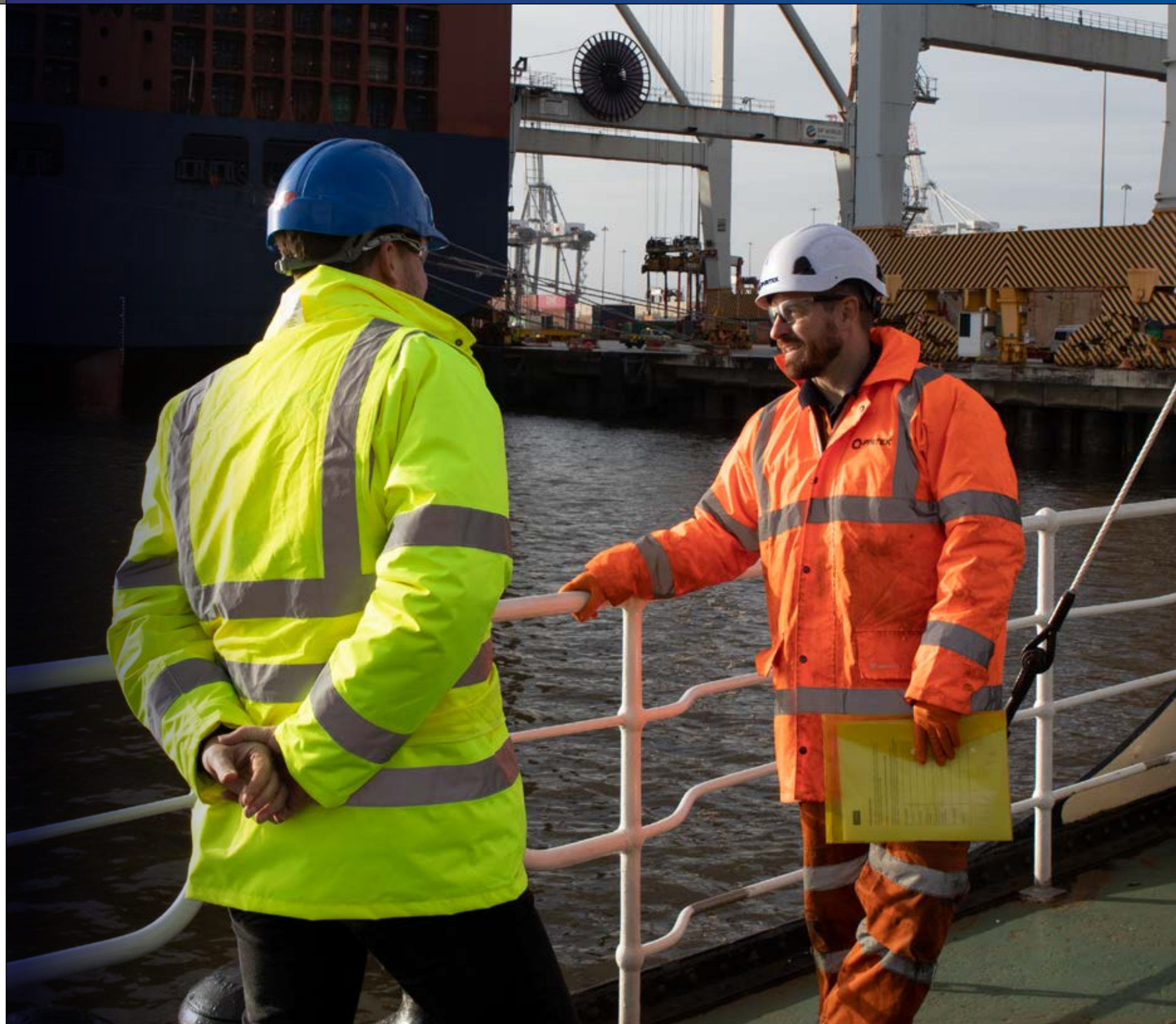
Thinking bigger, working smarter

Franchise Brands plc
Annual Report and Accounts 2024



Our purpose

"As they grow, we grow"

FRANCHISE BRANDS

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

Build

Our purpose is to build market-leading 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 and theirs – as they grow, we grow.

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Financial Statements

Scan to view the investor section on our website

Financial Highlights

£418.5m
System sales ●
+20% 2023: £350.1m

£139.2m
Revenue
+15% 2023: £121.0m ●●

£35.1m
Adjusted EBITDA* ●
+16% 2023: £30.2m ●●

£9.2m
Profit before tax
+86% 2023: £5.0m ●●

8.59p
Adjusted basic earnings per share** ●
+2% 2023: 8.39p ●●

3.78p
Basic earnings per share
+118% 2023: 1.73p ●●

8.50p
Adjusted diluted earnings per share** ●
+3% 2023: 8.29p ●●

3.74p
Diluted earnings per share
+120% 2023: 1.70p ●●

Operational Highlights

Resilient underlying demand for the Group's essential reactive and planned services resulted in record System sales in all key divisions despite challenging macro economic conditions in most of our key markets.

A focus on factors within the Group's control, including maintaining a strong emphasis on cost management, supported a creditable outturn for the year.

Launch of *One* Franchise Brands strategic initiative to accelerate the integration of the Group into a unified, connected business with the objective of enhancing sales, creating an efficient overhead structure and driving operational gearing.

Cash generative nature of our predominantly franchised business has allowed us to reduce Adjusted net debt from £74.7m to £65.1m.

Appointment of CEO (a new role) and separation of responsibilities with Executive Chairman.

New appointments (including post year end) to strengthen the Group's leadership team and Board.

● Alternative Performance Measures (see Note 2 to the Accounts)

●● Prior Year Adjustments: The results include several prior year adjustments which are set out in Note 1 to the Accounts, the overall effect of which is to reduce Adjusted EBITDA in the year ended 31 December 2023 by £0.1m.

* 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.

At a Glance

Building our businesses

We are an international multi-brand franchisor, focused on building market-leading businesses primarily via a franchise model. We have over 600 franchisees across seven franchise brands and System sales of £418m.

We have a clear focus which is B2B van-based essential reactive and planned services with resilient underlying demand.

616 Franchisees supported

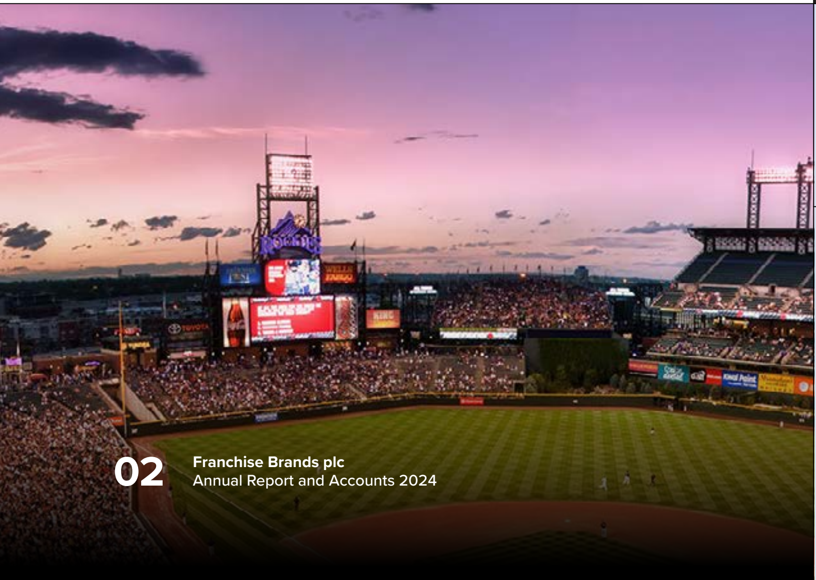
7 Market-leading franchise brands

10 Countries across the UK, Europe and North America

Group total

£35.1m	£65.1m	2.40p
Adjusted EBITDA*	**Net debt****	**Dividend**
+16% 2023: £30.2m	-13% 2023: £74.7m	+9% 2023: 2.20p

* Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense and non-recurring items.
** Adjusted net debt is the key debt measure used for testing bank covenants and excludes debt of £10m on right-of-use assets.



At a Glance continued

Our leading brands

Pirtek*

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

£19.9m
Adjusted EBITDA*

72
Total franchisees

See our divisional review on pages 36-41.

Water & Waste Services

Drainage, plumbing, pump maintenance and installation, and services to commercial kitchens.

£11.1m
Adjusted EBITDA*

90
Total franchisees

See our divisional review on pages 42-45.

Filta International

Cooking oil filtration, biodiesel recycling, bulk new oil supply service and cleaning services for commercial kitchens.

£6.0m
Adjusted EBITDA*

156
Total franchisees

See our divisional review on pages 46-49.

B2C

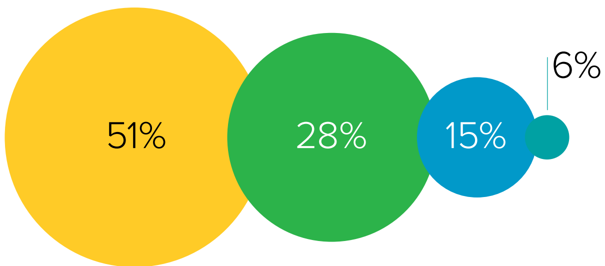
Leading home service brands.

£2.2m
Adjusted EBITDA*

298
Total franchisees

See our divisional review on pages 50-51.

Proportion of Adjusted EBITDA before Group overheads of £4.2m**



See our Business Building Strategy on pages 26 and 27.

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

At a Glance continued

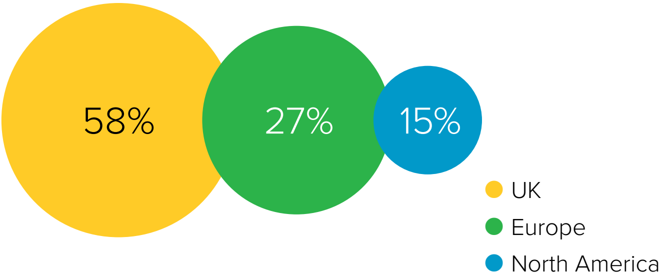
Maximising *One* Franchise Brands

We have grown our business substantially over the past three years, and now have seven franchise brands in ten countries in the UK, Europe and the US.

Our focus is now to accelerate the integration of the Group in each market through *One* Franchise Brands to enhance sales, create an efficient overhead structure and drive operational gearing.

At a Glance continued

Proportion of Adjusted EBITDA before Group overheads of £4.2m*



See our Business Building Strategy on pages 26 and 27.

United Kingdom & Ireland

How the services are delivered

The Water & Waste Services division's range of services are delivered by a combination of 90 franchisees and direct labour. The Pirtek services in the UK and Ireland are primarily delivered by 39 franchisees. The B2C services are delivered by 298 franchisees.

£219m
System sales**

£77m
Revenue***

£22.6m
Adjusted EBITDA****

427
Franchisees

Europe

How the services are delivered

Pirtek's services in Germany, Austria and Benelux are mostly delivered by a total of 33 franchisees. Six centres in Benelux are corporately owned. Pirtek's operations in the start-up markets in Sweden and France are Direct Lanour Organisations ("DLOs"). The FiltaFry service is delivered by 31 franchisees.

£105m
System sales**

£40m
Revenue***

£10.6m
Adjusted EBITDA****

64
Franchisees

North America

How the services are delivered

The Filta International services of cooking oil filtration, biodiesel recycling, bulk new oil supply and cleaning services for commercial kitchens are provided by 125 franchisees, of which 121 franchisees are in the US and three are in Canada.

£94m
System sales**

£25m
Revenue***

£6.0m
Adjusted EBITDA****

125
Franchisees

* Excludes Azura Group.
** Sales to customers by franchisees, corporate and DLOs.
*** Revenue is before intercompany eliminations.
**** Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exchange differences, share-based payment expense, non-recurring items and Group overheads.

Investment Case

We build market-leading franchise businesses

We have a well positioned business, with a strong track record of growth, where the underlying demand for our reactive and planned services is highly resilient.

We have a small share of large, fragmented markets with significant opportunities for growth.

"Our ambition is to build a market-leading international B2B multi-brand franchisor that generates its income equally from the UK, North America and Continental Europe."

Stephen Hemsley
Executive Chairman

Investment Case continued

Provider of essential reactive services

Provider of B2B van-based essential reactive and planned services, with resilient underlying demand. Diversification through seven market-leading franchise businesses in ten countries. Long-established brands with a successful trading history.

7

Franchise brands in ten countries

Significant opportunities for growth

Small shares of large, fragmented markets with "manageable" competition. Our Maximum Potential Model shows the potential for System sales of £2.1bn for Pirtek, Metro Rod and Filta International compared to current System sales of £418m.

£2.1bn

The Group's Maximum Potential Model

Experienced team, strong track record

Proven track record of successfully acquiring and growing businesses organically to unlock growth. Management team and Board are substantial shareholders, with a shareholding of over 30%.

>30%

Shareholding of Management & Board

Highly cash generative business

Capital light as franchisees make investments to expand their capacity and grow System sales. Cash generation supports deleveraging. Anticipate a net cash position in 2028 through internally-generated trading cash flow.

96%

Average cash conversion* 2022-2024

Operational gearing

Operational gearing is a significant driver of Adjusted EBITDA in franchise businesses. Accelerated by the continued consolidation of functions which are common to all businesses.

+41%

System Sales per head, Water & Waste Services division Support Centre, 2024

Progressive dividend policy

The cash generative nature of the business supports deleveraging and a progressive dividend policy.

9%

Dividend growth 2022-2024

* Cash from operations minus costs of acquisition and re-organisation / Adjusted EBITDA.

Our market environment

Our environment was challenging in several key markets. We responded by controlling the controllables, taking action and leveraging the Group's strength, scale and resources.

Macroeconomic environment

How we see it

We have experienced a challenging macro environment in a number of markets. Low economic growth, excluding the US, impacted demand for our reactive services. Equipment was not being used as intensively, particularly in cyclical sectors such as construction and plant hire. Demand for project work and discretionary spend was held back in most of the Pirtek markets. Elections in several markets contributed to periods of uncertainty and further held back spending. We experienced headwinds from lower used cooking oil prices in the US and currency headwinds.

How we are responding

- Controlling the controllables by reducing our sector dependency, diversifying our revenue streams by targeting more defensive, supported sectors such as waste management and defence.
- Introducing new services to existing customers. Leveraging Group resources, relationships and expertise to drive cross selling and upsell an expanded range of services.
- In Filta International, we are also focused on driving volume of used oil recycling. Opportunity to retain customers and grow new sectors as market recover.

Cost and price factors

How we see it

We have experienced widespread cost and price inflation challenges in respect of wages, materials, rent and other services. The recruitment and retention of labour, in particular engineers and technicians, is a constraint on growth. The UK Autumn Statement has led to increased employment costs. The cost of materials has increased in most businesses. The prices of some specialist services key to our business, for example, waste disposal, have increased.

How we are responding

- Reviewed pricing and have responded with labour and material prices increases in a number of the businesses.
- Introduced flexible pricing structures based on market conditions to help ensure profitability.
- Adopting a flexible approach with franchisees on Management Service Fees ("MSF") in under-represented sectors.
- Focused on spending smartly which includes building alternative supply chains, leveraging Group-wide procurement opportunities and strengthening financial management.
- Smart scheduling of labour and introduction of new ways to help recruit and retain people.

Customer needs

How we see it

Customers have been responding to challenges in their businesses by rationalising their supply chains to reduce cost and increase efficiency. They have also taken some work back in house. Customer expectations continue to be demanding in terms of service level agreements and complying with their requirements, including portals. Customers continue to carefully monitor spend with a drive for performance including putting work out on a first-come, first-served basis. Customers have been holding back on discretionary and larger scale work.

How we are responding

- Focus on providing a consistently high levels of service and complying with all customer processes and requirements.
- Leveraging our expanded range of services to offer one-stop solutions to meet their wider needs.
- Providing flexibility in customer contact, from leveraging portals to providing a dedicated point of contact.
- Strengthening customer loyalty through customer relationship management, more flexible service agreements and help and education on how to maximise our wider range of services.

Market dynamics

How we see it

We have seen shifts in the competitor landscape given the more difficult macroeconomic backdrop. We have seen increased competitor activity on a national and local basis. In some of the Pirtek markets, we have experienced competitive activity from companies not historically active in the reactive market which has impacted both volume and pricing.

How we are responding

- Benefits of market-leadership positions, size, scale and competitive advantages to withstand more demanding conditions.
- Controlling the controllables by providing a first class customer service, leveraging our competitive advantages, for example national coverage and the ability to meet demanding service level agreements.
- Promoting our expanded range of services, targeting under-represented sectors to reduce our sector dependency, diversifying our customer base and building customer retention.

Our Business model

How it works

Our key resources and strengths

Market-leading franchise brands
Our principal brands have a leadership position in our key markets.

Size and financial strength
We have over 600 franchisees and System sales of £418m, providing scale and diversification.

Established, resilient franchise networks
Our franchisees are at the very backbone of our business, operating successful and enduring businesses.

Technology-enabled business
We use technology to enhance the natural operational gearing of our franchise business.

Leveraging *One* Franchise Brands
Our strategic Group-wide initiative to enhance sales, increase operational efficiency and reduce debt.

Highly experienced management team
The team has deep franchising expertise, as well as long-standing experience with Franchise Brands, and a strong long-term track record of delivery.

What we do

International multi-brand franchisor

We have seven franchise brands in ten countries delivering B2B essential van-based essential reactive and planned services.

Our services

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

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

Water & Waste Services
Drainage, plumbing, pumps maintenance and repair services and Fats, Oil and Grease ("FOG") services to commercial kitchens.

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

The value we create for our stakeholders

Franchisees
We support our franchisees to grow their businesses so that "as they grow, we grow". We have 616 franchisees across seven market-leading brands.

Employees
We want to provide a great place for our c.650 people to work, develop their talents and careers, feel purposeful and have a positive impact on wellbeing.

Customers
We aim to deliver a first class service to our over 65,000 customers based on our speed of response, national coverage, one-stop solutions, technology-enabled customer service and quality of work.

Shareholders
We have a good long term track record of delivering growth in earnings, and the cash generative nature of our business supports a progressive dividend policy.

Suppliers
We build long term relationships with our suppliers so they have the opportunity to supply us with the highest possible quality of products, equipment and services.

How we make money

System sales comprise the underlying sales of our franchisees and the statutory revenue of our DLOs. System sales are a KPI of the Group and are 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. Systems sales in 2024 were £418m. Statutory revenue comprises many different types of revenue on a different basis and is not a KPI used in the operational management of the Group. Adjusted EBITDA, although an alternate performance measure, is the most important KPI used in managing the business. Adjusted EBITDA in 2024 was £35.1m. The ratio of Adjusted EBITDA to System sales, another important KPI, as it indicates the progress we are making driving operational gearing, was 8.4% in 2024.

