Growing our franchise businesses

FRANCHISE BRANDS

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Presenters

Stephen Hemsley
Executive Chairman, Franchise Brands plc

Stephen co-founded Franchise Brands with Nigel Wray in 2008 and has led the development of the business, including the IPO and external growth. He is a Chartered Accountant by training and spent nearly ten years at 3i as an Investment Director. He then joined Domino's Pizza as Finance Director 1998 progressing to CEO, Executive Chairman and Non-executive Chairman. During this time, he led Domino's from private ownership to a market capitalisation of around £1.5bn. Stephen retired from Domino's in 2019 after 21 years to focus exclusively on the development of Franchise Brands.

Jason Sayers
Chairman, Filta International

Jason founded Filta in 1996 and took the business to the US in 2003. In 2016 he led the IPO of Filta Group Holdings plc on AIM and prior to the merger with Franchise Brands was Group CEO.

Jason is now Chairman of Filta International with responsibility for growing the Filta International businesses in the US and Europe. He is also a member of the Group's Management Board.

Our purpose: “As they grow, we grow”

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

Build

We build market-leading franchise businesses primarily via a franchise model.

Develop

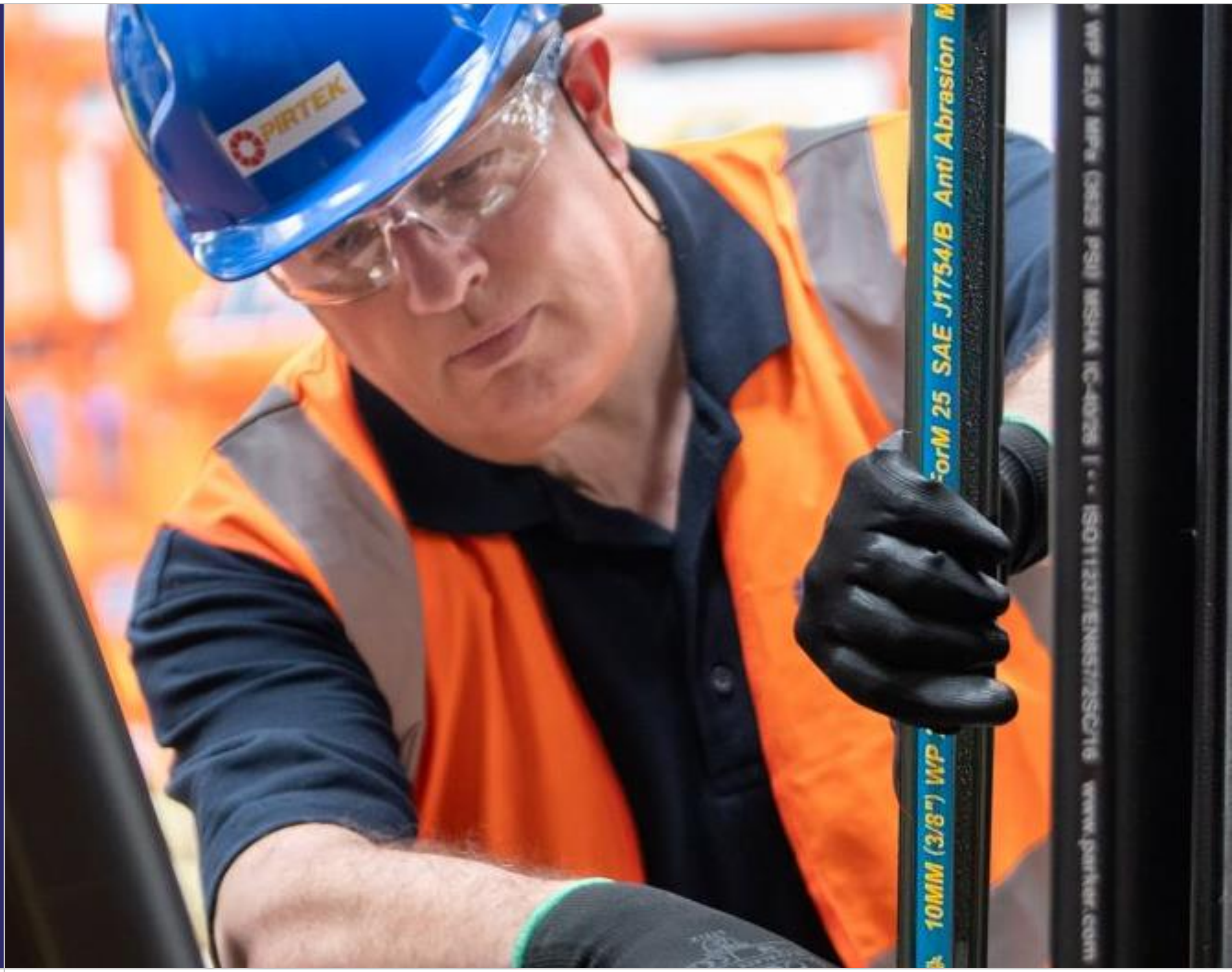
We support our franchisees to successfully develop their businesses and achieve their goals.

