resilient underlying demand for the Group's essential reactive services means that the business performed satisfactorily despite the macroeconomic headwinds.

The highly cash-generative nature of our predominantly franchise business has allowed us to reduce Adjusted net debt to below £70m and leverage to below two times based on the consensus of current market expectations for full year Adjusted EBITDA*.

Management remains focused on driving organic growth through cross selling and integrating all the Group's businesses onto common IT platforms, whilst tightly controlling costs.

Whilst mindful of continued uncertainty in some markets, early signs of improving macroeconomic sentiment and our pipeline of opportunities should support an improvement in demand and a full year performance in line with the current range of market expectations of Adjusted EBITDA*.

Confident in the significant growth potential of our principal franchise brands and that the platform for growth we are building supports the strategic ambitions set out at our CMD earlier this year.

**Leverage is calculated using Adjusted net debt as at 30 June 2024 of £69.9m and Adjusted EBITDA for the FY ending 31 December 2024 of £36.6m, which is the consensus of current market expectations of £35.7m to £37.2m.*

Appendix

FRANCHISE
BRANDS

Divisional trading results

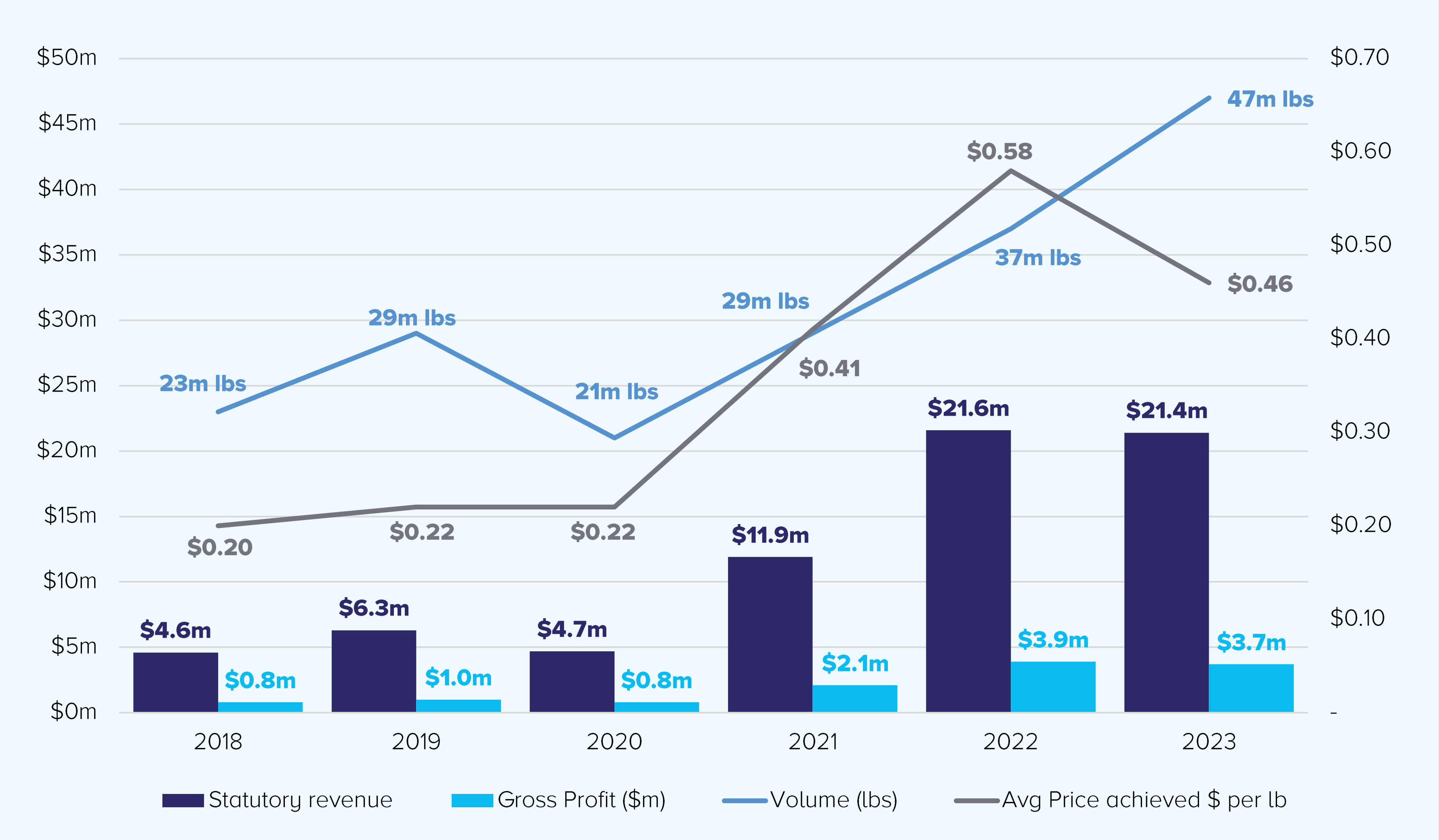
	H1 2024							H1 2023						
	Pirtek £'000s	Waste & Water Services £'000s	Filta International £'000s	B2C £'000s	Azura £'000s	Inter-company elimination £'000s	H1 2024 £'000s	Pirtek £'000s	Waste & Water Services £'000s	Filta International £'000s	B2C £'000s	Azura £'000s	Inter-company elimination	H1 2023 £'000s
System sales	**92,838**	**54,562**	**44,956**	**13,248**	**431**		**206,035**	**37,168**	**52,060**	**42,998**	**12,880**	**369**		**145,475**
Statutory revenue	**31,269**	**24,437**	**12,037**	**2,975**	**430**	**(1,348)**	**69,800**	**12,432**	**24,149**	**13,514**	**3,134**	**369**	**(1,723)**	**51,875**
Cost of sales	(8,213)	(11,139)	(7,185)	(551)	(0)	1,148	(25,940)	(3,337)	(11,567)	(8,601)	(666)	(0)	1,530	(22,641)
Gross profit	**23,056**	**13,298**	**4,852**	**2,424**	**430**	**(200)**	**43,860**	**9,095**	**12,582**	**4,913**	**2,468**	**369**	**(193)**	**29,234**
GP%	***74%***	***54%***	***40%***	***81%***	***100%***	***15%***	***63%***	***73%***	***52%***	***36%***	***79%***	***100%***	***11%***	**56%**
Administrative expenses	(12,701)	(7,945)	(1,925)	(1,386)	(363)	200	(24,120)	(5,238)	(7,385)	(1,807)	(1,317)	(270)	193	(15,824)
Divisional EBITDA	**10,355**	**5,353**	**2,927**	**1,038**	**67**	**-**	**19,740**	**3,857**	**5,197**	**3,106**	**1,151**	**99**	**-**	**13,410**
Group overheads	-	-	-	-	-	-	(1,979)	-	-	-	-	-	-	(1,139)
Adjusted EBITDA	-	-	-	-	-	-	**17,761**	-	-	-	-	-	-	**12,271**