The table sets out the reconciliation of System sales to Adjusted EBITDA, our two principal KPIs.

	System sales £m	Revenue £m	Cost of sales £m	Gross profit £m	Administrative expenses £m	Adjusted EBITDA £m	Adjusted EBITDA/System sales (%)
Franchise sales Franchisee system sales to third parties and oil sales	375.9	65.4	(10.4)	55.0	(31.3)	23.7	–
Direct Labour Operations sales Direct labour income from corporate franchises and DLO operations in corporate markets	42.6	41.7	(25.4)	16.3	(12.7)	3.6	–
Product sales The sale of products to franchisees and customers	–	23.0	(19.5)	3.5	–	3.5	–
Other Area sales, National Advertising Fund ("NAF") contributions and other income	–	9.1	(0.6)	8.5	–	8.5	–
Group Overheads Central group overheads and plc costs	–	–	–	–	(4.2)	(4.2)	–
Total	418.5	139.2	(55.9)	83.3	(48.2)	35.1	8.4%

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

Realising our strategic ambitions

Q&A

Introducing our CEO Peter Molloy, interviewed by Julia Choudhury

Peter Molloy
CEO

Focused leadership
Peter Molloy was promoted to CEO in October 2024. In this interview he sets out his background and experience, his vision for the business, including the *One* Franchise Brands strategy and the opportunity he sees for significant growth.

"My vision for *One* Franchise Brands is for a truly connected group operating under shared values and common systems and platforms deployed locally."

Introducing our CEO continued

Can you describe your background?

I joined Metro Rod in 2003 as Commercial Director when sales were less than £10m compared to the over £75m today. My track record is building businesses by growing sales. I'm a great believer that growing the top line is essential to building a successful business.

As Managing Director of Metro Rod from 2017, I delivered the Vision 2023 strategy which significantly expanded the range of services and developed the Metro Plumb business. As CEO of the Water & Waste Services division since 2022, I helped form and then integrate the businesses to develop sales, optimise service delivery and drive efficiencies.

What are the three key strategic priorities you see for the business?

It's very simple and very clear. We need to do three things consistently: grow sales, spend smartly and improve our cash collection. As well as growing the top line, its essential that we spend smartly, making sure we get a good return on our investment. Finally, we need to improve our cash collection so we can pay down debt.

What is the Group's superpower?

We are really good at building van-based franchise businesses for essential services. That's our sweet spot. We also have a deep understanding, and a long track record, of growing our franchise networks. This underpins our purpose: "as they grow, we grow."

What are the key takeaways from your journey?

Franchisees are the backbone of our business and if they don't grow, we don't grow. So it's vital that we support their entrepreneurial spirit and help them profitably grow their businesses.

Furthermore, my success has not been possible without great people around me, and the new, management team I have put in place is a strong team which I expect to drive the business forward. It is international, team with all major businesses represented, as not all the best ideas come from the UK! It also combines a high degree of experience and long standing service with a number of newly promoted members.

It's also vital we create a great place for our people to work, where they can develop, have immense pride in the business and a sense of purpose. Finally, I've always been passionate about providing customers with a first-class experience. If you deliver great service, you develop customer loyalty, acquire new customers and retain existing ones.

How would you assess the growth potential for the Group?

Significant. We have created a resilient, well positioned business, with system sales of nearly £420m, yet there remains so much untapped potential. Our principal franchise brands have significant growth potential through increasing their small shares of large, fragmented markets, expanding their range of services and geographical penetration, and cross-selling to our large customer base.

The underlying demand for our essential services is very resilient. While those markets may grow a few % per annum, our job is to get a greater share of those markets by increasing penetration and spend through expanding our range of services. We use our maximum potential model to estimate the potential System sales using our current data of how franchisees are performing in each territory. It allows us map the potential by franchise territory and optimise territories by developing plans for increasing penetration and spend.

What is your vision for *One* Franchise Brands?

I want us to be much more connected as a group. People always think about integration being about technology, systems and processes, but it's also about getting the considerable expertise and knowledge we have to the right people and right places to create opportunities. I don't want people to ask for permission to do things. I want them to have the confidence and trust to take the initiative and do this naturally, and then to do more of what works and less of what doesn't.

It's also about working smartly, spending smartly and not duplicating things unnecessarily. It will always make sense to do some things locally and some things centrally. I want to preserve all the benefits of our local businesses but maximise efficiencies and synergies through standardisation.

My favourite question is always "so what"? It only makes a difference if it enhances the customer experience, creates an efficient overhead structure and drives operational gearing.

These are the messages that are going all the way through the business and helps us with our decision making. It was the focus of our second Growth Summit last November where I invited over 70 of the Group's leadership team globally to spend two days together in Amsterdam. It is also a central plank of each Management Board meeting.

Operational Review

A creditable performance despite macro challenges

I am pleased to be providing my first Operational Review since being appointed CEO in October 2024. The focus of my Operational Review is the business and financial performance, from System sales to Adjusted EBITDA."

Operational Review continued

Divisional performance

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. Where reference is made to like-for-like or proforma results, this will compare 2024 with 2023 as if Pirtek had been owned for the full 2023 year.

The Group's divisional trading results may be summarised as follows:

Year to 31 December 2024:	Pirtek £'000	Water & Waste Services £'000	Filta International £'000	B2C £'000	Azura £'000	Inter-company elimination £'000	2024 £'000
System sales	**183,582**	**110,270**	**97,826**	**25,972**	**808**		**418,458**
Statutory revenue	**63,913**	**46,054**	**25,597**	**5,752**	**808**	**(2,918)**	**139,206**
Cost of sales	(22,010)	(19,661)	(15,691)	(1,001)	(0)	2,476	(55,887)
Gross profit	**41,903**	**26,393**	**9,906**	**4,751**	**808**	**(442)**	**83,319**
GP%	*66%*	*57%*	*39%*	*83%*	*100%*	*15%*	*60%*
Administrative expenses	(21,978)	(15,282)	(3,913)	(2,546)	(764)	442	(44,041)
Divisional EBITDA	**19,925**	**11,111**	**5,993**	**2,205**	**44**	**–**	**39,278**
Group Overheads	–	–	–	–	–	–	(4,157)
Adjusted EBITDA	**–**	**–**	**–**	**–**	**–**	**–**	**35,121**
Adjusted EBITDA/System sales							**8.4%**

Year to 31 December 2023:	Pirtek (restated) £'000	Water & Waste Services (restated) £'000	Filta International £'000	B2C £'000	Azura £'000	Inter-company elimination £'000	2023 (restated) £'000
System sales	**125,976**	**106,661**	**90,482**	**26,189**	**745**		**350,053**
Statutory revenue	**43,774**	**46,807**	**27,117**	**6,106**	**745**	**(3,530)**	**121,019**
Cost of sales	(16,174)	(21,247)	(17,349)	(1,207)	(0)	3,187	(52,790)
Gross profit	**27,600**	**25,560**	**9,768**	**4,899**	**745**	**(343)**	**68,229**
GP%	*63%*	*55%*	*36%*	*80%*	*100%*	*10%*	*56%*
Administrative expenses	(14,097)	(14,690)	(3,671)	(2,583)	(531)	343	(35,229)
Divisional EBITDA	**13,503**	**10,870**	**6,097**	**2,316**	**214**	**–**	**33,000**
Group Overheads	–	–	–	–	–	–	(2,847)
Adjusted EBITDA	**–**	**–**	**–**	**–**	**–**	**–**	**30,153**
Adjusted EBITDA/System sales							**8.6%**

"Against a background of challenging macroeconomic conditions in most key markets, we focused on what we could control, maintaining a strong emphasis on cost management."

Operational Review continued

Strategic priorities

Expanding and developing our range of services

Developing a Group-wide technology platform

Leveraging shared central services across the Group

Optimising our service delivery through our franchise network

Developing our connected business

See pages 26 and 27.

System sales are a KPI of the Group and are 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 as they comprise the underlying sales of our franchisees and the statutory revenue of our Direct Labour Operations ("DLO"). System sales increased by 20% to £418.5m in the period (2023: £350.1m), and by 4% on a like-for-like basis. Although the rate of System sales growth was slower in 2024 than in previous years, it still represents a record performance for the three B2B divisions (Pirtek, Water & Waste Services division and Filta International).

Statutory revenue increased by 15% to £139.2m (2023: £121.0m). On a like-for-like basis, statutory revenue was flat. Statutory revenue comprises many different types of revenue on different basis and is not a KPI used in the operational management of the Group.

Adjusted EBITDA, which is the main KPI of the business, increased 16% to a record £35.1m (2023: £30.2m). On a like-for-like basis, Adjusted EBITDA was flat. Overall, the Adjusted EBITDA to System sales ratio, another important KPI as it indicates the progress we are making driving operational gearing, reduced marginally to 8.4% (2023: 8.6%). This resulted from several exceptional factors, including the significantly lower price of used cooking oil ("UCO") and the exchange rates at which local currency results were translated into sterling. Where constant exchange rates were used, and the 2023 price of UCO maintained, Adjusted EBITDA to System sales would have increased to 8.7%, demonstrating continued progress.

Pirtek Europe

Pirtek operates in eight European countries: the UK and Ireland, Germany and Austria, the Netherlands and Belgium (Benelux), and France and Sweden. In the major markets of the UK and Ireland, Germany and Austria, and Benelux, the business is mostly franchised, whereas the operations in the early-stage markets of France and Sweden are corporately operated. The franchised operations account for 94% of divisional Adjusted EBITDA.

The sterling results in 2024, the comparative eight months in 2023, and the proforma 12 months results, may be summarised as follows:

Pirtek	2024 Actual £'000	2023 Actual (restated) £'000	2023 Proforma £'000	Actual Change %	Proforma Change %
System sales	**183,582**	**125,976**	**180,168**	**46%**	**2%**
Statutory revenue	**63,913**	**43,774**	**62,618**	**46%**	**2%**
Cost of sales	(22,010)	(16,174)	(20,125)	36%	9%
Gross profit	**41,903**	**27,600**	**42,493**	**52%**	**(1%)**
GM%	*66%*	*63%*	*68%*	*3%*	*(2%)*
Administrative expenses	(21,978)	(14,097)	(24,028)	56%	(9%)
Adjusted EBITDA	**19,925**	**13,503**	**18,465**	**48%**	**8%**
Adjusted EBITDA/System sales	**10.9%**	**10.7%**	**10.2%**		

Actual performance from an 8-month contribution in 2023.
Proforma assuming a full year contribution in 2023.

The Pirtek Europe division generated total System sales of £183.6m, an increase of 46% (2023: 8 months: £126.0m). On a like-for-like basis, System sales grew by 2% (2023 full year: £180.2m).

The underlying local currency like-for-like System sales growth may be analysed as follows:

System sales	2024 Actual Local Currency	2023 Actual Local Currency	2023 Proforma Local Currency	Actual Change %	Proforma Change %
UK GBP	81,931	55,769	80,039	47%	2%
Germany & Austria €	79,352	53,909	76,779	47%	3%
Benelux €	28,542	19,007	26,431	50%	8%
France €	9,201	6,292	8,902	46%	3%
Sweden SEK	36,482	24,962	37,190	46%	(2%)

Actual performance from an 8-month contribution in 2023.
Proforma assuming a full year contribution in 2023.

Operational Review continued

Pirtek's record system sales reflected a like-for-like increase of 2% in the UK & Ireland and 4% in the Continental European markets, in local currency. This reflected continued good demand for essential reactive services in most sectors despite continued subdued demand for project work and discretionary spending in most of the eight countries in which Pirtek operates.

In the UK there was a slowdown in the construction and plant hire sectors in particular, whilst in Germany activity was impacted by a significant slowdown in the manufacturing sector. Benelux, France and Sweden faced similar headwinds to the UK and Germany.

However, despite the subdued market, the UK and Ireland (which account for 45% of System sales) achieved record System sales with the business demonstrating a high level of resilience in terms of customer retention. It has also been reducing its sector dependency by targeting waste management, rail, manufacturing and maintenance, repair & operations. Technical sales experienced good growth, driven by an increase in smaller, recurring works.

Germany and Austria (which account for 37% of System sales) also grew to record levels of System sales and diversified by targeting under-represented sectors, particularly waste management and food and beverage. Austria saw good growth of 13% although it remains an early-stage market.

Benelux (which accounts for 13% of System sales) achieved 8% growth in System sales in local currency, as it was quick to successfully diversify into markets such as waste management and marine, had good growth in Total Hose Management (+16%), and undertook a number of major projects for customers in the marine, offshore contracting, elevator & escalator, and equipment rental sectors.

The performance of the early-stage DLO operations of France and Sweden (which account for 5% of System sales) was disappointing with sales volumes failing to materialise. In France, our geographic expansion had limited traction as customers minimised discretionary spend and competitor activity increased. Sweden's sales performance was held back albeit progress was made in reducing its sector dependency. The fixed cost base of these DLOs is more difficult to adjust when sales are reduced, which does serve to highlight the benefits of our predominantly franchised model.

Adjusted EBITDA on a country basis and the like-for-like comparison may be summarised as follows:

Adjusted EBITDA £	2024 Actual £'000	2023 Actual (restated) £'000	2023 Proforma £'000	Actual Change %	Proforma Change %
UK & Ireland	10,098	6,872	9,678	47%	4%
Germany & Austria	6,212	4,271	6,048	45%	3%
Benelux	3,942	2,632	3,648	50%	8%
France	177	165	(82)	7%	316%
Sweden	313	301	460	4%	(32%)
Divisional overheads	(817)	(738)	(1,338)	(11%)	39%
Total	**19,925**	**13,503**	**18,415**	**48%**	**8%**

Overall, Adjusted EBITDA increased by 48% to £19.9m (2023: £13.5m) and 8% on a like-for-like basis, which is considered a satisfactory performance in challenging market conditions.

The ratio of Adjusted EBITDA to System sales increased to 10.9% from 10.2% on a like-for-like basis, which was driven by the elimination of the losses in Austria and France and the reduction in divisional overheads resulting from integrating Pirtek into the Group.

The underlying performance of each country in local currency and on a like-for-like basis can be analysed as follows:

Adjusted EBITDA Local currencies	2024 Actual '000	2023 Actual '000	2023 Proforma '000	Actual Change %	Proforma Change %
UK GBP	10,098	6,872	9,678	47%	4%
Germany & Austria €	7,341	4,886	6,972	50%	5%
Benelux €	4,666	3,034	4,208	54%	11%
France €	206	192	(94)	7%	319%
Sweden SEK	4,240	4,020	6,078	5%	(30%)
Group overheads GBP	(817)	(738)	(1,338)	(11%)	(39%)

In our larger businesses, in local currency, Adjusted EBITDA in Germany and Austria, on a proforma basis, increased by 5% and in Benelux by a creditable 11%.

Pirtek has a significant opportunity to expand into eight additional European countries under the terms of its master licence agreement, which gives it perpetual, royalty-free use of the brand in 16 European countries in total. However, our priority is to achieve improved profitability in the early-stage markets of Sweden, France and Austria before developing new markets.

Operational Review continued

Water & Waste Services division

The results of the Water & Waste Services division may be summarised as follows:

	Metro Rod £'000	Willow Pumps £'000	Filta UK £'000	2024 £'000	Metro Rod (restated) £'000	Willow Pumps £'000	Filta UK (restated) £'000	2023 (restated) £'000	Change £'000	Change %
System sales	**79,410**	**18,296**	**12,564**	**110,270**	**75,671**	**18,659**	**12,331**	**106,661**	**3,609**	**3%**
Statutory revenue	**18,408**	**18,296**	**9,350**	**46,054**	**18,086**	**18,659**	**10,062**	**46,807**	**(753)**	**(2%)**
Cost of sales	(2,353)	(11,911)	(5,397)	(19,661)	(2,939)	(12,399)	(5,909)	(21,247)	1,586	(8%)
Gross profit	**16,055**	**6,385**	**3,953**	**26,393**	**15,147**	**6,260**	**4,153**	**25,560**	**833**	**3%**
GP%	87%	35%	42%	57%	84%	34%	41%	55%	2%	4%
Administrative expenses	(8,023)	(4,424)	(2,835)	(15,282)	(7,596)	(4,406)	(2,688)	(14,690)	(592)	4%
Adjusted EBITDA	**8,032**	**1,961**	**1,118**	**11,111**	**7,551**	**1,854**	**1,465**	**10,870**	**241**	**2%**
Adjusted EBITDA/System sales	**10.1%**	**10.7%**	**8.9%**	**10.1%**	**10.0%**	**9.9%**	**11.9%**	**10.2%**		

The Water & Waste Services division continues to become more integrated and grow its franchise focus by expanding its franchise networks and reducing DLO operations. This has slightly reduced the critical Adjusted EBITDA/System sales ratio as profits are transferred to franchisees. In the longer term, this will benefit the business as it will be able to expand its coverage and range of services more quickly.

Metro Rod

The results for Metro Rod may be summarised as follows:

	2024 £'000	2023 (restated) £'000	Change £'000	Change %
System sales	**79,410**	**75,671**	**3,739**	**5%**
Statutory revenue	**18,408**	**18,086**	**322**	**2%**
Cost of sales	(2,353)	(2,939)	586	(20%)
Gross profit	**16,055**	**15,147**	**908**	**6%**
GP%	*87%*	*84%*	*3%*	*4%*
Administrative expenses	(8,023)	(7,596)	(427)	6%
Adjusted EBITDA	**8,032**	**7,551**	**481**	**6%**
EBITDA/System sales	**10.1%**	**10.0%**		

Metro Rod includes Metro Plumb, Kemac, and the corporate franchise in North East Scotland. Overall, System sales increased by 5% to £79.4m (2023: £75.7m). Gross profit increased 6% as a result of a 3% improvement in the gross profit percentage to 87% (2023: 84%). Administrative expenses grew by 6% due to inflationary pressures on wages and other fixed costs. Adjusted EBITDA increased by 6% to £8.0m (2023: £7.6m), driving a marginal improvement in the key KPI of Adjusted EBITDA/System sales by 14 basis points to 10.1%.

Metro Plumb saw robust System sales growth of 16% in 2024. The business benefited from expanding its range of services into gas and air source heat pumps, diversifying into other sectors such as social housing, and reducing reliance on lower-value insurance work.

Operational Review continued

Willow Pumps

The results for Willow Pumps may be summarised as follows:

	2024 £'000	2023 £'000	Change £'000	Change %
System Sales	**18,296**	**18,659**	**(363)**	**(2%)**
Cost of sales	(11,911)	(12,399)	488	(4%)
Gross profit	**6,385**	**6,260**	**125**	**2%**
GP%	*35%*	*34%*	*1%*	*4%*
Administrative expenses	(4,424)	(4,406)	(18)	0%
Adjusted EBITDA	**1,961**	**1,854**	**107**	**6%**

The business has three distinct revenue streams: service revenue, supply and installation revenue, and a third, more recent revenue stream with the establishment of the Special Project Division.