Grow

This provides unity behind our purpose.
“As they grow, we grow”.

Overview of Franchise Brands plc

+ Founded in 2008. Origins in B2C. 2016 IPO.
+ 2017-2023: built portfolio of franchise businesses through acquisition and organic growth.
+ 7 franchise brands across 10 countries in UK, US and Europe. System sales of £425m. Over 625 franchisees.
+ A clear focus: B2B van-based essential reactive and planned services - with resilient underlying demand.
+ A strong track record of growth and highly experienced management team.



Overview of Franchise Brands plc

Who we are

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 **£425m[2]** and Adjusted EBITDA of £35.5m to £36.0m[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.

How we grow

Maximum Potential Model allows us to estimate market size. **£1.8bn** maximum potential System sales.

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.

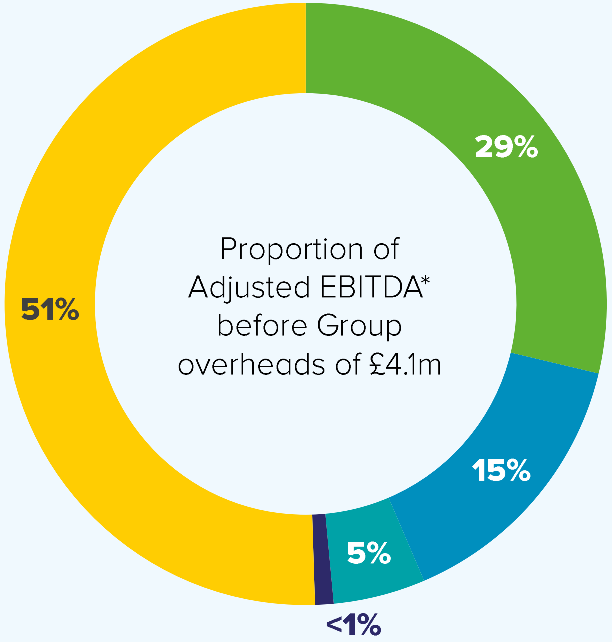
[2] Full year estimate

[3] Range of current market expectations for FY24

Key milestones on the journey

2008	2016	2017	2019	2021	2022	2023
Founding of business with the acquisition of	**IPO and acquisition of**	**Acquisition of**	**Acquisition of**	**Acquisition of**	**Acquisition of**	**Acquisition of**
ChipsAway (LIKE IT NEVER HAPPENED); ovenclean (LESS GRIME, MORE TIME)	Barking Mad (Happy Dog. Happy Holiday. Happy You.)	METRO ROD	WILLOW PUMPS (PUMP INSTALLATION & SERVICING)	Azura (Franchise Technologies)	filta	PIRTEK
Consideration **£6m**	Consideration **£1m**	Consideration **£29m**	Consideration **£7m**	Consideration **£1m**	Consideration **£51m**	Consideration **£200m**

