



Financial Review

A satisfactory performance in challenging market conditions



Overall, Adjusted EBITDA increased by 16% to £35.1m, primarily as a result of Pirtek's full-year contribution in 2024."

Andrew Mallows
Chief Financial Officer



£35.1m

Adjusted EBITDA*

£9.2m

Profit before tax

94%

Cash conversion

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



Financial Review continued

2024 highlights

- System sales increased by 20% to £418.5m (2023: £350.1m).
- Adjusted net debt reduced to £65.1m at 31 December 2024 (31 December 2023: £74.7m).
- Cash conversion increased to 94% (2023: 80%).

Alternative Performance Measures explained

Why do we use System sales?

Systems sales comprise the underlying sales of our franchisees and the statutory sales of our DLOs.

System sales is a KPI of the Group and is considered a good indicator of Group performance as it allows total sales to end customers to be visible on a comparable basis across all businesses within the Group.

The Group's results for the year ended 31 December 2024 comprise a full-year contribution from all divisions. The comparative results for the prior year include just over eight months of contribution from Pirtek, which was acquired on 20 April 2023.

Summary statement of income

	2024 £'000	2023 (restated) £'000	Change £'000	Change %
System sales	418,458	350,053	68,405	20%
Statutory revenue	139,206	121,019	18,187	15%
Cost of sales	(55,887)	(52,790)	(3,097)	6%
Gross profit	83,319	68,229	15,090	22%
Administrative expenses	(48,198)	(38,076)	(10,122)	27%
Adjusted EBITDA	35,121	30,153	4,968	16%
Depreciation & amortisation of software	(6,072)	(4,598)	(1,474)	32%
Finance expense	(7,378)	(5,734)	(1,644)	29%
Foreign Exchange	(386)	(146)	(240)	164%
Adjusted profit before tax	21,285	19,675	1,610	8%
Tax expense	(4,743)	(5,147)	404	(8%)
Adjusted profit after tax	16,542	14,528	2,014	14%
Amortisation of acquired intangibles	(10,156)	(7,718)	(2,438)	
Share-based payment expense	(1,480)	(838)	(642)	
Non-recurring items	(444)	(6,159)	5,715	
Tax on adjusting items	2,822	3,174	(352)	
Statutory profit	7,284	2,987	4,297	144%
Other Comprehensive Income	349	(68)	417	
Total Profit and Other Comprehensive Income	7,633	2,919	4,714	162%



Financial Review continued

Adjusted EBITDA grew by 16%, primarily as a result of Pirtek's full-year contribution in 2024 versus almost eight months of trading in 2023. The underlying like-for-like Adjusted EBITDA was flat.

Depreciation and amortisation of software increased 32% to £6.1m (2023: £4.6m), principally due to the full twelve-month impact of the Pirtek acquisition.

The finance expense increased by 29% due to the full twelve-month impact of the Pirtek acquisition. The average interest rate payable on the bank loans reduced to 7.6% (2023: 7.7%). The interest margin also reduced from 2.75% at the completion of the Pirtek acquisition to a current margin of 2.5%, reflecting the reduction in total debt and the ratio of total debt to Adjusted EBITDA.

Foreign exchange differences reflect the realised and unrealised losses primarily associated with internal and external debt funding arrangements for both the Pirtek acquisition and the Pirtek intercompany loans.

The overall effective tax rate has fallen to 22.3% (2023: 26.1%) as a result of adjustments to the prior year's estimate and the recognition of a deferred tax asset not previously recognised in relation to the Pirtek acquisition.

The increase in the amortisation of acquired intangibles reflects the full twelve-month impact of the Pirtek acquisition and the final valuation of these assets.

The increase in the share-based payment expense principally reflects additional grants made to the Pirtek team and other new employees who joined the Group during 2023/4.

Statutory profit after tax rose by 144% to £7.3m (2023: £3.0m) due to the significant reduction in non-recurring items which, in 2023, included the Pirtek acquisition costs.

Prior Year Adjustments

During the year, the implementation of IFRS accounting standards was reviewed with our new auditors, giving rise to a restatement of the prior year accounts. The overall impact of the adjustments is to reduce Adjusted EBITDA in the year ended 31 December 2023 by £0.1m. Full details are provided in Note 1 of the Annual Report and Accounts.