Overall System sales (the same as Statutory revenue as all the businesses are DLOs) declined by 2% to £18.3m (2023: £18.7m). This was entirely due to the sale in late 2023 of the Kent and Sussex corporate franchise previously managed by Willow Pumps. The underlying sales of the core Willow Pumps business grew by 4%.

Overall, the gross profit percentage improved from 34% to 35% due to the focus away from high-volume, low margin work. The Special Projects division is engaged in larger, longer-term projects and is beginning to win work, but it did not significantly contribute in 2024 as some customers delayed the start of projects.

Adjusted EBITDA increased by 6% to £2.0m (2023: £1.9m), as the business benefitted from higher gross margins and tightly controlled overheads.

Filta UK

The results of Filta UK may be summarised as follows:

	2024 £'000	2023 (restated) £'000	Change £'000	Change %
System sales	**12,564**	**12,331**	**233**	**2%**
Statutory revenue	**9,350**	**10,062**	**(712)**	**(7%)**
Cost of sales	(5,397)	(5,909)	512	(9%)
Gross profit	**3,953**	**4,153**	**(200)**	**(5%)**
GP%	*42%*	*41%*	*1%*	*2%*
Administrative expenses	(2,835)	(2,688)	(147)	5%
Adjusted EBITDA	**1,118**	**1,465**	**(347)**	**(24%)**

In 2024, Filta UK initially comprised the Filta Seal fridge seal replacement business, Filta Pumps and the Filta Environmental business, which operated as a franchise as well as a DLO network.

During the year, this business was reorganised with the transfer of all the remaining Filta Environmental work from a direct labour workforce to the expanded franchise network. The expanded network is now delivering all Fats, Oil and Grease ("FOG") servicing work. While this has reduced short-term profits generated for the Group from this activity during this transition phase, in the long term, the overhead savings and the royalties generated from an expanded franchise business will more than compensate.

As part of our integration strategy, Filta's pump business was transferred to Willow Pumps towards the end of the year. This will allow better use of the DLO labour, drive efficiencies by reducing duplication, and improve the customer experience.

The loss of margin resulting from the transfer of the Filta Environmental work resulted in a decline in the gross profit. Administrative expenses grew by 5% as a result of the prior year benefitting from an R&D tax credit on the development of the Cyclone Grease Recovery Unit, which was not repeated in 2024.

Operational Review continued

Filta International

The results for Filta International may be summarised as follows:

	North America £'000	Europe £'000	2024 £'000	North America £'000	Europe £'000	2023 £'000	Change £'000	Change %
System sales	**94,446**	**3,380**	**97,826**	**87,004**	**3,478**	**90,482**	**7,344**	**8%**
Statutory revenue	**25,029**	**568**	**25,597**	**26,506**	**611**	**27,117**	**(1,520)**	**(6%)**
Cost of sales	(15,419)	(272)	(15,691)	(17,011)	(338)	(17,349)	1,658	(10%)
Gross profit	**9,610**	**296**	**9,906**	**9,495**	**273**	**9,768**	**138**	**1%**
GP%	*38%*	*52%*	39%	*36%*	*45%*	36%	*3%*	*7%*
Administrative expenses	(3,601)	(312)	(3,913)	(3,171)	(500)	(3,671)	(242)	7%
Adjusted EBITDA	**6,009**	**(16)**	**5,993**	**6,324**	**(227)**	**6,097**	**(104)**	**(2%)**
Adjusted EBITDA/System sales	**6.4%**		**6.1%**	**7.3%**		**6.7%**		

Filta International comprises the Filta franchise networks in North America and Europe.

System sales in North America increased by 8% to £94.4m (2023: £90.5m) and in local currency by 12% to $120.9m (2023: $108.2m), benefiting from a supportive macroenvironment and good traction with the FiltaMax strategic growth initiative. Excluding used cooking oil ("UCO") sales, underlying systems sales grew by 14% to £79.6m (2023: £69.8m) and in local currency by 17% to $101.9m (2023: $86.8m).

Good progress was made driving penetration in the 55 metro markets where the range of services is being expanded and franchisees upgraded. Strong momentum was generated in growing the royalty based FiltaGold and FiltaClean services, which now account for over 20% of System sales.

Progress is also being made in converting the franchisees onto a royalty-only model and away from the historic fixed monthly fee on each Mobile Filtration Unit ("MFU") in service. 25% of franchisees who contribute 50% of the System sales have transitioned to the royalty model in 2024.

Sales of UCO in 2024 declined by 14% to £14.8m (2023: £17.2m) and in local currency by 11% to $19.0m (2023: $21.4m). This resulted from a fall in the price of UCO of 23% in local currency despite a 15% increase in volume. The reduction in the value of UCO resulted in a decline in the year-on-year contribution from this activity of £0.6m.

Administrative expenses in North America increased by 14% in the period due to the cost of strengthening the senior management team with the appointment of a new COO and additional software development costs.

Adjusted EBITDA in North America was flat at $7.7m, on a local currency basis, but declined by 5% to £6m (2023: £6.3m) on a reported basis. Excluding the contribution from UCO, Adjusted EBITDA grew by 10% to £3.7m (2023: £3.4m) and in local currency by 19% to $4.8m (2023: $4.0m).

System sales in Europe are generated from fryer management, seal replacement and GRU installations. Overall, System sales declined by 3%. This sub-scale activity was scaled back in 2024, virtually eliminating the losses, and we anticipate it will be sold to a Master Franchisee in 2025.

B2C Division

The results of the B2C division may be summarised as follows:

	2024 £'000	2023 £'000	Change £'000	Change %
System sales	**25,972**	**26,189**	**(217)**	**(1%)**
Statutory revenue	**5,752**	**6,106**	**(354)**	**(6%)**
Cost of sales	(1,001)	(1,207)	206	(17%)
Gross profit	**4,751**	**4,899**	**(148)**	**(3%)**
GP%	*83%*	*80%*	*3%*	*3%*
Administrative expenses	(2,546)	(2,583)	37	(1%)
Adjusted EBITDA	**2,205**	**2,316**	**(111)**	**(5%)**

> Progress continues to be made on integrating all the Group's businesses and the opportunities remain significant."

Operational Review continued

The B2C division is a B2C franchise business that includes ChipsAway, Ovenclean, and Barking Mad consumer brands. Its income is derived mainly from monthly fees paid by franchisees for using the brands and from the fees generated on recruiting new franchisees. Given the difference in the income model between this business and the B2B businesses, it operates as an autonomous division of the Group from its headquarters in Kidderminster.

2024 was a challenging year for franchisee recruitment and retention. 24 new franchisees were recruited in 2024 (2023: 41), and 53 franchisees left the system (2023: 63), resulting in a net decline of 29 franchisees (2023: 22). As a result, System sales declined very marginally in 2024.

Gross profit declined by 3% due to lower monthly fee income on the reduced franchise base and the lower income from franchise recruitment. Strict cost control resulted in overhead being 1% lower than the previous year. As a result, Adjusted EBITDA declined by only 5% to £2.2m (2023: £2.3m), which we consider a solid result given the challenging environment.

Azura

Azura is a SaaS supplier of franchise management software to the Group and over 30 other franchise businesses. The results for the period may be summarised as follows:

	2024 £'000	2023 £'000	Change £'000	Change %
System sales	**808**	**745**	**63**	**8%**
Statutory revenue	**808**	**745**	**63**	**8%**
Cost of sales	–	–	–	–
Gross profit	**808**	**745**	**63**	**8%**
GP%	*100%*	*100%*	–	–
Administrative expenses	(764)	(531)	(233)	44%
Adjusted EBITDA	**44**	**214**	**(170)**	**(79%)**

Statutory revenue is comprised of third-party income of £0.4m (2023: £0.4m) and charges to Group companies of £0.4m (2023: £0.4m), which are eliminated on consolidation. During the year, Azura invested substantially in its internal resources to support the rollout of the Vision works-management platform throughout the Group, which has resulted in a significant increase in overheads and reduced Adjusted EBITDA.

One Franchise Brands

The *One* Franchise Brands strategy was launched at the Group's Growth Summit in Q4 2024. The objective is to create one integrated, efficient and connected Group by the achievement of the following three key objectives:

1. Increasing our System sales – this will be achieved by expanding the range of services offered to customers; maximising Group-wide sales opportunities, including cross-selling; and the expansion of the franchise network, particularly Metro Plumb and Filta Environmental.
2. Spending our money smartly – this will focus on creating an efficient overhead structure operating on a single secure and effective IT platform.
3. Collecting our cash – to accelerate our deleveraging and put us in a position to grow by acquisition as soon as possible.

These objectives are inter-linked as the integration of systems and harmonisation of processes, will deliver an efficient overhead structure, and connecting the wider Group, utilising the expertise and knowledge across all our businesses, will open up new markets and sales opportunities. Progress continues to be made on integrating all the Group's businesses and the opportunities remain significant.

Peter Molloy
Chief Executive Officer
26 March 2025

Business -building strategy

> Our business-building strategy has five levers of growth that are highly complementary and which will drive the implementation of *One* Franchise Brands."

Peter Molloy
CEO

Expanding and developing our range of services

Widening and deepening our range of services enables us to drive penetration and revenue per customer. We have a small share of large, fragmented markets as illustrated by the Maximum Potential Model.

Progress in 2024

In our Water & Waste Services division, pump and tanker sales increased by 7%. Metro Plumb expanded its range of services into gas and air source heat pumps. Pirtek increased technical sales and Total Hose Management ("THM") in its main markets of Germany, the UK and Benelux. Filta International drove FiltaGold and FiltaClean, both royalty-based services.

Priorities for 2025

- Continue to drive pump and tanker sales at Metro Rod and expand the range of services at Metro Plumb.
- Drive THM and technical sales at Pirtek.
- In Filta International, upsell FiltaGold and FiltaClean to existing customers and target new customers.

Developing a Group-wide technology platform

Our Group-wide digital platform helps enhance the customer experience, increase sales and drive efficiency and productivity. Technology and data standardisation also creates a platform for the application of AI.

Progress in 2024

Appointment of Mark Boxall as COO, a new Group role. Centralised Group IT with new functional structure to better serve the needs of the business. Identified and selected Netsuite to be the new Group finance system. Development of One Works Management system (Vision), One CRM (on a local basis) and One Reporting (a common Power BI system to drive reporting).

Priorities for 2025

- Targeting to be (go-live) ready for One Finance for our core franchisor businesses by the end of 2025.
- Targeting for One Works Management System to be deployed to our core franchisor and franchisee businesses in Q4 2025.
- Development of One Reporting with core reports available by the end of 2025.

Strategy continued

Leveraging shared central services across the Group

Leverage the investment in technology and other central services such as sales & marketing and finance to optimise business effectiveness and efficiency.

Progress in 2024

Launch of *One* Franchise Brands, a strategic initiative to enhance sales, increase operational efficiency and reduce debt. Utilising opportunities to connect the Group via technology.

Priorities for 2025

- Target for One Finance, our global finance system, to be (go-live) ready for our core franchisor businesses by the end of 2025.
- Target for One Works Management System to be deployed to our core franchisor and franchisee businesses in Q4 2025.

Optimising our service delivery through our franchise network

Our objective is to grow our business with a franchise model, so "as they grow, we grow". The role of DLOs is to accelerate the growth of our franchise businesses and broaden the range of services offered to our customers.

Progress in 2024

Willow Pumps continues to enhance the pump service provided by Metro Rod. Filta UK franchisees have taken 100% of the responsibility for the servicing of FOG servicing work previously carried out by direct labour. Transfer of pump work from Filta UK to Willow Pumps, to create efficiencies and optimise service delivery.

Priorities for 2025

- Supporting franchisees to grow and maximise the potential of their territories.
- Continue using Willow Pumps in the training and support of Metro Rod franchisees and in the provision of pump services.
- Continue to expand the Filta UK franchise network.
- Further assist Pirtek franchisees in expanding their range of services.

Developing our connected businesses

Develop Group-wide sales opportunities through connecting the Group. This includes cross selling and upselling. Work smartly by sharing best practice, leverage expertise and relationships.

Progress in 2024

Second Growth Summit in Amsterdam with over 70 leaders from across the global business. Initial traction from cross selling initiatives between Pirtek and the Water & Waste Services division. Creation of European-wide sales committee to leverage opportunities, resources and expertise.

Priorities for 2025

- Offer our expanded range of services to all our customers across the Group wherever we can.
- Develop pan-European sales initiatives.
- Develop One Reporting and One Sales and One CRM integration initiatives.

A digital approach to integration

Our objectives of integration are to enhance sales, create an efficient overhead structure and drive operational gearing.

Strategic pillar

Strategy in Action continued

Working smartly through digital transformation

Q&A

Introducing our Chief Operating Officer, Mark Boxall, interviewed by Peter Molloy.

Mark Boxall
COO

What is your background and experience?

My background is as a COO with broad IT experience, working with Pete Kear at d4t4 (now Celebrus Technologies plc). Prior to that, I had extensive experience in operations, sales and finance at many technology companies including software, outsourcing, infrastructure and consultancy. I'm excited to be working with such a well established team in a business with great potential for integration.

Can you describe your role as COO?

I am responsible for driving integration across the Group. In the short term, I am focused on driving integration with a particular emphasis on rolling out Group-wide systems. But integration is much more than just technology; its an opportunity to improve and harmonise processes, reduce duplication, work smarter and spend more smartly.

What is the integration strategy?

To look at every possible Group-wide opportunity to enhance sales, drive efficiencies and operational gearing, from finance to sales, to Customer Relationship Management ("CRM") to procurement, and use our internal governance processes to determine the order in which we approach these.

What is the integration approach?

We have a holistic approach to integration. The teams are empowered to review three key areas: the business process, technology or software tools and target operating model. This provides a common global approach which is designed to be repeatable across Group initiatives, maximise success and reduce risk and cost. It allows us to leverage best practice, harmonise and standardise processes. We build in local flexibility where required for markets and customers, and, importantly regulation.

What are the benefits of the integration approach?

The integration programme will align the Group around common processes and technologies using global templates where possible. This alignment increases the likelihood of synergies that will result in cost savings and other benefits. These savings are then leveraged to fund additional value-creation initiatives to further enhance the business. So, integration has the ability to create a better understanding of the relativity between our fixed cost base and our sales, thereby improving our operational gearing.

→ Find more information on pages 30 and 31.

Strategy in Action continued

Towards one global platform, with local personalisation

"Our clear focus is on the key Group-wide technology initiatives of One Finance, One Works Management, One Reporting and One IT. One Sales and CRM are also underway with a more local focus in 2025."

One finance system (Netsuite)

Consolidating from the current ten finance systems to one common Group-wide finance platform. Netsuite chosen given positive experience with Filta US and UK who have embraced the functionality.

Benefits

- **Single, visible unified view of the business:** leading to enhanced reporting, better management information, faster decision making and operational finance benefits.
- **Single data source, integrated modules:** one central repository will facilitate the use of AI and use to improve forecasting and modelling.
- **Best features shared throughout the Group:** facilitates the sharing of best practice to enhance overall effectiveness and drive performance.
- **True cloud-based system:** reduces complexity, improves flexibility and availability.
- **Integration with other key Group systems:** One Finance will be linked to Power BI and One Works Management system.

Timetable for delivery

- We are targeting to be go-live ready for our core franchised business by the end of 2025.

One works management system (Vision)

Consolidating from six systems into two and are rolling out our Vision system, which Metro Rod has used since 2018, to the Pirtek businesses.

Benefits

- **Competitive advantage:** benefits by owning our own IP through Azura and accelerates time to market through in-house development.
- **Designed for franchise business:** leading to increased efficiencies and optimisation.
- **Improved user experience:** for Support Centre teams, franchisees and their teams and customers.
- **Enhanced customer experience:** aids compliance with customer processes helping acquisition and retention.
- **Automation and scheduling (including Plan my Day):** leads to labour efficiencies and environmental benefits from reduced fuel costs and environmental impact.

Timetable for delivery

- We are targeting to deploy One Works Management System to our core franchisor and franchisee businesses in Q4 2025, with full adoption anticipated in Q1 2026.

Strategy in Action continued

Towards one global platform, with local personalisation

One reporting

Bringing multiple systems together into a single, integrated, easy-to-use Power BI platform, to create standardised management information which drives alignment, efficiency and growth.

Benefits

- **Faster, more informed decision-making:** the right information reaches the right people at the right time, enabling quicker, data-driven actions.
- **Improved sales and performance insights:** visibility into what's working helps optimise strategies to drive growth.
- **Enhanced user experience and efficiency:** seamless, intuitive experience for Support Centre teams and franchisees, saving time and reducing complexity.
- **Proactive data distribution:** key insights pushed to both Group leadership and franchisees, reducing manual reporting effort and improving responsiveness.
- **Optimised franchisee benchmarking and performance:** assists Support Centre teams and empowers franchisees to improve operations and align with best practices.

Timetable for delivery

- One Reporting will be progressed during 2025 with core reports available by the end of 2025.

One sales and One CRM

Group-wide tools to unify and automate sales, marketing and customer activity to drive performance, return on investment and share and optimise best practice.

Benefits

- **Consistent approach:** ensures standardisation across the Group, creating a unified sales and marketing strategy.
- **Optimised performance:** identifies and shares best practices from different parts of the Group to enhance overall effectiveness.
- **Data-driven insights:** enables analysis of return on investment to optimise sales and marketing strategies.
- **Automation & AI advantages:** streamlines CRM processes, leveraging AI for smarter customer engagement and decision-making.
- **Enhanced efficiency & cross-selling:** unifies sales, marketing, and customer activities to improve collaboration and unlock Group cross-selling opportunities.

Timetable for delivery

- One Sales and Marketing project underway with delivery in 2026.
- CRM rolled out locally in key businesses, global roll out in 2026.

One IT

New global structure to deliver deep domain expertise in areas such as Security, Applications, Development and Cloud infrastructure which provides a platform for future technologies, including AI.

Benefits

- **Cost efficiency and resource optimisation:** reduces duplication of resources and consolidates purchasing power, leading to cost savings and more efficient use of resources.
- **Standardisation and consistency:** uniform standards, policies, and procedures, ensuring consistent approach to security, software versions, and IT practices.
- **Enhanced security and compliance:** improves ability to monitor and manage security threats, data protection, and regulatory compliance more effectively, reducing risk.
- **Streamlined decision-making and strategy alignment:** facilitates faster decision-making and ensures IT initiatives are aligned with business strategy.
- **Improved efficiency and productivity:** consistent and efficient IT support for end-users, enhancing productivity and reducing downtime.