At a glance: 2024[1]



Our leading brands

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

£20.3m
Adjusted EBITDA[2]

72
Total franchisees

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

£11.5m
Adjusted EBITDA[2]

93
Total franchisees

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

£6.0m
Adjusted EBITDA[2]

157
Total franchisees

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

£2.1m
Adjusted EBITDA[2]

318
Total franchisees

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

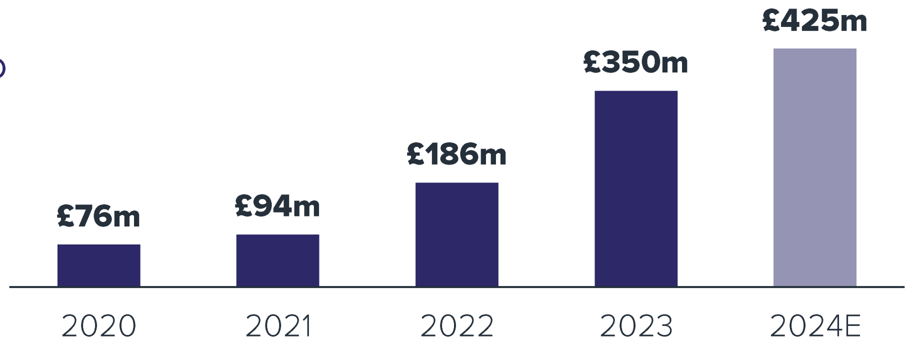
£0.2m
Adjusted EBITDA[2]

[1] 2024E is analysts' forecasts (Dowgate Capital)
[2] Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items

A strong track record of delivery

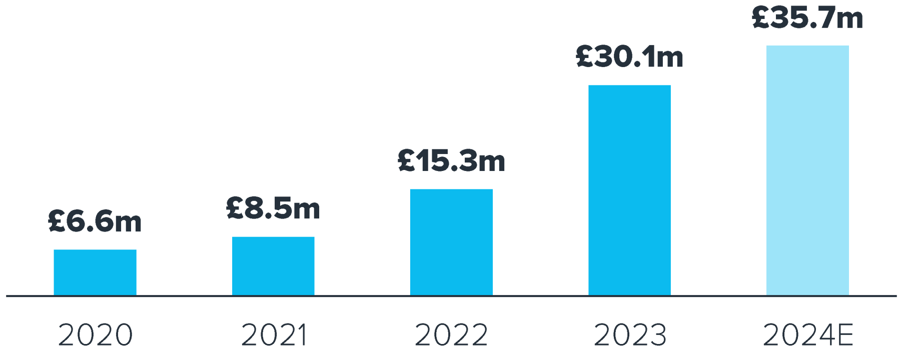
System sales[1] (£m)

CAGR
54%



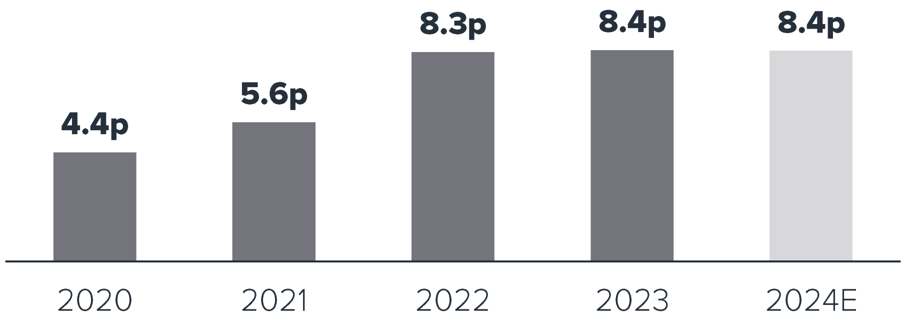
Adjusted EBITDA[2] (£m)