Earnings per share

The adjusted and basic EPS is shown in table:

	2024 £'000	EPS p	2023 (restated) £'000	EPS p
Adjusted profit after tax	16,542	8.59	14,528	8.39
Amortisation of acquired intangibles	(10,156)	(5.28)	(7,718)	(4.46)
Share-based payment	(1,480)	(0.77)	(838)	(0.48)
Non-recurring costs	(444)	(0.23)	(6,159)	(3.56)
Tax on adjusting items	2,822	1.47	3,174	1.84
Statutory profit after tax	7,284	3.78	2,987	1.73

The total number of ordinary shares in issue as at 31 December 2023 was 193,784,080 (31 December 2023: 193,784,080).

The EBT started the year holding 1,562,685 ordinary shares, purchased 326,112 and disposed of 641,675 ordinary shares in respect of the exercise of employee shares options and therefore ended the period holding 1,247,122 ordinary shares. On 31 December 2024, there were 14,815,191 shares under option (7.7% of the total number of ordinary shares), of which 2,514,509 have vested and are capable of exercise.

The total number of ordinary shares in issue as at 31 December 2024 net of the EBT holding was 192,536,958 (31 December 2023: 192,221,395), and the basic weighted average number of ordinary shares in issue for was 192,221,395 (2023: 173,090,691).

Adjusted basic EPS increased by 2% to 8.59p (2023: 8.39p as restated), and basic earnings per share increased by 118% to 3.78p (2023: 1.73p as restated).



Financial Review continued

Cash flow and working capital

A summary of the Group cash flow for the period is set out in the table below.

	2024 £'000	2023 (restated) £'000
Adjusted EBITDA	35,121	30,153
Non-recurring costs	(444)	(6,159)
Working capital movements	(1,577)	2
Adjusted cash generated from operations	33,100	23,996
Taxes paid	(3,991)	(4,498)
Purchases of property, plant and equipment (net of proceeds)	(1,222)	(986)
Purchase of software	(1,657)	(1,350)
Purchase of IP	(9)	(522)
Acquisition of subsidiaries including debt repaid	–	(48,894)
Acquired debt repaid	–	(136,747)
Funds raised via debt	–	100,012
Funds raised via equity	–	94,106
Net bank loans repaid	(9,250)	(13,000)
Interest paid bank and other loan	(6,704)	(5,374)
Lease payments	(4,264)	(2,897)
Funds supplied to the EBT	(77)	192
Dividends paid	(4,429)	(3,371)
Other net movements	(776)	954
Net cash movement	721	1,621
Net cash at beginning of year	12,278	10,935
Exchange differences on cash and cash equivalents	(78)	(278)
Net cash at end year	12,921	12,278

The Group generated Adjusted cash from operating activities of £33.1m (2023: £24.0m) resulting in a cash conversion rate of 94% (2023: 80%).

Taxes paid reduced slightly due to an overpayment in the previous year.

Property, plant and equipment purchases were £1.2m (2023: £1.0m) and related mostly to plant and equipment additions in the DLO businesses. The software purchases represent the continued investment in our IT infrastructure as we develop the global group platforms.

Bank loans repaid represent the continued repayment of the loans taken out to fund the Pirtek acquisition. Interest paid reflects the cost of servicing this debt. Lease payments have increased due to the full-year cost of the leases acquired with the Pirtek acquisition.

Dividends paid reflect the combined cash cost of the final 2023 dividend and the 2024 interim dividend paid in 2024.

The net debt of the Group may be summarised as follows:

	31 Dec 2024 £'000	31 Dec 2023 £'000	Change £'000
Cash	12,921	12,278	643
Term loan	(40,000)	(50,000)	10,000
RCF	(37,431)	(36,908)	(523)
Loan fee	689	749	(60)
Hire purchase debt	(1,266)	(837)	(429)
Adjusted (net debt)/net cash	(65,087)	(74,718)	9,631
Other lease debt	(9,975)	(7,567)	(2,408)
(Net Debt)/Net cash	(75,062)	(82,285)	7,223

During the year the term loan balance was reduced by £10m (2023: £5m) in accordance with the banking agreement. Adjusted net debt, the metric used in calculating compliance with our banking covenants, reduced to £65.1m (2023: £74.7m) 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.

Andrew Mallows

Chief Financial Officer

26 March 2025