Timetable for delivery

- The new global structure has been rolled out.
- We are now building processes and procedures to enhance our security, scale the business and provide a more consistent user experience.

Maximising Group-wide sales opportunities

Strategic pillar

We are deploying multiple strategies to unlock the significant potential to connect the Group and maximise sales opportunities."

Peter Molloy
CEO

Maximum potential for System sales	Group-wide customers	Group-wide 2024 job numbers	% revenue largest customer
£2.1bn	>65k	900k	<1%

Strategy in Action continued

Sector opportunity: UK housebuilding

Given the Group's extensive range of services, a large proportion of which could be applicable to the needs of customers across divisions, there is a significant opportunity to provide one-stop solutions.

A case study is UK housebuilders, a sector that is well supported by macro factors given the need to build more homes. The diversity of our range of services means we are able to meet the "Water in and Waste out" needs of housebuilders and minimise downtime for equipment during the build.

- **Metro Rod:** surveys, land drainage installations and asset mapping.
- **Metro Plumb:** installation of fresh water pipes, bathroom fit outs and installing air-source heat pumps and boilers.
- **Willow Pumps:** support with the design and sewers for adoption.
- **Pirtek:** onsite to reduce customer downtime for equipment being used in the build process.
- **Post completion:** opportunities to offer additional services to home owners, for example, plumbing and drainage services.

Unlocking the potential

We have multiple levers to connect the Group and maximise Group-wide sales opportunities.

Leveraging the maximum potential model
We use the Maximum Potential Model to estimate the potential for System sales. We take current data of how the "best of the best" franchisees are performing currently according to market penetration and revenue per site or address and multiply these metrics out against third party data for the total potential number of customers. The model shows a £2.1bn opportunity compared to System sales of £418m. We have small shares of large, fragmented markets.

Reducing sector dependency
A key strategy is to penetrate under-represented sectors. All of our businesses have a dependency on certain sectors given the historic focus. However, there is a significant opportunity to diversify our customer base with the objective of creating an even more resilient Group.

We are targeting under-represented sectors in particular which have defensive qualities or are well supported by favourable growth dynamics. UK housebuilding is a good example of a sector where there are huge opportunities for the Group, particularly given the broad range of services we can offer.

In all the sectors we are actively targeting, we already have customers, experience and expertise, so the opportunity is to accelerate our progress. We have clear strategies for each target sector.

Offer one-stop solutions
With our extended range of services, the Water & Waste Services division is able to offer one-stop solutions to customers with a greater diversity of requirements across their water in and waste out needs. Pirtek is developing pan-European sales opportunities, providing one point of contact for customers across all the markets we serve and leveraging relationships in the individual countries.

Leveraging *One* Franchise Brands
There is a significant opportunity to leverage relationships, share best practices and resources across the group as part of the One Franchise Brands strategy.

There is also an opportunity to leverage existing sales resources and capability across the Group. For example, the Metro Rod bid team is helping Pirtek win more tender work and the Pirtek CRM team is helping Metro Rod.

Strategic pillar

Growing our Franchises

“Our franchisees are the backbone of our business and we do everything we can to support them to help them profitably grow their business.”

Peter Molloy
CEO

System sales	Franchise brands	Adjusted EBITDA*
£418m	7	£35.1m

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

Pirtek

The design and roll out of leadership training for line managers in franchise businesses to improve staff retention.

The challenge

Staffing our fleet of Mobile Service Units ("MSUs") and retaining technicians is a key challenge and requirement, particularly given the nature of the work. Line managers play a key role in retaining good people but often lack the leadership skills to be effective.

What we did

As part of its Attractive Employer initiative, Pirtek Germany designed and ran a customised, two day training course for line managers of franchisees. Participants also gained access to Pirtek University, an e-learning tool.

The result

The training has helped improve the competency and confidence of line managers, creating a better work environment and benefitted the managers as well as the technicians. Better leadership skills has led to increased performance.

See our divisional review on pages 36-41.

Metro Rod

Improving franchisee efficiency and profitability by helping them optimise operational processes.

The challenge

Helping franchisees correctly, efficiently and consistently follow a number of multi-faceted operational processes which have the potential to improve service level agreements, grow sales, reduce cost and drive efficiencies.

What we did

We ran two-day workshops in franchisee depots to assess current processes and suggest improvements. Support Centre training was also carried out so teams could assist franchisees to improve key aspects of processes and how best to use technology.

The result

According to franchisee feedback, the workshops saved them on average a day a week of time, tangible cost savings, an increase in sales and improved cash flow. A number of franchisees are also embracing AI more effectively to improve processes.

See our divisional review on pages 42-45.

Metro Plumb

Reducing sector dependency by diversifying through offering an expanded range of services.

The challenge

Metro Plumb has had a reliance on high-volume, low-value emergency stabilisation work for the insurance sector. The challenge was to target new sectors through providing an expanded range of services so we could offer one-stop solutions.

What we did

With the assistance of a newly appointed General Manager for Metro Plumb, we further helped franchisees in expanding into gas services and air source heat pumps. This included access to specialist training and network supply arrangements for parts.

The result

Over 50% of Metro Plumb franchisees are now Gas Safe registered and able to provide a full range of services. Nearly 50% of Metro Plumb franchisees now offer air source heat pump installations and service, leading to increased social housing work.

See our divisional review on pages 44-45.

Filta International

Driving growth by helping franchisees invest in equipment amidst market challenges.

The challenge

Weaker used oil prices impacted franchisees' free cash flow, limiting their appetite and ability to reinvest in equipment and expand at the pace they desired. Filta saw an opportunity to eliminate that hesitation and provide a pathway for continued scaling.

What we did

Filta introduced a time-limited offer allowing franchisees to spread payments over 24 months with 0% interest. This initiative provided immediate financial help, lowering the upfront cost of expansion while freeing up cash for franchisees to reinvest in operations.

The result

The response was immediate, with 29 franchisees investing over $500k in new equipment in a month. This included the purchase of 34 Mobile Filtration Units ("MFUs"), a new monthly sales record.

See our divisional review on pages 46-49.

Pirtek Review

Performance moderated by challenging macro conditions

"While record System sales were achieved, low economic growth in all markets impacted demand for Pirtek's services as equipment was not being as intensively used, and preventative maintenance and project work was held back."

Peter Molloy
CEO

Pirtek Review continued

Overview

Pirtek operates in eight European countries: the UK and Ireland, Germany and Austria, the Netherlands and Belgium (Benelux), and France and Sweden. In the major markets of the UK and Ireland, Germany and Austria, and Benelux, the business is mostly franchised, whereas the operations in the early-stage markets of France and Sweden are corporately operated. The franchised operations account for 94% of divisional Adjusted EBITDA.

The Pirtek Europe division generated total System sales of £183.6m, an increase of 46% (2023: 8 months: £126.0m). On a like-for-like basis, System sales grew by 2% (2023 full year: £180.2m).

2024 performance

Pirtek's record system sales reflected a like-for-like increase of 2% in the UK & Ireland and 4% in the Continental European markets, in local currency. This reflected continued good demand for essential reactive services in most sectors despite continued subdued demand for project work and discretionary spending in most of the eight countries in which Pirtek operates.

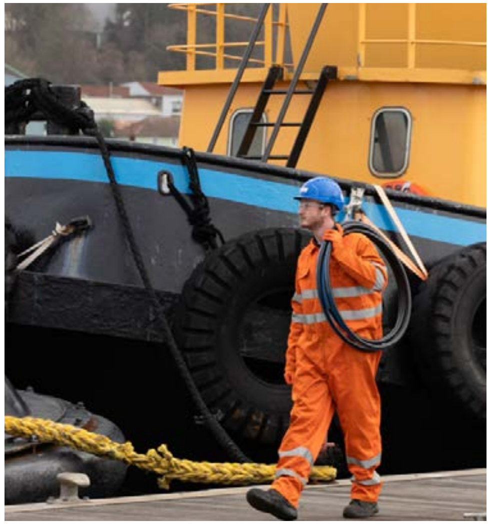
The business showed good resilience despite the challenging conditions and made progress with a number of its strategic objectives. We diversified the business to reduce sector dependency, targeting under-represented and more defensive sectors such as waste management, marine, food and beverage, utilities, rail and materials handling.

The business also expanded its range of services including technical sales and Total Hose Management.

Developing our management team

We strengthened our management team during the year. Torsten Moldenhauer, formerly Group Finance Director at Pirtek Germany and Austria was promoted to Managing Director.

We were pleased to welcome Harald Overwater, Managing Director of Pirtek Benelux, Adam Burrows, Managing Director of Pirtek UK and Ireland and Torsten Moldenhauer were promoted to the Group's Management Board.



Priorities in 2025

- Accelerate integration with the wider Group
- Reduce sector dependency and expand range of services
- Maximise Group-wide sales opportunities

£183.6m
System sales

£63.9m
Revenue

£19.9m
Adjusted EBITDA

Pirtek Review continued

UK & Ireland

"2024 has been a testament to the commitment of the franchise network and Support Centres teams in working together. Despite challenges, we have continued to drive growth, deliver value to our franchise network and strengthen our market position."

Adam Burrows
Managing Director

In 2024, Pirtek UK & Ireland achieved system sales of £81.9m and statutory revenue of £25.2m. A leading provider of reactive hose replacement and repair services, it is the largest business in the Pirtek division with full national coverage provided by 86 service centres who operate 333 mobile service vehicles.

Despite softer demand for construction and hire-fleet sector work and continued subdued demand for large one off project and discretionary spend, the business made good progress with a number of its strategic objectives. These included expanding the range of services, particularly in technical sales, diversifying revenue streams by targeting under-represented sectors to reduce sector dependency and optimise the franchise network.

The business increased its share of higher growth sectors including rail, maintenance, repair and operations, manufacturing and materials handling. It also strengthened its sales and marketing capability by employing three industry specialists to target these and other growth sectors such as utilities, mining and quarrying.

The business demonstrated good resilience in 2024, retaining 97% of its national account customers. Technical sales experienced a significant growth of 14%, supported by the expansion of this service to 75 service centres. This growth was primarily driven by an increase in smaller, recurring technical projects, as opposed to larger, one-off opportunities.

The customer portal has continued to gain significant traction, with adoption rates increasing notably in 2023. As a cornerstone of Pirtek UK's customer growth strategy, the portal is playing an increasingly important role in attracting new customers and retaining existing ones, with a steady rise in customer onboarding and engagement. We further integrated our CRM capability with the sales and marketing activity to align call cycles and digital marketing with the wider sales activities to target new sectors.

The local sales resource initiative continued to expand, with 12 franchisees adopting dedicated local sales roles in 2024. This strategic enhancement has strengthened customer engagement across both national and local accounts, driving deeper relationships and improved service delivery.

As part of our strategy to develop and optimise the franchise network, the business successfully facilitated the resale of four service centres, generating fee income.

We started to leverage the wider UK and broader Pirtek business to unlock new opportunities and contribute resource and expertise. Pirtek identified sales opportunities across the Water & Waste Services division to which it also contributed its CRM expertise. An important contract in the utility sector was won with input from the Metro Rod tender bid team. The successful Filta US Just *One* initiative was rolled out to help drive increased spend from existing customers.

Priorities in 2025

- Enhance industry-specific and local sales
- Further expand technical sales
- Franchise network development

£81.9m
System sales

£25.2m
Revenue

39
Franchisees

Germany & Austria

> In a challenging economic environment, Pirtek has once again demonstrated its resilience and continues to grow. We have also reduced our sector dependency by targeting under represented, more defensive sectors."
>
> **Torsten Moldenhauer**
> Managing Director

The Pirtek German and Austrian business generated System sales of £67.1m and statutory revenue of £16.9m in 2024. It is the second largest business in the Pirtek division, with 98 service centres and 22 franchisees providing full national coverage in Germany, operating with 363 mobile service vehicles.

The German and Austrian business accounted for 37% of the Pirtek division's System sales. The top three sectors are construction, industrial and logistics. We took steps to reduce our sector dependency in 2024 by expanding our range of services and targeting under represented sectors such as the waste management and the food and beverage sector.

Larger hose replacement projects (up-selling) and other hydraulic services (cross-selling), e.g. pressure accumulator and cylinder services, oil management, piping, components maintenance and repair service, accounted for 19% of annual sales in 2024. We regard this as a very creditable result following strong growth between 2023 to 2024. Significant THM customers are in the industrial and technical, steel, chemical, automotive and automation.

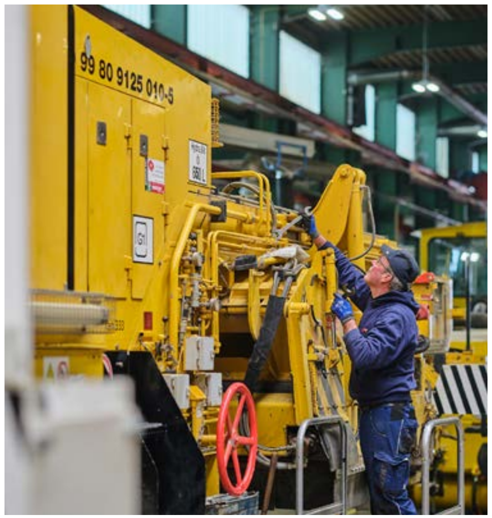
To further support our THM business, we established new job roles in specific service centres to provide focus and support for this more specialist activity which has a different skillset and requirement to the reactive work that is the foundation of our business.

Having sufficient, staffed, mobile service vehicles in the right locations is a key requirement to meet our targeted one hour response time for reactive work and strengthen local customer relationships. We rolled out initiatives to help franchisees buy vans and another 12 vans were added to the fleet in 2024.

We optimised our service delivery by implementing the Attractive Employer Working Group, to address one of the biggest bottlenecks to growth which is to attract, develop and retain Mobile Service Technicians. A centrally managed recruiting process and leadership training for franchisees were key elements to increasing service availability.

During the year, Torsten Moldenhauer, formerly Finance Director, was promoted to Managing Director. The business also moved to a newly built office and warehouse in Cologne, with extended training facilities for technicians, up to date logistic processes and a modern work environment for our Support Centre teams. We also worked with Group IT to develop the requirements of the business for the new Vision works management system.

Our Austrian operation remains sub-scale, and we are reviewing the strategy and business model to profitably grow the business.



Priorities in 2025

Germany & Austria

- Further expand the range of services to planned and project work
- Reduce sector dependency by targeting under represented sectors
- Optimising our service delivery

£67.1m
System sales

£16.9m
Revenue

22
Franchisees

Belgium & the Netherlands

Despite challenges in construction and plant hire, we successfully developed our waste and marine business, capitalising on a resilient market. We are well-positioned going forward as preventive and predictive maintenance markets continue to expand."

Harald Overwater
Managing Director

The Pirtek Benelux business generated System sales of £24.1m and statutory revenue of £11.8m in 2024. It is the third largest business in the Pirtek division, accounting for 13% of System sales. It has 24 centres, with 108 mobile service units and has 11 franchisees.

Pirtek Benelux traded resiliently in 2024 driven by growth in system sales of 8% in local currency, which was assisted by a focus on project work, in particular Total Hose Management. The business operates six service centres corporately, two in Rotterdam and four in Belgium. The Dutch-owned service centres performed well, in particular the Europoort centre.

While Pirtek Benelux has a diversified client base with the top 15 customers accounting for 14% of total sales, the client base was further diversified during the year with increases in waste management and marine which had the effect of reducing its sector dependency from construction and plant hire.

Total Hose Management sales grew 16% in 2024. While project work was more challenging, with several projects being held back, the business carried out a number of major (>£100k) projects for a range of customers in the maritime, offshore contracting, elevator and escalator and equipment rental sectors. The business also further improved its THM back office to maximise opportunities.

The business created a centralised CRM department in close cooperation with the sales team, creating a more technically more informed and engaged sales team. It also further developed opportunities arising from the maximum potential model, and opportunities to work more closely with other Pirtek European businesses.

Pirtek Benelux has broadened its service offering by developing an Internet of Things (IoT)-based hydraulic skid, including pumps, filters and actuators, equipped with sensor monitoring, suitable for both mobile and stationary applications.

The business also worked smartly by launching procurement initiatives to further optimise the cost base including smart product technology implementation and low-cost pole usage. It also improved its working capital optimisation by creating a platform for the network enabling real time visibility of stock availability.

Priorities in 2025

- Grow number of national accounts offering centralised services
- Obtain preventive maintenance work by offering Total Hose Management programmes
- Optimise the Maximum Potential Model opportunities

£24.1m
System sales

£11.8m
Revenue

11
Franchisees

Pirtek Review continued

France

Pirtek France generated System sales and statutory revenue of £8m each in 2024.

The early-stage French business, which is a DLO, has eight service centres, six of which are in the Île de France region, with two in Rhône-Alpes, and operates a total of 45 vans.

The historic dependency on construction and plant hire resulted in a challenging year, with sales volumes failing to materialise. Customers were cautious regarding non-essential spending and increased competitor activity had a negative impact. Our fixed cost base reflects the DLO structure and is difficult to adjust to lower sales volumes.

We continued to optimise our coverage in the Île de France region, deploying vans and technicians in bordering regions that could be supported by our existing centres. We also expanded our range of services, for example, rams and cylinders and oil filtration. A large technical project was completed in the public transport sector. We also strengthened the sales team.

We diversified our top ten clients into more defensive sectors such as transport and waste recycling. We also increased the size of the customer base by 12%.

Sweden

Pirtek Sweden generated System sales and statutory revenue of £3m each in 2024.

The Swedish business is at a relatively early stage and operates as a DLO, with an office in Stockholm and two service centres which operate 22 vans. 2024 was a challenging year for Pirtek Sweden, in particular the continued decline in the construction industry.

Pirtek Sweden has worked to reduce its' sector dependency on construction and plant hire, by targeting new customers in the maritime sector, waste management sector and indoor sector. However, increased work in these more defensive sectors did not compensate for the continued shortfall in construction.

The business took several actions in 2024 to drive sales and improve efficiency. A second service centre was opened in Norrköping, in the Östergötland region. The main supplier of all hydraulic products was changed. Stockholm was divided into two regions and service delivery was optimised to enable closer operational contact with improved quality Mobile Service Technicians ("MSTs").

Priorities in 2025
France

- Drive sales and improve profitability
- Optimise coverage and service delivery
- Reduce sector dependency from construction

£7.8m
System sales

£7.8m
Revenue

45
Vans

Priorities in 2025
Sweden

- Reduce sector dependency from construction
- Drive sales and improve efficiency
- Maximise Group-wide sales opportunities

£2.7m
System sales

£2.7m
Revenue

22
Vans

Water & Waste Services Review

Continued growth and strategic progress

The Water & Waste Services division, which includes Metro Rod, Metro Plumb, Kemac, Willow Pumps, and Filta UK traded resiliently. The division also made good progress with a number of its strategic objectives."