CAGR
53%



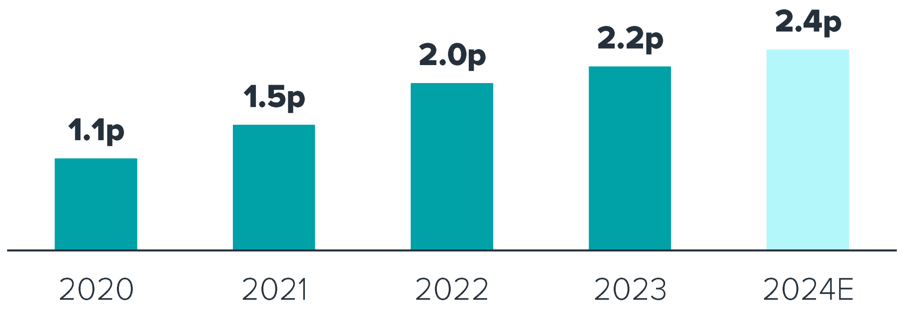
Adjusted earnings per share[2] (p)

CAGR
18%



Dividend per share[2] (p)

CAGR
22%



Notes:
[1] 2024E system sales are unaudited Company estimates.
[2] 2024E figures for adjusted EBITDA, adjusted EPS and DPS are consensus analysts' forecasts (Stifel, Dowgate Capital and Allenby Capital).

Introducing the Maximum Potential Model

Methodology

Originally introduced by Bain Capital at Domino's Pizza.

Methodology based on "best of the best" metrics being achieved by the franchisees currently in each territory:

+ Market penetration
+ Revenue per site/address

Map total potential customers through most appropriate data measure for each brand.

Multiply out to establish maximum potential sales.

The Maximum Potential Model in action

+ Map potential by franchise territory.
+ "Hot spot" and therefore "Not Spot" territory penetration.
+ "Use it or lose it"! Objective data.
+ Long-term territory development plan for increasing penetration and spend per customer.
+ Introduced originally at Metro Rod and Filta post acquisition - Filta Max growth strategy.
+ Now being rolled out at Pirtek with some customisation.