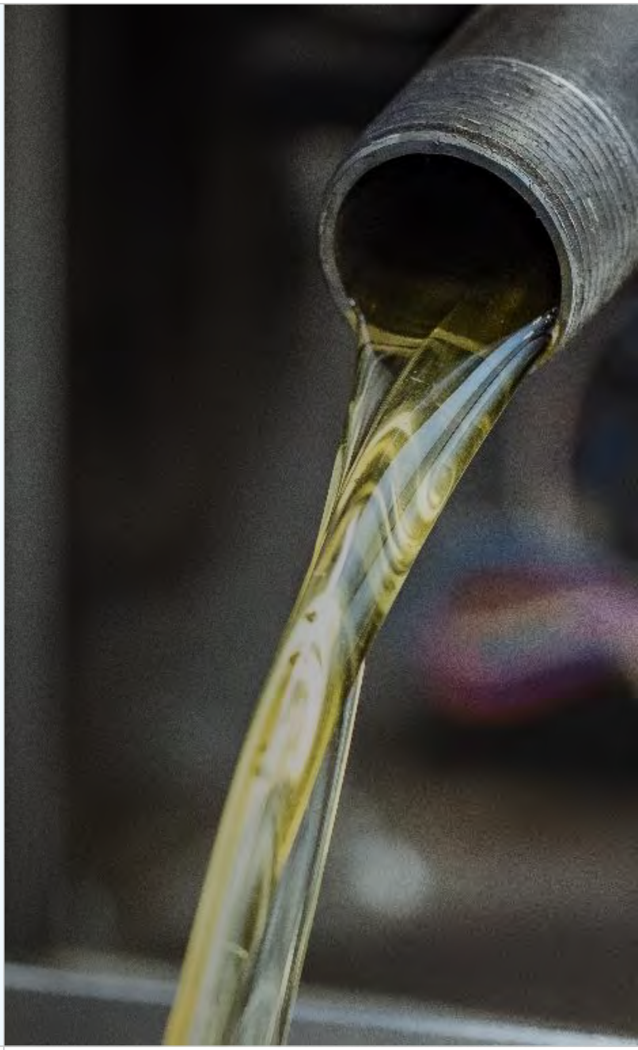
Pirtek Europe – by country

	UK & Republic of Ireland £'000	Germany & Austria £'000	Benelux £'000	Sweden £'000	France £'000	Central Costs £'000	H1 2024 £'000
System sales	**41,295**	**33,739**	**12,290**	**1,393**	**4,121**	**-**	**92,838**
Statutory Revenue	**12,294**	**7,827**	**5,841**	**1,390**	**4,121**	**(204)**	**31,269**
Cost of sales	(3,523)	(2,259)	(1,483)	(179)	(960)	191	(8,213)
Gross profit	**8,771**	**5,568**	**4,358**	**1,211**	**3,161**	**(13)**	**23,056**
GP %	71%	71%	75%	87%	77%	-	74%
Administrative expenses	(3,692)	(2,183)	(2,378)	(1,006)	(2,960)	(482)	(12,701)
Adjusted EBITDA	**5,079**	**3,385**	**1,980**	**205**	**201**	**(495)**	**10,355**
Adjusted EBITDA as % system sales	12.3%	10.0%	16.1%	14.7%	4.9%		11.2%

*Before central costs

Waste Oil, 2018 to 2023





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