Peter Molloy
CEO

METRO ROD DRAIN CARE AND REPAIR

METRO PLUMB THE NATION'S LOCAL PLUMBER

WILLOW PUMPS DESIGN, INSTALLATION & MAINTENANCE

filta

Water & Waste Services Review continued

Introduction
The Water & Waste Services division, which includes Metro Rod, Metro Plumb, Kemac, Willow Pumps, and Filta UK traded resiliently. Divisional System sales increased by 3% to £110.3m (2023: £106.7m). While growth has been more modest than in previous years, we made good progress with all of our key strategic objectives. In October, Steve Chambers was promoted to Chief Operating Officer of Metro Rod and Metro Plumb.

Continued drive to franchising
The division made significant progress in reducing its corporate operations in 2024. Kemac sold two of its six Metro Plumb territories to franchisees and Metro Rod sold its North-East Scotland corporate franchise (with Scotland now completely franchised). In late 2023, Willow Pumps had sold the remainder of its Kent and Sussex corporate franchise to several new franchisees. In Filta, 100% of FOG servicing work is now being delivered by the expanded network of Filta Environmental franchisees.

Expanding our range of services
We continued to expand our range of services and drive higher value work by offering a one-stop solution to customers for their "Water In, and Waste Out" needs. Metro Rod's tanker fleet increased to 82 tankers and together with Willow Pumps, the division as a whole has 90 tankers.

Good progress was made at Metro Plumb expanding the range of services into gas, air source heat pumps and leak detection. The expanded range of services has allowed us to diversify to reduce our sector dependency away from low value insurance emergency stabilisation work and grow into more profitable sectors such as social housing.

Divisional cross selling
We had significant success in 2024 with divisional cross selling, building on the foundations laid in 2023. We had a more than 100% increase over 2023 in the number of customers buying from two or more brands within the Group, in particular our larger blue chip national accounts customers, and these sales comprised almost £30m of Divisional system sales. However, we have nearly 8,000 customers in the Group last year and from a volume perspective this still makes up a very small proportion, so the opportunity is significant.

Divisional integration and efficiencies
The delivery of all Filta Pump services was transferred to Willow Pumps, driving efficiencies by reducing duplication. It also allows us to cross sell the services Willow Pumps has to offer.

The division completed some 298,000 jobs in 2024, an increase of 3% on 2023 and the average order value increased by 4% to £359 reflecting our drive to carry out higher value, better quality, more profitable work, improving the return on labour. The division benefitted from good growth in higher value and less administrative local sales, and combined with efficiencies, resulted in a 41% increase in sales by Support Centre heads.

We undertook a number of initiatives in 2024 to reduce duplication work, share best practices and ultimately work smarter. In finance, we created a shared service centre at the Macclesfield Support Centre, where we incorporated all of the transactional finance element of Filta's business. This significantly reduced the duplication of work in credit control, particularly with the growth of cross selling and enables the sharing of best practice and process.

Priorities in 2025
- Reduce sector dependency by harnessing group relationships and resources
- Increase service offering and penetration in Metro Plumb
- Increase local sales resources to support franchisees drive local sales

£110.3m
System sales

£46.1m
Revenue

£11.1m
Adjusted EBITDA

Water & Waste Services Review continued

METRO ROD
DRAIN CARE AND REPAIR

Priorities in 2025

- Accelerate expansion of Metro Rod pump expertise
- Continue to maximise divisional and Group-wide sales opportunities
- Continue to reduce sector dependency and target growth sectors

Metro Rod made good progress on its strategic priorities in 2024 and franchisees continued to grow their businesses.

Overall, System sales increased by 5% to £79.4m (2023: £75.7m). Adjusted EBITDA increased by 6% to £8.0m. We continued to expand the range of services. Metro Rod's tanker fleet increased 11% to 82 tankers. Tanker and pumps sales now account for 22% of total sales and have an average order value several times that of drainage.

We saw good growth in local sales, which we help the franchises to develop and manage locally, which have a higher average order value and allow us to target more attractive sectors. They also typically have a reduced operational requirement which provides for administration efficiencies.

Growth was reasonably spread across the network, despite the more challenging trading conditions with 65% of our 46 Metro Rod franchisees growing their businesses in the period (2023: 86%) and 30% growing by more than 20% year-on-year (2023: 48%). 30% of Metro Rod franchisees had sales of over £2m and three franchisees had sales of over £3m.

METRO PLUMB
THE NATION'S LOCAL PLUMBER

Priorities in 2025

- Continue to expand the range of services
- Target under-represented sectors
- Cross-sell plumbing to Metro Rod customer base

Metro Plumb experienced good momentum in 2024, in particular expanding its range of services and diversifying its range of sectors.

Metro Plumb grew System sales by 16% to £8m, the highest rate of growth in the division, and now accounts for 11% of Metro Rod's system sales. We were pleased to acknowledge the first Metro Plumb franchise with turnover of over £1m, a milestone for the franchise network, and two franchisees had sales of over £500,000.

Good progress was made expanding the range of services. Over 50% of Metro Plumb franchisees now offer Gas services and nearly 50% offer Air Source Heat Pumps. We reduced our dependence on less profitable emergency, insurance stabilisation work, which now accounts for only 20% of System sales (2023: 34%) and diversified into growth sectors such as social housing. This work has higher lifetime value.

As part of our drive to franchising, two Kemac territories were sold to new Metro Plumb franchisees. We also sold territories to three new independent franchisees.

"Our first Metro Rod franchisee achieved sales of over £4m and 79% of the network achieved over £1m in sales."

Steve Chambers, Chief Operating Officer

£79.4m
System sales

£18.4m
Revenue

£8.0m
Adjusted EBITDA

* includes Metro Plumb.

"We made good progress at Metro Plumb expanding the range of services to gas and air source heat pumps."

Steve Chambers, Chief Operating Officer

Water & Waste Services Review continued

Priorities in 2025

- Accelerate expansion of Metro Rod pump expertise
- Deliver and expand strong order book for Special Projects division
- Facilitate the provision of Group lowest cost pump supply option

Willow Pumps was further integrated into the division in 2024 and continued to build on initiatives at Metro Rod to drive pump sales.

Overall System sales (the same as Statutory revenue as all the businesses are DLOs) declined by 2% to £18.3m (2023: £18.7m). This was entirely due to the sale in late 2023 of the Kent and Sussex corporate franchise previously managed by Willow Pumps. The underlying sales of the core Willow Pumps business grew by 4%.

Willow Pumps, the pump centre of excellence in the division, took over Filta's pump work in 2024, driving efficiencies by reducing duplication as well as optimising customer service. It also allows us to cross sell the services Willow Pumps has to offer. Willow Pumps has trained over 90 Metro Rod engineers to provide pump maintenance and servicing and assist with more specialist pump work.

The Special Projects division is beginning to win work. It is engaged in capital light, higher margin, business by managing larger and longer-term projects using a well-established supply chain.

Adjusted EBITDA increased by 6% to £2.0m as the business benefitted from higher gross margins and tightly controlled overheads.

"Willow Pumps took over the Filta pump work in 2024, optimising the service delivery and customer experience."

Kevin Perry, Managing Director

£18.3m
System sales

£18.3m
Revenue

£2.0m
Adjusted EBITDA

Priorities in 2025

- Accelerate development of national and local account sales
- Continue to drive operational efficiencies
- Roll out Vision works management system

Filta UK continued its journey from being predominantly a DLO to a franchised business and became further integrated into the division.

More work was carried out by the franchisees as they took on more of the servicing of Grease Recovery Units ("GRUs") previously undertaken by direct labour. Three new franchisees joined the network taking the total to 26 with a good pipeline established for 2025.

The move to franchising has significantly improved our service levels and enhanced the customer experience. This provides a good platform for future growth.

As part of our integration strategy, Filta's pump work was transferred to Willow Pumps, driving efficiencies and cost savings. Filta's transactional finance was incorporated into the new shared service centre we created at the Macclesfield Support Centre. This led to a significant reduction in the duplication of work in credit control.

"100% of all FOG service work is now delivered by franchisees and the move to franchising has significantly improved customer service."

Andy Bayliss, Managing Director

£12.6m
System sales

£9.4m
Revenue

£1.1m
Adjusted EBITDA

Filta International Review

Accelerating FiltaMax

Filta International's North America business performed well. Great traction was made with the FiltaMax strategic growth initiatives, with franchisees continuing to expand their range of services and strategic alignment of a number of key metro markets.

Filta International Review continued

FiltaMax strategic growth initiatives gained traction

A key driver of this growth is strengthening Filta's presence in the 55 metro markets we are targeting which are critical to our expansion. Our focus is on strategic alignment, ensuring the right growth-driven franchise owners are in the right markets with the resources to scale aggressively.

The key drivers are: to maximise opportunities in under-served territories by expanding the range of services; realign underperforming metro markets with new, high-growth franchise owners and consolidate key markets.

We refreshed the Maximum Potential Model for 2025 to gauge the reforecast growth opportunity and this shows the maximum potential of $1.4bn, compared to System sales of $121m today, meaning we have less than 1% share of the total market.

Expanding the range of services

FiltaGold and FiltaClean are our newest services, driving revenue to our franchisees and creating a new royalty stream for Filta. FiltaGold is a bulk virgin oil supply service and FiltaClean is a deep-cleaning service for kitchen equipment. Strong momentum was generated in 2024 selling and upselling these royalty services which now account for over 20% of System sales. 68% of franchise owners provide FiltaGold and 34% provide FiltaClean. Our kitchen cleaning services are viewed as having great potential going forward.

Reducing our sector dependency

While traditional restaurants are an important part of the business, Filta has strategically expanded into a wide range of industries in order to reduce sector dependency. Restaurants account for 34% of customers by system sales. Beyond restaurants, the business serves Hospitals & Healthcare Facilities, Stadiums & Arenas, Colleges & Universities, Hotels & Resorts and many more. Our diverse customer base helps to improve resiliency amid fluctuations in any one sector, but also creates ongoing growth opportunities in high-volume, high-demand markets.

Transforming key metro markets

As we continue to execute our growth strategy, key markets are seeing real transformation through strategic realignment, consolidation, and service expansion.

A case study was Philadelphia, Pennsylvania, where a Filta-assisted franchise resale and realignment turned a stagnating business into a high-growth operation, surpassing $2 million in sales within the first year, an increase of over 200%. This success was driven by a growth-minded franchise owner realignment bringing in high-value customers and upselling FiltaGold and FiltaClean into the market.

Franchisees in growth

Growth in system sales was shared across the network in 2024. Of the 125 franchisees, 38 (30%) had System sales of over $1m and 12 franchisees (10%) had growth of over $2m. 57% of FiltaFry franchisees grew their businesses by over 10%.

Priorities in 2025

- Convert more franchise owners from a fixed to a percentage based royalty
- Continue to roll out and up sell FiltaGold and FiltaClean
- Recruit high quality and ambitious franchise owners in over 50 key metro markets to build businesses of scale

£97.8m
System sales

£25.6m
Revenue

£6.0m
Adjusted EBITDA

FiltaMax

Strategy in Action

The FiltaMax growth initiative had great traction in 2024. The strategy is to drive penetration in the 55 key metro markets through maximising opportunities in underserved territories. This is achieved by expanding the range of services and realigning and consolidating underperforming key markets.

Upselling FiltaClean and FiltaGold is a key part of expanding our range of services. 68% of franchisees now offer FiltaGold and 34% offer FiltaClean. Both services drive additional revenue to franchise owners, boosting retention and customer loyalty.

As we continue to execute our growth strategy, key markets are seeing real transformation through strategic realignment, consolidation, and service expansion. Case studies in 2024 were Philadelphia, Boston, Jacksonville and Mobile.

More franchisees are transitioning to new, percentage-based royalty agreements in exchange for expanded territories and service offerings. This is helping to ensure a stronger, more scalable network. 30 franchisees had transitioned to the royalty model at the end of 2024.

Oil related services

filtafry

What it is

The flagship service, providing on-site microfiltration of cooking oil using our proprietary 550 mobile filtration units.

Progress

Over 9k customers serviced each week. Further diversification of the customer base.

filtabio

What it is

A service whereby used cooking oil is collected and stored being transported for recycling into biodiesel.

Progress

52 m lbs of used cooking oil was recycled into biodiesel in 2024, an increase in volume of 15%.

filtagold

What it is

A fresh oil supply service in boxed and bulk form, with environmental benefits.

Progress

68% of franchisees now offer the service which accounted for 17% of system sales in 2024.

Cleaning services

filtaclean

What it is

A steam-based, safe, deep cleaning service for commercial kitchens, including equipment as well as the facility.

Progress

The royalty-based service was developed significantly in 2024 and 34% of franchisees now offer FiltaClean.

25%
Of franchises on royalty – 50% of System sales

68%
Franchisees offering FiltaGold

52m lbs
Volume of waste oil collected in 2024

> "We have a clear, scalable growth strategy with a medium-term target of $500m in system sales."

Tom Dunn
Chief Executive Officer

Filta International Review continued

Interviewing John Michals
Chief Operating Officer
about waste oil.

Q&A

What is the importance of used oil recycling to Filta?

The FiltaBio used cooking oil recycling programme remains a key Filta service offering and one that is critical, profitable and a value-add for franchise owners. It boosts loyalty and strengthens customer retention. Currently, waste oil accounts for approximately 15% of system sales. As we expand our range of services, we aim to further reduce used oil sector dependency while maintaining its strategic importance.

What influences FiltaBio revenue?

Volume and price. While we can't control market fluctuations, we focus on what we can control which is growing collection volume. In 2024, we collected over 50m of UCO, a 72% increase from 29 million pounds in 2021. With 77 franchise owners with used oil storage facilities, each holding 6,000 gallons, we are well-positioned to continue to drive collection capacity.

What have the price movements been recently?

Following the extreme price swings of 2022 and 2023, 2024 remained relatively stable. Given the unpredictability of market movements, our 2025 forecast takes a long-term, risk-adjusted approach, budgeting slightly ahead of the ten-year realised weighted average which is $0.33 per lb. This strategy balances recent volatility with historical stability for the overall objective of sustainable growth.

What is the longer term strategy?

By prioritising service expansion, operational efficiencies, and strategic market positioning, we are building a resilient, scalable business model that drives long-term success while continuing to deliver the FiltaBio service our customers highly value and rely on.

Spotlight on FiltaClean

What is FiltaClean?

FiltaClean is a deep-cleaning service for commercial kitchens. We launched it in late 2023 responding to strong customer demand. It is a royalty-based service. FiltaClean uses a combination of kitchen-rated cleaning products and eco-friendly steam-based cleaning techniques to remove grease and grime from equipment and almost all kitchen surfaces.

What are the benefits to customers?

FiltaClean helps our customers improve cleanliness and sanitation and comply with health and safety regulations. The thorough and effectively steam-powered cleaning can also help increase kitchen efficiency and productivity, including extending the life of the equipment. The service is flexible and integrates seamlessly into existing maintenance schedules, with the objective of minimising downtime.

What are the benefits to franchisees?

It provides franchisees with a valuable new revenue stream as they can upsell the service to existing customers and market it to new potential customers. While full kitchen cleaning typically occurs less frequently (quarterly, semi annual or annual cleaning), their relatively high job value makes them a significant contributor to revenue growth as well as boosting customer retention.

How are we developing the service?

34% of franchisees now offer FiltaClean and it accounts for 6% of system sales so there is a significant opportunity for growth. The service can be combined with drain and walk-in cooler panel treatments, ensuring improved hygiene and operational efficiency. We are exploring the potential to further develop the cleaning range of services.

B2C Review

A creditable performance

The B2C division performed creditably against the backdrop of a challenging labour market which impacted franchise recruitment and retention. ChipsAway, which accounts for 84% of divisional Adjusted EBITDA, performed more robustly.

ChipsAway
LIKE IT NEVER HAPPENED

ovenclean
LESS GRIME. MORE TIME

Barking Mad
Happy Dog. Happy Holiday. Happy You.

B2C Review continued

Tim Harris
Managing Director, B2C Division

> The B2C division comprises ChipsAway, Ovenclean and Barking Mad, three leading home-service brands and has close to 300 franchisees. My team was pleased to deliver a creditable performance in a challenging environment."

Tim Harris
Managing Director, B2C Division

The B2C division comprises the ChipsAway, Ovenclean and Barking Mad franchise businesses. The franchise recruitment and retention environment in which the B2C division operates continues to be challenging, with reduced consumer confidence and people being more risk-averse and less attracted to self-employment, even in the relative strength and safety of a franchise model.

Notwithstanding this backdrop, the division successfully welcomed 30 new franchisees (2023: 39) and the number of leavers declined to 59 (2023: 69). Overall, we closed the year with 298 franchisees, reflecting our ability to adapt and maintain a solid network.

While System sales declined very marginally in 2024 to £26.0m (2023: £26.2m), strict cost control resulted in overhead being 1% lower than the previous year. As a result, Adjusted EBITDA declined by only 5% to £2.2m (2023: £2.3m), which we consider a solid result given the challenging environment. ChipsAway continues to be the largest contributor to divisional Adjusted EBITDA, accounting for 84% in 2024 (2023: 81%).

Encouragingly, the average turnover for ChipsAway franchisees increased by 8%, to £112,000, up from £103,000 in 2023.

Although consumer confidence was impacted, the markets for all our brands remain strong, with the division generating 341,000 consumer leads for our franchisees in 2024 (2023: 361,000), demonstrating continued interest and demand for our services. We are continuing to support our franchisees with a strong focus on local consumer marketing to drive growth in 2025.

We support our franchisees to operate at high standards and provide industry-leading technical courses to our franchisees, including our Institute of the Motor Industry ("IMI") approved Multi Panel Repair course. We have also offered specialised courses on Electric Vehicle technology.

Priorities in 2025

- Incorporate AI into online quoting for accident damage assessment
- Educate consumers as to ChipsAway larger repair capability
- Invest in supporting and training ChipsAway franchisees for growth with larger repairs

£26.0m
System sales

£5.8m
Revenue

£2.2m
Adjusted EBITDA

Working Responsibly

Our guiding principles

We have five guiding principles that inform the way we work with each other, support our franchisees, and serve our customers and communities.

We demand integrity

We are professional in everything we do and treat people with respect.

We empower people

We empower our people and expect them to take ownership of a situation and to be accountable for their actions and the results they generate.

We are fair

We consider that fairness and transparency are essential to creating high-trust working relationships with each other, and with our franchisees, partners, suppliers, and customers.

We challenge ourselves

We set high standards, are demanding of ourselves, prepared to challenge the norm and have a relentless focus on continuous improvement.