Significant growth opportunities for the Group

2024 system sales*

Metro Rod
£77m

Filta International
£91m

Pirtek
£192m

Rest of the Group
£65m

Total
£425m

*2024E system sales are unaudited Company estimates

Maximum potential model system sales

Metro Rod
£293m

Filta International
£752m

Pirtek
£746m

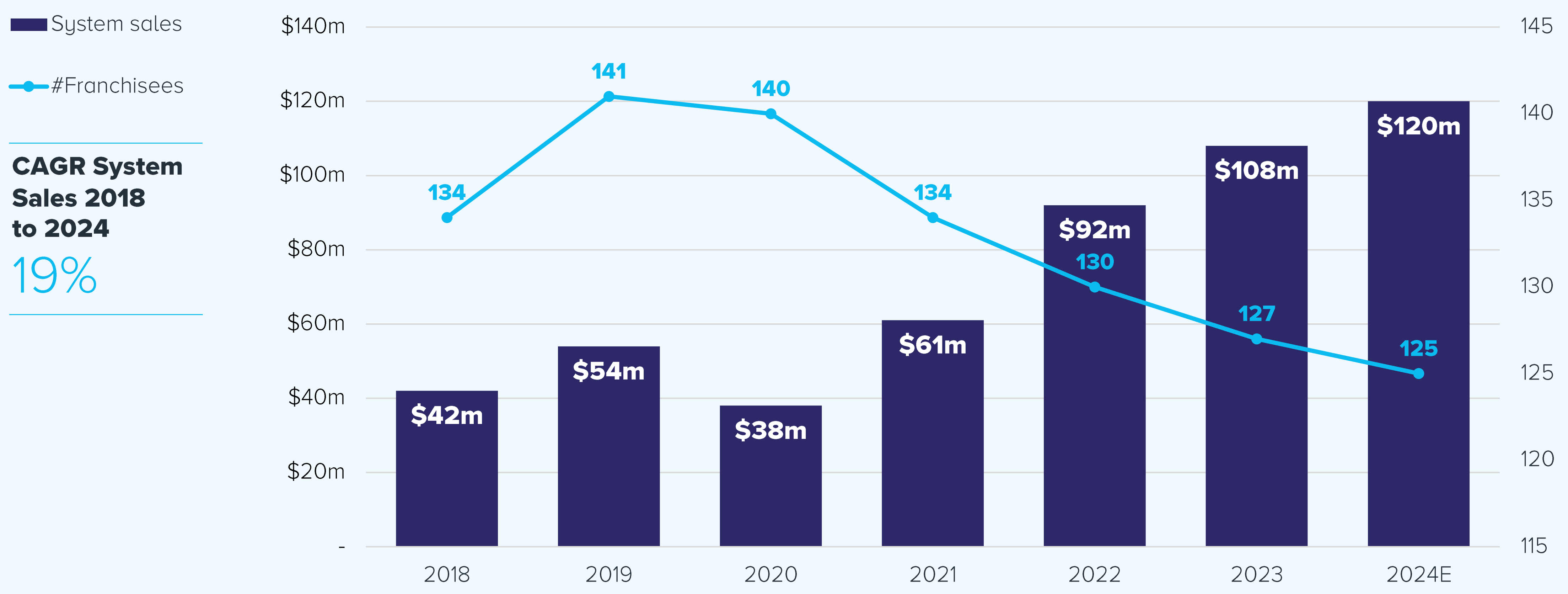
Total
£1.8bn

£1.8bn

Maximum potential system sales

Strategy in action: Filta International

System sales - a strong track record of growth



Note: 2024E system sales are unaudited Company estimates. 2024E franchisees as at 31 December 2024.

The Maximum Potential Model

Currently

Filta North America customer base
8,500 sites

Total potential sites
1.1m

% of market
< 1%

System sales
$120m

Max model

Existing franchisees with more than
50 customers

Highest average revenue per site
$21,973

Highest market penetration
3.9%

Addressable market in territories unsold
1/3

$925m

Maximum potential system sales

Case study: Prudential Centre Stadium, New Jersey

Prudential Center Stadium

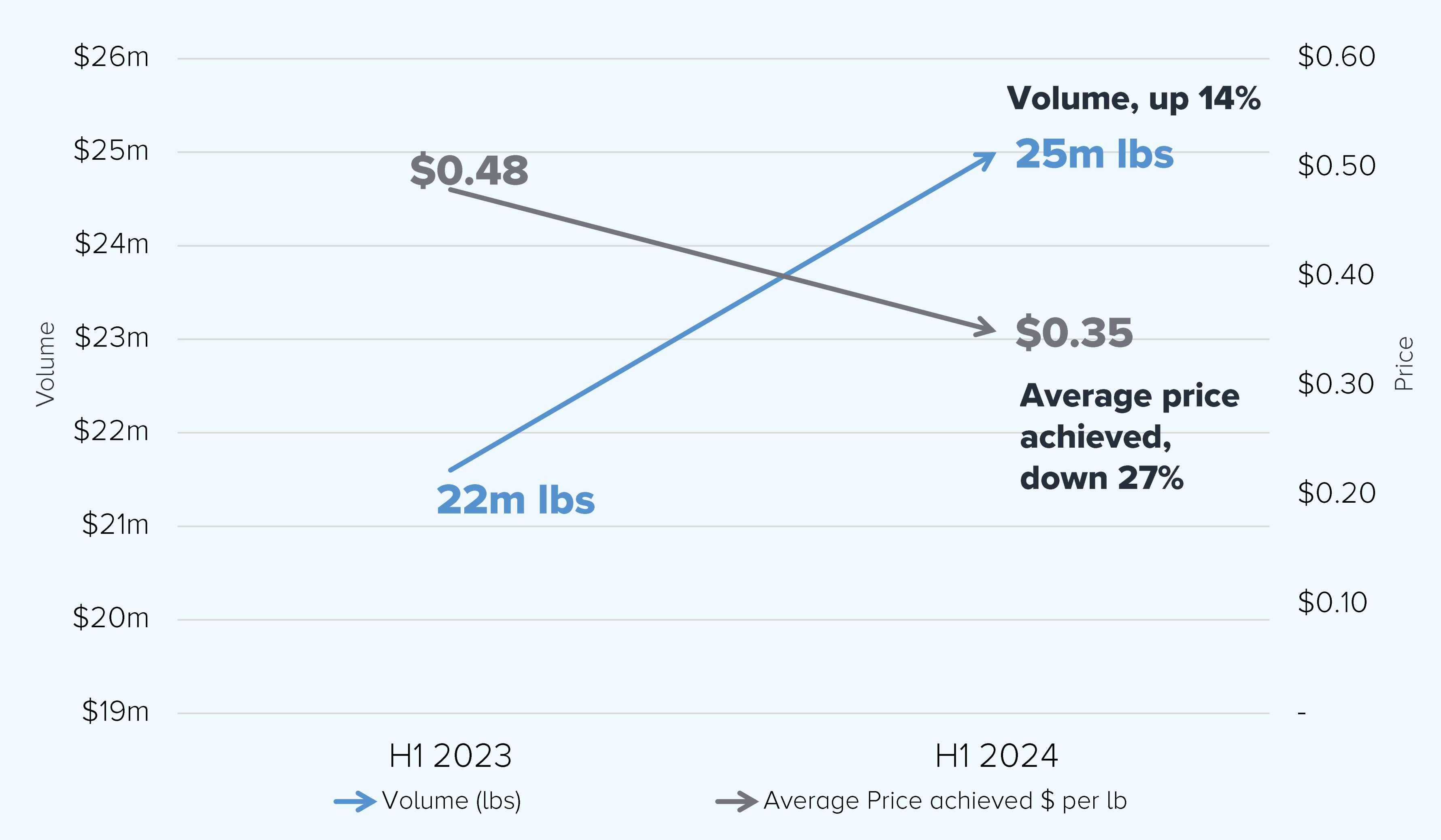
Levy Restaurants (Compass)
Newark, NJ
Home of NJ Devils (NHL)

58
fryers

4,600 lbs.
of oil

in 15
concession & kitchen stands

Waste Oil: H1 2023 & H1 2024



Current consensus forecasts: 2024 and 2025

	2023A	2024E	Change %	2025E	Change %
Adjusted EBITDA (£m)	30.1	35.7	19%	39.8	11%
Adjusted EPS (p)	8.4	8.4	-	10.6	26%
DPS (p)	2.2	2.4	9%	2.8	18%
Adjusted net debt (£m)	74.7	65.0		49.9	
Adjusted net debt to Adjusted EBITDA (x)	2.48x	1.82x		1.25x	

Consensus forecasts of Stifel, Dowgate Capital and Allenby Capital for 2024 and 2025. Adjusted net debt forecast is Allenby Capital only.

Resilient performance despite several headwinds

ONE FRANCHISE BRANDS

Working smartly

One works management system
One common platform to be rolled out to the Pirtek businesses - Vision.

One finance system
One common finance platform across the whole group - Netsuite.

One reporting
One common reporting platform across the group.

One sales
One common sales and marketing platform across the Group.

One IT
A centralised IT function for the Group.

Working smartly a key focus of the 2024 Growth Summit.

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.

Developed management and corporate governance

Continued development of our management and corporate governance to reflect our current size and support our growth ambitions.