We work as a team

We place a huge amount of importance on teamwork between our colleagues and our franchisees to create a dynamic business.

Working Responsibly continued

Overview

Working responsibly is an imperative and we are committed to doing what we can to contribute to a more sustainable future. Our focus is on developing a business that builds economic and social value and protects our environment in everything we do.

Our goal is to create an inclusive, fair and rewarding environment where our colleagues and franchisees can thrive. We also want to have a positive impact on the communities in which we work and live, and operate to the highest standards of integrity, transparency and accountability.

We acknowledge the significant risk posed by climate change and that we have a part to play in addressing the impact this will have. We are committed to reducing our environmental impact wherever we can.

Our approach to ESG

During 2024, we made progress with many aspects of our ESG journey. On the environmental side, our Climate Change Working Group has made good progress in understanding the climate-related risks and opportunities facing the Group in a number of different emissions scenarios.

UN goal:	How we principally contribute:
Good health and wellbeing	– Mental Health First Aiders training. – Employee assistance programme for all staff. – Highly developed health and safety processes and training. – Purposeful charity support and involvement.
Gender equality	– High proportion of females in our Support Centres: 55% in Metro Rod and over 60% in B2C. – Leadership development opportunities for female managers. – More females in management positions.
Decent work and economic growth	– Development opportunities, rewards and recognition. – Share option scheme which covers 291 people. – Create local employment in the community.
Sustainable cities and communities	– High standards of quality and sustainability. – Manage and commitment to reduce environmental impact. – Accreditations and certifications.

A spin-off benefit of their work has been initiatives to investigate the potential development of electric vehicles, and in particular vans and tankers, and also to consider whether the use of HVO fuel, which potentially offers a significant reduction in carbon emissions, could be an option for the Group and its franchisees.

We have also collated data and calculated on a voluntary basis emissions associated with our franchisees' businesses for the first time. These franchisees businesses accounted for 9% of Group System sales. We are planning to build on this next year.

We continued to engage with the communities in which we operate. This is primarily done at a local level, where our people and our franchisees have the knowledge and relationships to help us make a positive difference.

Creating a great working environment

We believe in providing everyone with a great working environment and opportunities to develop, learn and grow in an environment which promotes diversity and inclusion, equality and wellbeing.

With almost 650 people in Franchise Brands across ten different countries, the career development opportunities for our people have never been greater.

Helping our franchisees and employees work more responsibly

Environment

- Reduce, Re-Use, Recycle
- High quality and service delivery
- Education and high standards of training
- Environmental Impact Reports for Filta customers

Social

- Creating local employment
- Apprenticeships and work experience
- Contribution to community projects, charities and activities

Governance

- Upholding high standards
- Being transparent
- Being accountable

Working Responsibly continued

Social

A great working environment

Our people are at the heart of our business and our most valuable resource. They play a key role in supporting our franchisees and helping them to grow their businesses. We support our people in a number of ways, are always receptive to ideas and feedback and encourage them to get involved.

We believe in the importance of creating and maintaining a diverse and inclusive working environment where team members feel welcome and can be themselves. It's also vital we create a great place for people to work where they can develop, have great pride in the business and sense of purpose.

Gender pay gap

We reward our people fairly. This includes upholding equal pay. As part of our commitment to be an Employer of Choice we report on our Gender Pay Gap. We are pleased to report our gender pay gap reduced to 18% (2023: 26%) and we are proud of the increasing number of women we have in management roles.

Share ownership

Our strong ownership culture is one of the keys to our success and 291 people in the Group, or 45% of employees, have share options.

Gender Pay Gap
18%
2024

Number of people in the Group*
646
2024

Breakdown of our Group-wide employees

As at 31 December 2024	Total number of FTEs*	Male (%)	Female (%)
Pirtek			
Franchise Support Centres	123	71%	29%
DLO and corporate franchises	164	91%	9%
Water & Waste Services			
Metro Rod and Metro Plumb Support Centre	103	45%	55%
DLO and corporate franchises	175	76%	24%
Filta International	35	74%	26%
B2C division Support Centre	16	37%	63%
Azura	14	86%	14%
Franchise Brands plc	16	68%	32%
Total	646	73%	27%
Franchise Support Centres	261	60%	40%
DLOs and corporate franchises	339	83%	17%
B2C division franchise Support Centre	16	37%	63%
Azura	14	86%	14%
Franchise Brands plc	16	68%	32%
Total	646	73%	27%

* Full time equivalent members of staff as at 31 December 2024.

Working Responsibly continued

Social continued

Some of the ways we create a great work environment

We are committed to creating an inspiring, purposeful and progressive working environment for all our staff across all our businesses."

Julian Mason
Group Head of HR

Keeping everyone informed and updated
- Informal drop-in sessions and coffee mornings with MDs and COOs
- All-staff weekly calls, monthly briefings, staff lunches with Guest Speakers
- "Bite Sized" training sessions for franchisees on Marketing, HR and other key functions
- Leadership and management training, and coaching
- Centre manager training

Health and wellbeing
- Employee Assistance Programme access to counselling and occupational health and increased mental health first aiders across the Group
- Health and Safety inductions
- Regular guest speakers from a wide range of charities
- On site yoga morning wellness exercise classes
- Bring your dog, and young children to work days

Making things easier
- Free / On-site EV / Car Chargers
- Training centre vans and pool cars available
- In house recruitment – easier to apply for through social media and our new Applicant Tracking System – particularly for engineers
- State-of-the-art training facility Metro Rod Support Centre
- Flexible working arrangements, including four-day week

Reward & Recognition
- Group-wide share options
- Incentives for sales referrals and cross selling
- Long service awards. Employee of the month initiatives
- Salary sacrifice schemes
- Journey to paying the Real Living Wage across all businesses

Making a difference
- Refurbishment of Metro Rod Support Centre to include a work café, games and media room
- Employee suggestions boxes
- Partnering with a large range of charities Group-wide
- Paid charity volunteer days

Personal development
- e-learning tools and training libraries
- Ladies leadership development programme and coaching
- Regular reviews, HR workshops on key topics
- On site training on Respect at Work and Equality, Diversity and Inclusion
- Employee suggestions for "Needs, wants and wishes" to help broaden access to tools and resources

Working Responsibly continued

Spotlight on Health & Safety: Water & Waste services division

The Water & Waste Services division is aware of its obligations under legal statutes and recognises that to be successful it needs to place health preservation and the safety of its employees, contractors, franchisees, clients, public and others at the forefront of its operational thinking and planning. We also have a responsibility to the environment and the quality of service we provide.

In support of this, we have developed a SHEQ vision, which is:

To be an industry leader in safety, health, environmental and quality performance, through resilient management systems and positive leadership, supported by no compromise attitudes and behaviours, which instils a pride in our colleagues and partners.

To help achieve this, our management system and processes are based upon HSG65 – Managing for Health and Safety and ISO standard 45001, ISO 9001 for quality and ISO 14001 for Environmental. We have achieved a 100% pass rate on all our ISO audits since being part of Franchise Brands plc.

The Water & Waste Services division is committed to continuously developing and implementing industry leading health, safety, environment and quality procedures and processes throughout its work activities. These will enable our people, partners and those we touch to be safe and healthy, whilst ensuring the protection of the environment and delivering quality to our customers. We ensure our staff are correctly trained and equipped to carry out any job they receive."

David Corbett
Water & Waste Services division Group Safety Health Environment and Quality (SHEQ) Manager

The division is supported by a dedicated team of safety professionals who support and advise our teams.

We welcome collaboration with our clients and seek to foster working relationships with like-minded organisations who share our ethos and commitment to the highest standards of safety in all that we do.

We have a proactive and innovative approach to safety. From using handheld technology for vehicle and equipment checks and audits as well as access to RAMs and COSHH data, we build safety into everything that we do.

This is then verified by external accreditation partners who look at the way in which we work, our systems and controls, and how well they are communicated and utilised in the field.

We are very proud of our accreditations as an indication of the effectiveness of our safety arrangements.

OUR SHEQ VALUES

No incidents, No pollutions, No accidents

- Nothing is so important that we cannot take the time to do it safely
- We will never knowingly walk past an unsafe act or condition
- We are committed to the principle that all accidents and harm is preventable

As the Group SHEQ manager, the Water & Waste Services division is committed to the principle that there should be zero risk."

Dave Corbett
Water & Waste Services division Group SHEQ Manager

Zero risk to:
- **Physical or mental health**
- **The Environment**
- **Clients, or our reputation**

All companies within the Water & Waste Services division are accredited with the following certifications as a minimum:

- ISO 9001 2015
- ISO 14001 2015
- ISO 45001 2018
- Cyber Essentials Plus or ISO 27001

Growth Summit

In November 2024, we held our second Growth Summit in Amsterdam, bringing together over 70 leaders from ten countries across the Group. The theme of the Growth Summit was *One* Franchise Brands.

***One* Franchise Brands**

Strategic pillar

Focus

- Generating ideas to grow System sales
- Optimising and developing our franchise networks
- Developing ideas to work smartly, including spend smartly
- Integration initiatives to drive operational gearing

Working Responsibly continued

“Having recently joined the Group, the Growth Summit was a fantastic opportunity to meet everyone, connect with the Group’s strategy and *One* Franchise Brands.”

John DiCaro
Finance Director, Filta US

Focus of the Growth Summit

We held our second Growth Summit in Amsterdam in November, inviting over 70 leaders from ten countries across the Group to get together for two days face to face, to develop relationships and generate ideas.

Led by Peter Molloy, and supported by the plc Board, all of whom attended, we launched the *One* Franchise Brands initiative and focused on ideas to enhance sales, manage our cost base by spending smartly and working smartly.

Dynamic, inclusive, interactive

The format was highly participatory and inclusive and we had some 25 leaders from the across the business, delivering, presenting or facilitating panel discussions, breakout groups and feedback sessions.

We brainstormed our superpowers, how we could leverage expertise, experience and best practice across the Group, so that everyone benefits. We also discussed what could be done centrally and what should stay local. We discussed how these ideas could benefit our franchise networks as “if they grow, we grow”.

Creating a great place to work

We connected with our guiding principles and really brought those to life. A panel from across the business discussed the ways we can create a great place to work, helping to recruit and retain the right people, provide fulfilment, develop leaders and have a positive impact on wellbeing.

“A fantastic experience and opportunity to collaborate, share insights, exchange ideas, and learn from Group colleagues. I also gained a deeper understanding of *One* Franchise Brands and how it supports our collective success.”

Adam Flint
Head of Operations, Pirtek UK

“Incredibly insightful, thought-provoking, and simply motivational. Plus, it was a fantastic opportunity to connect with so many people in such a short amount of time.”

Amy Perry
Business Relationship Analyst, Water & Waste Services

“Working in franchising for many years, I still find it remarkable that there is so much to learn from everyone and their experiences. The Growth Summit illuminated that and delivered a forum where individual knowledge and best practice could be shared and put into practice.”

Erik Pones
Senior Consultant, Business Development, Pirtek Germany

Working Responsibly continued

Tom Dunn
CEO, Filta

Can you describe your journey with Filta?

I joined Filta 16 years ago because I saw a unique company at the beginning of an exciting journey, one I knew I could contribute to. Filta pioneered the Fryer Management industry, providing a necessary and highly valued service.
As CEO, my focus is on expanding our franchise network, strengthening customer relationships and fostering innovation.
I support our franchisees and support team members, providing them with the tools and guidance they need to succeed.

Interviews with our senior leaders

What makes Filta a leader in the industry?

Filta stands out because we provide services that are both essential and sustainable. Our fryer management, waste oil collection, fresh oil supply and cleaning services help businesses operate more efficiently while reducing their environmental impact. We are committed to helping our customers achieve sustainability without sacrificing profitability.

How does Filta support its franchisees?

Our franchisees are the backbone of our business. We provide comprehensive training, ongoing operational support, marketing assistance, and innovative technology to help them succeed. We also foster a strong network where franchisees can collaborate and share best practices.

What has been your proudest moment?

My proudest moments come every year as we reach new milestones. In 2024, we surpassed $121 million in system sales, and 38 franchisees achieved over $1 million in revenue. More than the numbers, I take the greatest pride in knowing that our team has made a lasting impact, changing the lives of so many who have joined the Filta family.

How is Filta leveraging technology to improve operations?

We're always looking for ways to enhance efficiency through technology. From route optimisation software for franchisees to improved data analytics for customer insights, we're using technology to drive smarter business decisions and better service.

What opportunities do you see for Filta in the coming year?

Expansion remains a top priority.
We're looking to grow our franchise network in key markets, introduce new service innovations, and strengthen partnerships with large-scale commercial operations.

Why should someone consider becoming a Filta franchisee?

Filta offers a proven business model with strong demand, recurring revenue, and a focus on sustainability. Our franchisees benefit from ongoing support, a low-overhead business structure, and a growing customer base that needs our services.

"Filta is in a strong position to continue growing and making a difference. We remain dedicated to innovation, service excellence, and sustainability. The future is bright, and I'm excited for what's ahead."

Tom Dunn
CEO, Filta

Working Responsibly continued

Beth Peace
Group Finance Director

What first attracted you to Franchise Brands?

I moved to Franchise Brands in 2019, having previously worked as a Commercial Business Partner for Whyte & Mackay, a whisky company in Scotland. Whilst the services we were offering at Franchise Brands were less glamorous, I was really attracted to the ambition of the group and the opportunities to grow and develop our franchising services. I was also hugely attracted to the opportunity to work with an experienced management team and I have been very grateful to have had the ability to learn from the wide range of knowledge and experiences in the Group.

Interviews with our senior leaders

Have you ever worked in a franchise business before and what is your view now on franchising?

Franchise Brands was my first experience working with franchisees, and having now worked closely with our network for the last six years I can see the huge benefits of a franchise business. The franchisees are invested in the business, and they bring added energy and ambition to the Group that helps continue to drive it forward. But it also creates a much more robust, sustainable business model and, particularly at times of challenge within the wider economy, we see the benefit of having a diverse range of well established franchisees in the network.

What has been the biggest accomplishment over the last 12 months?

We made great progress in 2024 towards integration. We integrated the transactional finance function of Filta into Metro Rod, creating a shared service centre at our Macclesfield Support Centre. This had a number of challenges, particularly with the different systems and processes to incorporate. However, I was incredibly proud of how quickly and effectively the team got up to speed with this, and the improvements we have seen already as we start to integrate these processes.

What have you learnt on your development journey that you can take to your new role as Group Finance Director?

Having worked with a number of businesses within the Water & Waste Services division, it highlighted the importance of understanding the business to be able to support the key stakeholders to make the best decisions. I have learnt that in order to support the Managing Directors within the business we need to take the finances and a commercial view of the business in order to provide that well rounded approach as a finance director. The importance of this is something I want to take with me to my new role to ensure I can support the wider Franchise Brands businesses achieve their objectives.

What do you see as the biggest opportunity for the Group Finance Function?

As the Group has expanded quickly with the acquisitions of Filta and Pirtek, there is a huge opportunity to integrate Group Finance as a core function for the entire group. The move to One Finance, a new Group-wide finance system will create one central database for all financial information. Together with One Reporting, this will allow us to improve the quality of management information within the group allowing for better, faster decision making.

"I have learnt that in order to support the Managing Directors within the business we need to incorporate a financial and a commercial view of the business."

Beth Peace
Group Finance Director

Working Responsibly continued

Interviews with our senior leaders

Torsten Moldenhauer
Managing Director, Pirtek Germany

What is your background?

I have spent most of my career to date in various finance roles. In doing so, I have always tried to shape the various roles with entrepreneurial thinking. Since I joined Pirtek in 2019, I have developed the finance department into an essential part of Pirtek Germany & Austria's development.

What are the benefits of having developed with the business?

Pirtek is a well-established franchise system, whose strength is based, among other things, on a reliable partnership between franchisees and franchisor. Especially in the challenging economic environment, it is important to demonstrate continuity and reassurance to our franchise partners so they continue to invest in their business. Above all, franchising is a people business. It is important to know and understand the structures and network within a system and I am well placed to do this given my experience of the business and the relationships I have developed.

What are your key strategic priorities in your new role?

Developing the franchise network is an important priority. Pirtek was established in Germany in 1996 and after ten years of consolidation of franchise partners, there are a number of franchise partners who will be looking for successors for their businesses in the medium-term. It is important to have financially strong franchise partners who continue to invest in growth and I am keen to attract new franchisees, with all their new energy, ideas and ambition, building on the strong platform for growth we have established.

How does Pirtek help develop various models for franchisee succession?

We can do this from within the company or from outside. Here, too, there must be a high degree of trust and security for both partners. Experience shows that we have so far had very ambitious partners who continue to invest in the development of their own company until it is sold, thus also supporting our further growth.

Where do you see the market potential for Pirtek?

Pirtek's traditional strength is the reactive business. Customers value our reliable, fast and safe service. To continue to grow, it's important to invest in additional mobile service units and Pirtek centres and make sure we have the labour to carry out the service delivery.

What are the other growth areas of the business?

There is a great opportunity in preventative maintenance and servicing which is a clear growth area. We have acquired many new customers in this area in recent years and there is an opportunity to further develop our service portfolio. There are also sectors where we are under represented and where we can leverage our knowledge and expertise to develop new customer groups and industries. I want to change the mindset that we can do more in different areas building on our core competence in reactive work.

> There is a tremendous opportunity to grow the business further based on the strong foundations we have. I want the energise the business, develop new ideas and welcome new franchisees, building on our strong platform for growth."

Torsten Moldenhauer
Managing Director, Pirtek Germany

Working Responsibly continued

Steve Chambers
Chief Operating Officer,
Metro Rod & Metro Plumb

Reflecting on your journey, how does it feel to transition from the contact centre to COO after 11 years with the business?

Fantastic! For someone who left school with a handful of qualifications, being embraced by a business that has challenged me, mentored me and developed me has been incredible. When I initially joined the contact centre I saw the opportunity to progress quickly and this has continued. Working for a business that supports so many people and their families is a huge driving force behind how I handle everyday challenges.

Interviews with our senior leaders

How do you plan to reshape franchise support and operations under your leadership?

We have a new Head of Operations with experience from a major franchise competitor, with real life experience in running a franchise business himself. I am passionate about customer service and helping our franchisees delivery this consistently. I also want to tailor the support we are providing to franchisees on a tiered basis as they build their businesses. A Metro Rod business turning over £2m a year has different needs to a Metro Plumb business turning over £300k a year. Mentoring and coaching can help with this. I also want to further encourage the franchisees to leverage their day to day experience and share best practice across our networks.

What is the most rewarding part of running Metro Rod and Metro Plumb?

Hearing news like "I have just put my deposit down on my first house", or "I have taken my family on holiday abroad for the first time" or seeing a Metro Rod franchise originally purchased for £25k go on the market and sell for hundreds of thousands of pounds or more. Also receiving exciting texts like "I told you I will hit £300k this month!" or that "I won that contract". I will be staying close to our franchisees to ensure we share successes.

Looking forward, what are your priorities for the business, and how do you envision the business evolving under your leadership?

I love our brand and am very passionate about providing our customers with a first-class service, so I really want to focus on excellence in this area. I want to continue to drive our expansion of the range of services,so we can provide customers with a true one-stop shop of solutions. Driving pump work is a key priority. I also view a sale as a sale, irrespective of whether it is a local, national or domestic sale, so we should maximise all sales opportunities, within the Water & Waste Services division and across the wider Group.

How do you plan on utilising *One* Franchise Brands to harness Group-wide opportunities?

By leveraging shared resource across the Group to drive customer engagement in tendering and client contacts. By sharing best practice of franchisees, to drive operational excellence and profitable growth. Finally, by sharing knowledge of customers and sectors to educate our networks to explore customers' needs further. We have so much experience, expertise and resource across the Group and I am keen to tap into as much as I can.

> I joined Metro Rod 11 years ago and could see the opportunity to develop a career in franchising. With the opportunity now to lead Metro Rod and Metro Plumb, I am looking forward to making a very positive impact."

Steve Chambers
Chief Operating Officer,
Metro Rod & Metro Plumb

Working Responsibly continued

Developing our female leaders

We believe in the power of investing in our female leaders across the business and are proud of their development and success!

Pioneered by Julia Choudhury, we launched the Developing Inspiring Leaders initiative a few years ago to help our high-potential leaders to successfully embrace the opportunities and challenges arising from greater leadership roles within the Group. We organise events and opportunities for our female leaders which will be developmental, inspiring and engaging.

In November, some 20 of our female leaders gathered to spend a day in the heart of the City at the offices of our joint brokers, Stifel Europe, where we had the opportunity to be learn, share and build relationships.

One of the highlights of the day was our guest speaker Jodie Plows, CEO of Nobody's Child, who gave up time from her busy day to share insights on her journey and experience. We had a very engaging interview and Q&A session with Jodie and were able to ask her for advice on all sorts of topics such as teamwork, vision and goal setting, dealing with challenges, how to influence in a more male oriented environment and work life balance.

We also had a presentation and discussion from Stifel, our joint brokers, where the ladies learned more about the stock market, the role of the brokers, how investors view Franchise Brands and investor relations. We concluded the day with a group coaching session facilitated by Alice Bufton-Thorneycroft, an experienced coach. We were able to put a wide range of coaching questions to Alice and discuss them together which was beneficial in that we were able to share and learn from each other, as well as Alice.

Jodie's insights were truly powerful, especially on personal and professional growth. She shared her journey and emphasised vital lessons including learning that it's about recognising the investment the business makes in you, and understanding that you have the chance to evolve, learn, and make an incredible impact."

Tracey Cockerton
Franchise Sales Manager,
Water & Waste Services division

Alice Bufton-Thorneycroft, executive coach and facilitator

Appointment of Beth Peace to Group Finance Director

Congratulations to Beth Peace, Finance Director in the Water & Waste Services division who has been appointed Group Finance Director, a new position. Beth joined Metro Rod initially in 2019 as Finance Operations Controller and has progressed quickly through the organisation. A chartered accountant, Beth previously worked for the whisky producer Whyte & Mackay. To find out more, see the full interview with Beth.

Find more information on page 60.

Working Responsibly continued

Developing our female leaders continued

A wonderfully inspiring and informative day spent with a group of super interesting, positive and aspirational ladies! I came away very inspired."

Harriet Morley
Finance Director, Filta UK and Central IT

We have built on this with online coaching sessions which enable a deep dive into particular topics. The first session focused on goal setting and action planning.

We had a record number of female leaders from across the Group join the Growth Summit in Amsterdam, playing a key role in the delivery of content through panel discussions and breakout groups.

We were delighted to acknowledge the success of Beth Peace, newly-promoted Group Finance Director,and Melanie Hall, who qualified as a solicitor and was promoted to Group Head of Legal. Congratulations to them both!

I came away feeling so motivated and with so many actionable ideas. It was such an enjoyable and valuable experience."

Michele Shepherd Kings
Management Accountant, B2C division

Melanie Hall's leadership journey to a solicitor and Group Head of Legal

We supported Melanie, who had originally joined ChipsAway in 2008 as an administrative assistant to complete a law degree which she carried out on a part-time basis. She followed this up with a 2-year Masters in Commercial Law which included a dissertation on franchise trademarks.

Seeking her next challenge, we supported Melanie to sit her Solicitor's Qualifying Exams, part 1 and 2 which she passed first time. She then progressed her application with the Solicitor's Regulatory Authority and was admitted to the Solicitor's Register in 2024 upon which Melanie was promoted to Group Head of Legal. We congratulate Melanie on her incredible journey of development!

Working Responsibly continued

Wellbeing and mental health

Under the Hard Hat Initiative

This campaign was pioneered and launched by Pirtek UK in October 2024 to raise awareness of the scale of mental health challenges in the "hard hat" industries.

Unfortunately, suicide is on the increase, and, according to ONS data, males 45-49 currently have the highest suicide rate (25.3 per 100,000). Therefore, we are determined to reduce the stigma attached to talking about mental health. We want to reach out to customers, technicians, employees, colleagues and others that may need a bit of help and support during their dark days, especially for those that work within the hard hat industries.

Aim of this campaign:

We want to encourage more people to talk openly about their mental health with their colleagues, in a safe and secure environment, to help make a difference to their lives.

Research:

To understand more about the scale of mental health challenges in the hard hat industries, we surveyed 343 participants through a range of media channels. Below are some of the statistics and results.

- 94% of respondents have felt stressed, anxious, depressed or lonely.
- For every hundred workers, 14 have experienced feelings of self-harm or suicide.
- Absence in the hard hat industries for mental health is three times higher than the national average.
- Over half of respondents find talking about their mental health uncomfortable or awkward.
- 41% of hard hat workplaces don't have sufficient mental health support in place.

Launch:

We launched our Under the Hard Hat campaign at the Pirtek National Training Centre in Birmingham in October 2024. With the help from the awesome Andy's Man Club, the inspirational Ollie Ollerton and a strong turnout from our network we got together to kickstart the initiative. Andy's Man Club and Ollie Ollerton have a combined social media following of over 500,000 accounts, and both posted about the event, enabling us to reach a very wide audience.

- **Ollie Ollerton:** We are delighted to partner with former UK special forces soldier and directing staff (DS) from Channel 4's SAS: Who Dares Wins, Ollie Ollerton. Ollie is incredibly vocal about mental health challenges and cultivating positive mental wellness.
- **Andy's Man Club:** We're proud to partner with suicide prevention charity Andy's Man Club for Under the Hard Hat. Since establishment in 2016, the charity now runs free-to attend peer-to-peer support groups at over 200 locations across the country. The charity's goal is to encourage people to speak openly about their mental health in a judgement-free, non-clinical environment.

Link to all our resources, including motivational videos from Ollie Ollerton, explore toolbox talks, listen to podcasts and more. https://www.pirtek.co.uk/under-the-hard-hat-resources/

Raising awareness of the menopause

Gemma Arnott
Recruitment Manager, Water & Waste Services division

Demystifying the menopause

The Menopause Initiative was initially instigated by my journey through perimenopause, and how much it affected me inside and outside of work. It came as a massive shock (as it does with most women) purely because, up until recent years, it was such a taboo!

To gain some control I decided to take the bull by the horns and immerse myself in knowledge on the subject. This knowledge has helped me physically and mentally, and I believe it can help others in the same position.

I quickly realised that I needed support that I hadn't needed before, inside work in particular. The sheer number of symptoms can change how you think, feel and behave. With that, I feel that any workplace needs to understand the taboo of menopause by creating an open environment and offering support and guidance for those that need it.

My Menopause Centre

I found "My Menopause Centre" on LinkedIn. Their approach to supporting businesses and individuals alike caught my eye. Having talked to them about my personal experiences I suggested to our business that we could hold an information and Q&A session in conjunction with the monthly management committee. I received a great deal of support from management for the initiative, attended by Peter Molloy.

The session was held in person and online and gave employees a safe space to ask questions or simply take stock. Uncomfortable as it was for some, the feedback was great! I continue to share webinars and information on the menopause and look forward to building on this going forward.

"The topic of menopause has been minimised and left undiscussed for too long. It is positive we are having such a wide and open debate about something which adversely affects the majority of women in the workforce at some stage in their lives."

Peter Molloy, CEO

Q&A with Gemma Arnott, who pioneered workshops to raise awareness of menopause at Metro Rod in 2024.

How many women are impacted by the menopause?

There are currently some 15.5 million women in the UK who are in some stage of menopause transition. Most women will start the menopause transition in their mid-to-late-forties, and an estimated eight out of ten will experience some physical and/or mental symptoms during the menopause. These can last between four to eight years and, if left untreated, can take a toll on work, social life and wellbeing.

How can we support colleagues experiencing the menopause?

We can only break the taboo if we are all open to talking about it. We must be open ourselves as managers and colleagues, as well as raising awareness of the symptoms, to help create a supportive environment. As a perimenopausal women I am also conscious that in order for colleagues or managers to understand what I am experiencing, I must be willing to be open and honest about it.

Why should this be a concern for us in the workplace?

Eight out of ten menopausal women in the UK are in work. This means a large proportion of our workforce is experiencing some stage of the menopause. It also means that most employees who may not be experiencing menopause, are alternatively most likely to be supporting loved ones or peers around them who are. Only a minority of women report their symptoms to their line manager and some women will actually leave their job as a result of this situation. It should be a concern as it a large and inevitable part of a woman's life, not a temporary illness.

How do we best bridge the communications gap?

Information and knowledge sharing is key, as well as creating a work environment where menopause is taken seriously by all to reduce the stigma and create acceptance.

Working Responsibly continued

We support a wide range of charitable causes. As well as support and fund raising initiatives during the year, all the franchisee annual conferences raise money for charities close to the hearts of us and our franchisees.

We partner with a large range of charities in the UK, for example, Northcare, Prostrate Care UK, Wear it Pink, Sands (Still Birth and Neo-Natal Deaths Society) and Elsie's Rose (charity supporting children with epilepsy).

We hold numerous events and days in the office such as Macmillan charity coffee mornings, Christmas jumper days or bring a dog to work days which raise money for charities. We raise funds for a range of charities through our franchise conferences.

We offer paid charity volunteer days, with team members having one paid day for a charity of their choices.

Across the Group, we are huge supporters of grass roots sports and teams, and believe sport is an excellent way to unite people and foster a strong sense of community.

In the US, Filta held a Charity Bed Building Event. In 2024, we made a commitment to support Sleep in Heavenly Peace, a charity that makes and supplies beds for needy children and families. During our conference not only did we spend a day building 22 beds, we then raised more than US$40k, enough to support the building of another 150+ beds.

Two members of the B2C team, Rebecca de Chair and Karl Heeley, participated in the London Marathon to raise awareness and fund for the Brain Tumour Charity. In Germany, we supported Stefan Katz, one of our German franchise partners, who walked the 800-kilometre Way of St. James in Spain to raise funds for orphaned families.

Metro Rod continued with its tree planting initiative in 2024, working with ReviewForest and their tree planting partner Eden Reforestation Project. A tree is planted for each Google review received.

Environmental

Priorities in 2024

Approach and performance

We acknowledge the significant environmental risk posed by climate change and are committed to reducing our environmental impact. This is the fifth year we have reported Scope 1, 2 and 3 GHG emissions and we have identified measures to help tackle our higher emitting areas.

Actions taken in 2024

The nature of our van-based businesses means vehicle emissions are an important area of focus. We continued to make good progress developing our "plan my day" scheduling tool to improve efficiency which is helping reduce mileage and fuel consumption for our engineers. For the first time we collected and analysed emissions from 21 franchisees who accounted for 9% of Group System sales.

Activities planned for 2025

Further development of the labour scheduling tool which has the potential to be rolled out across all our networks. Continued monitoring and trialling of the viability of electric and hybrid vehicles and equipment. Further roll out of emissions collection and analysis for franchisees.

Franchise Brands plc Streamlined Energy and Carbon Reporting 2024

Franchise Brands plc, an organisation based in the UK, the European Union and the USA, acquires businesses using the Franchise Model and then offers support services, specialist sector expertise, and group resources. Currently, the Group has combined a network of over 600 franchisees across seven principal franchise brands covering the UK, North America, and Europe. As Franchise Brands is a large, quoted company, it is required to comply with the UK government's Streamlined Energy and Carbon Reporting (SECR) legislation.

This SECR report reflects the period 1 January 2024 to 31 December 2024. This is Franchise Brands plc's. fifth reporting year, the first being 1 January 2020 – 31 December 2020. The 2020, 2021, 2022, and 2023 data points have also been included in this report to allow for direct year-on-year comparison.

Methodology

Responsibilities of Franchise Brands plc and Compare Your Footprint

Franchise Brands plc was responsible for the internal management controls governing the data collection process. Compare Your Footprint and Green Element were responsible for the data aggregation, any estimations and extrapolations applied (as required), the GHG calculations and the resultant emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. This standard is internationally accepted as best practice. The figures were calculated using UK Government 2024 carbon factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Greenhouse Gas sources included in the process:

GHG Protocol Category	Data Source
Scope 1: Fuel used in company vehicles, natural gas (boilers), diesel for electricity generation, other fuels	Scope 1: Fuel used in company vehicles, natural gas (boilers), diesel for electricity generation, other fuels Natural gas consumption was reported in one of two ways: kWh and spend in GBP. Those in spend were converted into kWh, using the average price per kWh in 2024, at the time of this report (5.64p/kWh in the UK, 7.86p/kWh in the Netherlands, 4.34p/kWh in Belgium, 5.73p/kWh in Germany, and 6.81p/kWh in France). Companies reported their fuels used in company vehicles in litres or spend metrics. For data available in spend on diesel fuel, this was converted to litres using the average diesel price in 2024 at the time of this report (148p/litre in the UK and 133p/litre in Austria). Litres of both fuels were converted to kWh using 2024 conversion factors calculated by DEFRA.
Scope 2: Purchased electricity**	Companies provided their 2024 annual electricity consumption in kWh. Only three locations (Filta EU – Germany and Filta EU – the Netherlands) did not provide in kWh, and instead only provided a total spend. To convert the spend into kWh, the average cost per kWh at time of reporting for each country in 2024 was used. In the Netherlands, the average cost in 2024 was 20.3p/kWh, and 23.7p/kWh in Germany, according to the Statistical Office of the European Union (Eurostat).
Scope 3: Fuel used for business travel in employee owned or hired vehicles	Many Franchise Brands' companies utilise leased or employee-owned vehicles for business travel. Expensed mileage in employee-owned or rental vehicles was reported in a spend format rather than by consumption (e.g. litres of fuel or distance). The reimbursement rate of 45p per mile was utilised to convert the spend to distance, which was then converted into kWh using 2024 conversion factors calculated by the UK Government. Companies reported fuels used in leased vehicles either in a spend format or in litres. When the data was only provided in a spend format, the average fuel price per litre in 2024 was used to convert the spend into litres. In 2024 the average diesel price at the time of this report was 148p/litre in the UK and 133p/litre in Austria. Litres were converted to kWh using 2024 conversion factors provided by the UK Government.

** Dual reporting of electricity emissions have been presented in line with the GHG Protocol. Location- based electricity emissions use the average grid fuel mix in the region/country where the electricity was purchased and consumed – for SECR, location-based is mandatory. Market-based electricity emissions use where provided the supplier's tariff-specific intensity factor and fuel mix, and where this is unavailable, the local grid's residual fuel mix intensity factor is used. For SECR, market-based is optional, and has been calculated for 2022, 2023, and 2024 only.

The Kyoto Protocol seven groups of GHGs are included in the emissions calculations: CO_2, N2O, CH4, HFCs, PFCs, SF6, and NF3. The greenhouse gas emissions were calculated using UK Government 2024 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Working Responsibly continued

Environmental continued

Franchise Brands’ 2024 Energy and Greenhouse Gas Statement

		2024 Data			
	Location	UK	Europe	USA	Total
Energy consumption: (kWh)	Energy consumption: (kWh)				
	– Electricity	689,902.00	301,557.49	83,165.00	1,074,624.49
	– Gas	12,468.89	517,191.48	–	529,660.37
	– Transport fuel	16,224,097.13	4,825,497.19	7,171.17	21,056,765.49
	– Other fuels (heating oil)	36,059.88	–	–	36,059.88
	Total energy consumption	16,962,527.90	5,644,246.16	90,336.17	22,697,110.22
GHG Emissions (tCO_2e)	Emissions (tCO_2e)				
	Scope 1				
	Emissions from combustion of gas in buildings	2.28	94.59	–	96.87
	Emissions from heating oil	8.90	0.00	–	8.90
	Emissions from combustion of fuel for transport purposes	929.02	0.00	–	929.02
	Scope 2				
	Emissions from purchased electricity (location based method*)	142.85	27.47	31.62	201.94
	Emissions from purchased electricity (market based method*)	321.68	40.85	31.62	394.15
	Scope 1 & 2				
	Total Scope 1&2 emissions (location based method*)	1,083.04	122.07	31.62	1,236.73
	Total Scope 1&2 emissions (market based method*)	1,261.88	135.45	31.62	1,428.94
	Scope 3				
	Category 6: Business travel (emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel)	3,663.33	1,427.60	2.19	5,093.11
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 (location-based method*)	275.44	24.59	6.01	306.04
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 (market-based method*)	306.68	31.45	6.01	344.14
	Total emissions – location based	5,021.81	1,574.25	39.81	6,635.87
	Total emissions – market based	5,231.88	1,594.50	39.81	6,866.19
Intensity (tCO_2e / £ million Adjusted EBITDA)	Intensity (tCO_2e / £ million Adjusted EBITDA)				
	Adjusted EBITDA £m		35.12		
	Intensity ratio: tCO_2e / £ million Adjusted EBITDA (location based)	142.93	44.81	1.13	188.87
	Intensity ratio: tCO_2e / £ million Adjusted EBITDA (market based)	148.91	45.38	1.13	195.42

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Methodology: GHG Protocol Corporate Accounting and Reporting Standard. Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