Recent appointment of Group CEO at Board level (Peter Molloy) to separate responsibilities and provide greater focus on strategic & commercial development.

Two tier Board structure: plc Board and Management Board.

Supports the development of our corporate governance ahead of full list consideration.

The plc Board

Running the Company

- Responsible for the setting and oversight of the Group's strategy, business plans and budget; corporate development; corporate governance; risk management and internal controls, and ensuring obligations to shareholders and other key stakeholders are met
- Comprised of the Executive Chairman, Group CEO, CFO, and 3 Non-executive Directors, of which 2 are independent.
- Intention to appoint additional independent Non-executive Director.

The Management Board

Running the Business

- Responsible for the day-to-day operational and financial management of the business and the delivery of the Group's strategic plan.
- Comprised of the Group CEO, CFO, the divisional CEOs, the Directors of the central support functions, and the Company Secretary

The investment case

Provider of essential reactive services, **with resilient underlying demand.**

Significant opportunities for growth, small share of large and fragmented markets demonstrated by the maximum potential model.

Experienced management team with strong track record of delivery.

One FB to enhance operational gearing
Natural operational gearing in a franchise business, turbo charged through technology and enhanced by working smartly.

Highly cash generative business, de-leveraging quickly. Net cash by 2027. Deleveraging a key driver of eps growth.

Progressive dividend policy

Appendix


PIRTEK
24/7 Hydraulic Service
www.pirtek.co.uk
0800 38 24 38
Southampton
023 8033 7737
No. 1 for Hydraulic Service
HIGHWAY MAINTENANCE

Group financial results: H1 2024

	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

	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.

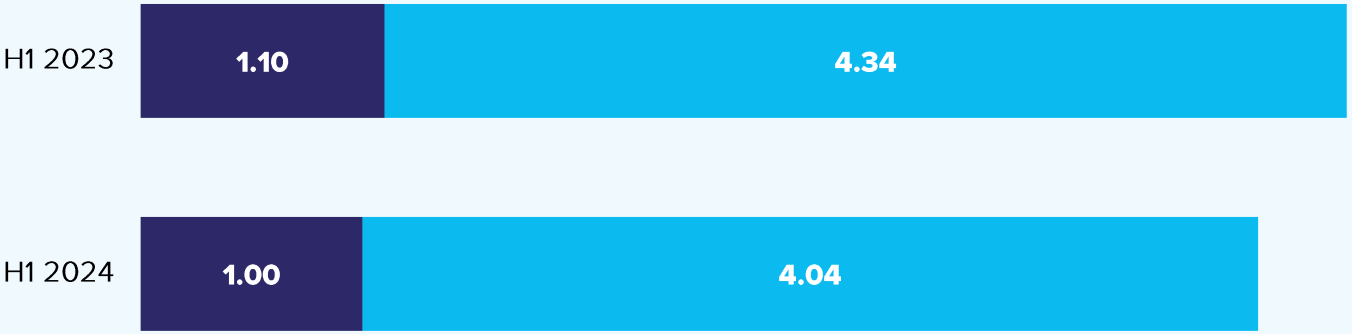
Overall effective tax rate of Group increased by 2.7% from 23.7% to 26.4% as a result of the higher UK tax rate of 25%, and higher Pirtek local country tax rates (ie, combined state, local and trade taxes in Germany are 30%).

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): H1 2024



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: H1 2024

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).

Leverage: H1 2024

	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 1.96x 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 £35.7m is the mid-range of current market expectations of £35.5m to £36.0m
[3] LTM is Last Twelve Months

Filta's Environmental Impact Reports

Increasing importance of ESG to Filta's corporate customers.

Environmental Impact Reports, quantify the environmental savings of:

+ Reusing (rather than discarding) the cooking oil
+ The additional savings of replacing diesel with biodiesel at the end of its life.

Help our customers demonstrate their own ESG credentials to their own stakeholders.

Being extended to FiltaGold.

FRANCHISE BRANDS

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