Working Responsibly continued

Environmental continued

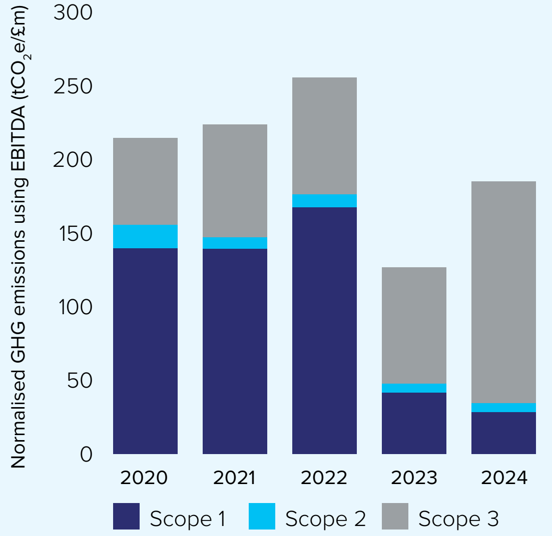
Franchise Brands Year-on-Year Energy and Greenhouse Gas Performance

	Location	2020	2021	2022	2023	2024	2023 to 2024 % Change
		Franchise Brands was UK only in 2020 and 2021		Global Total	Global Total	**Global Total**	
Energy consumption: (kWh)	**Energy consumption: (kWh)**						
	– Electricity	460,927	335,859	587,263	937,241	**1,074,624**	**14.7%**
	– Gas	133,507	189,632	168,610	1,184,788	**529,660**	**(55.3%)**
	– Transport fuel	5,045,390	5,952,495	11,417,733	11,128,595	**21,056,765**	**89.2%**
	– Other fuels	39,609	40,199	20,700	40,634	**36,060**	**(11.3%)**
	Total energy consumption	5,679,433	6,518,185	12,194,306	13,291,258	**22,697,109**	**70.8%**
GHG Emissions (tCO_2e)	**Emissions (tCO_2e)**						
	Scope 1						
	Emissions from combustion of gas in buildings	24.5	34.7	30.78	216.75	**96.88**	**(55.3%)**
	Emissions from heating oil	9.7	9.9	5.08	10.02	**8.90**	**(11.2%)**
	Emissions from combustion of fuel for transport purposes	895.70	1,138.20	2,523.16	1,021.37	**929.02**	**(9.0%)**
	Scope 2						
	Emissions from purchased electricity – Location Based	107.5	71.3	138.47	192.73	**201.93**	**4.8%**
	Emissions from purchased electricity – Market Based			251.69	345.26	**394.15**	**14.2%**
	Scope 1 & 2						
	Total Scope 1+2 emissions – Location Based	1,037.40	1254.1	2,697.49	1,440.88	**1,236.72**	**(14.2%)**
	Total Scope 1+2 emissions – Market Based			2,810.71	1,593.41	**1,428.94**	**(10.3%)**
	Scope 3						
	Category 6: Business travel (emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel)	118.4	271.3	437.10	1625.58	**5093.11**	**213.3%**
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 – Location Based	274.1	378.5	777.11	747.68	**306.03**	**(59.1%)**
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in Scope 1 – Market Based			782.88	780.21	**344.13**	**(55.9%)**
	Total emissions – Location Based	1,429.90	1,903.90	3,911.70	3,814.14	**6,635.87**	**74.0%**
	Total emissions – Market Based			4,030.68	3,999.20	**6,866.19**	**71.7%**
Intensity (tCO_2e / £ million Adjusted EBITDA)	**Intensity (tCO_2e / £ million EBITDA)**						
	Adjusted EBITDA £m	6.64	8.47	15.26	30.15	**35.12**	**17.1%**
	Intensity ratio: tCO_2e / £ million Adjusted EBITDA (location based)	215.3	224.7	256.34	126.50	**188.94**	**48.6%**
	Intensity ratio: tCO_2e / £ million Adjusted EBITDA (market based)	–	–	264.13	132.64	**195.50**	**46.6%**

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Methodology: GHG Protocol Corporate Accounting and Reporting Standard. Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

Franchise Brands' year-on-year normalised GHG emissions by scope



Franchise Brands' year-on-year normalised GHG Emissions, split by Scope. Emissions have been normalised by Adjusted EBITDA.

Working Responsibly continued

Environmental continued

Energy Efficiency Actions

In 2024, we implemented several energy efficiency measures across the Group, including the following:

Pirtek

- 85% of the Support Centre car fleet is electric as part of a process to transition all the fleet to electric.
- Pirtek UK's National Training Centre has been converted to 100% solar power with unused energy released back to the grid.
- PV solar panels installed on Pirtek Belgium's corporate centre.
- Pirtek Germany uses eco-electricity power supply. The business is also testing electric vans.
- Pirtek Sweden has two electric cars and monthly fuel mileage control scheme to encourage eco-friendly driving.
- Pirtek Austria has one electric car in the business.

Water & Waste Services division

- Engineer scheduling tool is reducing travel time and carbon emissions.
- Third year of "leave a review and we plant a tree" scheme.
- Willow Pumps have fitted a telematics system to their vehicles which monitors driver behaviours. This enables coaching on better driving which improves fuel efficiency and reduces wear on vehicle components.
- Accounts have been set up with Eco-Clarity for FOG disposal. The FOG is extracted and recycled into bio-diesel.
- Electric car and charging points at our Support Centre.

Filta International

- Filta acquires blocks of solar energy for their Orlando Support Centre.

B2C

- ChipsAway is using a new low temperature bake paint. This reduces the need for heaters and heat lamps to dry the paint and reduces the use of electricity.
- ChipsAway has installed a vehicle electrical charge point at their office.

Franchise Brands plc

- Franchise Brands has taken the decision not to print the Annual Report this year to reduce paper use and electricity.
- A Group-wide Climate Change working group was established.
- A vehicle future fuels group will be set up to look at alternate fuel vehicles.

Voluntary streamlined Energy and Carbon Reporting 2024

Introduction

Franchise Brands has volunteered, for the first time to report emissions of 21 franchisees for a more comprehensive impact of the Group's environmental impact. The 21 franchisees are from our largest brands, Pirtek UK, Metro Rod and Metro Plumb and Filta International, and their System sales accounts for 9% of Group System sales.

Methodology

Responsibilities of Franchise Brands Plc. and Compare Your Footprint

Franchise Brands plc was responsible for the internal management controls governing the data collection process. Compare Your Footprint and Green Element were responsible for the data aggregation, any estimations and extrapolations applied (as required), the GHG calculations and the resultant emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. This standard is internationally accepted as best practice. The figures were calculated using UK Government 2024 carbon factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Scope and subject matter:

The report includes sources of environmental impacts from 21 franchisees. The franchisees are not required to report under SECR guidance. However, Franchise Brands plc has voluntarily chosen to report their emissions for a more comprehensive understanding of the Group's environmental impact.

Greenhouse Gas sources included in the process:

GHG Protocol Category	Data Source
Scope 1: Fuel used in company vehicles, natural gas (boilers), diesel for electricity generation, other fuels	Natural gas consumption was reported in kWh. None of the franchisees' companies had company-owned vehicle travels in 2024.
Scope 2: Purchased electricity**	Franchisees companies provided their 2024 annual electricity consumption in kWh.
Scope 3: Fuel used for business travel in employee owned or hired vehicles	Many franchisees companies utilise leased or employee-owned vehicles for business travel. Companies reported fuels used in leased vehicles in litres. Litres were converted to kWh using 2024 conversion factors provided by the UK Government.

** Dual reporting of electricity emissions have been presented in line with the GHG Protocol. Location- based electricity emissions use the average grid fuel mix in the region/country where the electricity was purchased and consumed – for SECR, location-based is mandatory. Market-based electricity emissions use where provided the supplier's tariff-specific intensity factor and fuel mix, and where this is unavailable, the local grid's residual fuel mix intensity factor is used. For SECR, market-based is optional.

The Kyoto Protocol seven groups of GHGs are included in the emissions calculations: CO_2, N2O, CH4, HFCs, PFCs, SF6, and NF3. The greenhouse gas emissions were calculated using UK government 2024 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Working Responsibly continued

Franchise Brands' 2024 Energy and Greenhouse Gas Statement

	Location	2024 Data UK	USA	Total
Energy consumption: (kWh)	Energy consumption: (kWh)			
	– Electricity	145,765.00	0.00	145,765.00
	– Gas	47,341.00	29,925.00	77,266.00
	– Transport fuel	3,354,529.61	2,168,902.87	5,523,432.48
	– Other fuels (heating oil)	0.00	0.00	0.00
	Total energy consumption	**3,547,635.61**	**2,198,827.87**	**5,746,463.48**
GHG Emissions (tCO_2e)	Emissions (tCO_2e)			
	Scope 1			
	Emissions from combustion of gas in buildings	8.66	6.05	14.71
	Emissions from heating oil	0.00	0.00	0.00
	Emissions from combustion of fuel for transport purposes	0.00	0.00	0.00
	Scope 2			
	Emissions from purchased electricity (location based method*)	30.18	0.00	30.18
	Emissions from purchased electricity (market based method*)	67.97	0.00	67.97
	Scope 1 & 2			
	Total Scope 1+2 emissions (location based method*)	38.84	6.05	44.89
	Total Scope 1+2 emissions (market based method*)	76.62	6.05	82.67
	Scope 3			
	Category 6: Business travel (Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel)	1,057.27	662.03	1,719.30
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in scope 1 (location-based method*)	11.37	0.72	12.08
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in scope 1 (market-based method*)	17.97	0.72	18.68
	Total emissions – location based	**1,107.48**	**668.79**	**1,776.27**
	Total emissions – market based	**1,151.86**	**668.79**	**1,820.66**

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory. Methodology: GHG Protocol Corporate Accounting and Reporting Standard. Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

Franchise Brands' Year-on-Year Energy and Greenhouse Gas Performance

	Location	2024 Data Global Total
Energy consumption: (kWh)	Energy consumption: (kWh)	
	– Electricity	145,765.00
	– Gas	77,266.00
	– Transport fuel	5,523,432.48
	– Other fuels	0.00
	Total energy consumption	**5,746,463.48**
GHG Emissions (tCO_2e)	Emissions (tCO_2e)	
	Scope 1	
	Emissions from combustion of gas in buildings	14.71
	Emissions from heating oil	0.00
	Emissions from combustion of fuel for transport purposes	0.00
	Scope 2	
	Emissions from purchased electricity (location based method*)	30.18
	Emissions from purchased electricity (market based method*)	67.97
	Scope 1 & 2	
	Total Scope 1+2 emissions (location based method*)	44.89
	Total Scope 1+2 emissions (market based method*)	82.67
	Scope 3	
	Category 6: Business travel (Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel)	1,719.30
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in scope 1 (location-based method*)	12.08
	Category 3: Emissions from upstream transport and distribution losses and excavation and transport of fuels not included in scope 1 (market-based method*)	18.68
	Total emissions – location based	**1,776.27**
	Total emissions – market based	**1,820.66**

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Methodology: GHG Protocol Corporate Accounting and Reporting Standard. Calculated and verified as accurate by Green Element Limited and Compare Your Footprint Limited, UK.

Non-Financial and Sustainability Information Statement

Climate change

Everyone has a part to play in addressing the impacts of climate change and Franchise Brands is no exception. We believe that there could be both risks and opportunities for our business from the effects of climate change and expect these to evolve over the longer-term if those effects become more pronounced.

Following a period of very rapid growth, since 31 December 2023 we have been required to report in line with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (the Regulations). We did so for the first time last year and have made progress on our climate change journey in 2024.

Our approach

In late 2023 both the Board and the Management Board considered the requirements of the Regulations and agreed that climate change should be considered as an integral part of the strategy, risks and operations of the Group.

A Climate Change Working Group was created by the Board in early 2024 to consider the potential risks and opportunities for the Group's businesses. This is led by the Company Secretary, Rob Bellhouse, and comprises senior managers drawn from each of the Group's businesses. We have engaged external consultants to provide technical insights and know-how and to support us on our climate change journey.

Actions in 2024

The Climate Change Working Group met twice in 2024 and made progress in line with our expectations, which has helped develop and improve our understanding of climate-related risks and opportunities.

The Working Group discussed the likely trajectory of climate change and agreed that we would consider the risks and opportunities that could arise under three different scenarios:

- Paris-aligned (warming limited to 1.5-2.0°C by 2100, the Inter-governmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6) – this is the scenario that would result if the international community delivered on the commitments made in the Paris Agreement reached at COP21 in December 2015.
- Current policies (3.1°C by 2100, IPCC RCP 6.0) – this is the scenario that will result if climate change continues on its current path.
- Delayed transition (Close to 5.0°C by 2100, IPCC RCP 8.5) – this is the scenario that could result if major economic blocs reverse some or all of the measures that have been taken to date, and further exploit fossil fuels. It is sometimes referred to as a worst case scenario.

These scenarios were chosen for our assessment of climate-related risks and opportunities as they represent the upside, central (current) and downside cases, respectively, for the possible trajectory of climate change.

The Working Group considered the risks and opportunities resulting from climate change under these three scenarios, over three time periods:

- Short-term – the period to the end of the Group's strategic planning horizon, being 31 December 2028.
- Medium-term – the period to 2035, which is the date by which European vehicle manufacturers are currently expected to stop manufacturing vehicles with internal combustion engines. This is a key time horizon for us, as the delivery of van-based services forms the vast majority of the Group's business.
- Longer-term – the period beyond that, to 2050 and beyond.

Risks and opportunities, both physical and transition, were discussed at both meetings and a formal 'bottom-up' review was undertaken following the second workshop.

Scope of this Statement

Franchise Brands plc is a UK-incorporated company with shares admitted to trading on the AIM market and had more than 500 employees during the year ended 31 December 2024. As such, it is within the scope of the changes to the Companies Act 2006 made by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (the Regulations).

The disclosures we are required to make by the Regulations are set out in this section of the Strategic Report, and relate to the Company and all of its subsidiaries, including those incorporated outside the UK.

Together with this section of the Strategic Report, the disclosures in the remainder of the 'Working Responsibly' section on pages 52 to 81 provide the disclosures required to be included in this Non-Financial and Sustainability Information Statement.

Working Responsibly continued

This complemented the 'top-down' high level review undertaken by the Management Board members in late 2023.

The review of physical risks to the Group's current operational sites linked to the impact of climate change was very helpfully supported by one of our institutional shareholders, who use an online modelling tool to assess risk in their portfolio and whom we would like to thank for their support. Working with them, we identified that only one of our current sites is potentially at risk. Please see page 81 for more information.

We also identified potential business opportunities arising from the physical risks associated with climate change. While these might offer an incremental benefit to certain of our businesses, the overall effect is not expected to be material for the Group.

We assessed transitional climate-related risks and opportunities. The main risks that the Working Group identified are discussed in the table of our climate-related risks and opportunities on pages 80-81.

The Working Group's conclusion, based on our current understanding, is that we do not expect that any of the risks or opportunities, whether physical or transition, will be financially material to the Group under the scenarios and time horizons considered. However, this is on the basis that the assumptions listed in the table on pages 80-81 are borne out in practice.

Our commitment to addressing climate change

In January 2025 the Board approved a goal of achieving Net Zero emissions across Scope 1 and Scope 2 (which we refer to as 'in our own operations') by 2045. We have not set a wider goal for our Scope 3 emissions as this will require buy-in from our franchisees, both present and future, since the main carbon footprint associated with our business arises from their vehicle fleets.

As noted in the table of our main climate-related risks and opportunities on pages 80-81, our ability to transform the Scope 3 emissions will be dependent on technological advances in electric vehicle technology supported by a vastly improved charging infrastructure, or the introduction of alternative fuels or technologies.

We believe that the Board's aspiration to be Net Zero in our own operations by 2045 is a necessary and responsible commitment to make, to demonstrate that Franchise Brands is willing to play its part in helping address the sources of climate change and mitigating its effects.

Working Responsibly continued

Climate change continued

The table below sets out the current status of our climate change programme in relation to each of the requirements of the Regulations:

Required disclosure	How do we address this?	Actions taken in 2024	Actions to be taken in 2025 and beyond
Governance			
(a) A description of the Company's governance arrangements in relation to assessing and managing climate-related risks and opportunities	The Board is ultimately accountable for, and oversees, the Group's response to climate change. The Board has delegated a Climate Change Working Group, led by the Company Secretary, to provide the initial identification and assessment of climate-related risks and opportunities and, subsequently, to support local subsidiary management teams in managing those risks and opportunities. As we treat the management of climate-related risks and opportunities as part of the normal process of running the Group's business, oversight of the management of these rests with the Management Board.	The Working Group met twice during 2024. At each of those meetings there was an in-depth review of the climate-related risks and opportunities on a business-by-business basis. The Company Secretary reported on the progress made by the Working Group to the Board in January 2025.	We believe that the current governance arrangements and approach remains an appropriate and proportionate approach, given the climate-related risks and opportunities we have identified. We therefore expect to maintain our current approach for the foreseeable future. Should any risks or opportunities be identified that require additional focus, we will adapt our governance arrangements accordingly.
Risks and opportunities			
(b) A description of how the Company identifies, assesses, and manages climate-related risks and opportunities	Identification and assessment At this stage of our journey, the identification and assessment of climate-related risks and opportunities has been undertaken by members of the Management Board and, more recently, by the Working Group. Management of risks and opportunities Our local subsidiary management teams have primary responsibility for managing risks within their business, which includes our response to the risks and opportunities associated with climate change. Importantly, 'local management' includes many members of the Management Board, who are business leaders. Please see page 93 for a description of how the Group manages risk.	The Working Group met twice during 2024. At each of those meetings there was an in-depth review of the climate-related risks and opportunities on a business-by-business basis. After the second meeting, at which climate change scenarios were discussed and defined, a formal assessment of the risks and opportunities for each business was undertaken and documented. This reflected the differing impacts of climate change in the various scenarios and time horizons considered. The outcome of the risk review was reported to the Board in January 2025 and shared with the members of the Management Board.	The Working Group will continue to develop our understanding of climate-related risks and opportunities by conducting further review exercises. We intend to extend responsibility for the identification and assessment of climate-related risks and opportunities to include our local subsidiary management teams. This will supplement and support the work done by the Working Group and help to strengthen local accountability for managing these risks and opportunities.

Working Responsibly continued

Climate change continued

Required disclosure	How do we address this?	Actions taken in 2024	Actions to be taken in 2025 and beyond
Risks and opportunities continued			
(c) A description of how processes for identifying, assessing and managing climate-related risks and opportunities are integrated into the Company's overall risk management process	We have a policy framework in place for the timely identification, assessment and management of risk, which enables all categories of risk to be rated and compared directly. The process for the identification, assessment and management of climate-related risks and opportunities is therefore fully integrated within the Group's risk management framework. For further details of the our approach to risk management, see page 93.	The Working Group used the Group's risk management framework to undertake a review of climate-related risks and opportunities. This did not identify any shortcomings in the process for the identification or assessment of risk, including climate-related risk.	We will continue to use the Group's risk management framework to undertake reviews of climate-related risks and opportunities. We will ask local subsidiary management teams to undertake reviews of these risks and opportunities as part of their normal reviews of business risk, to supplement and support the reviews by the Working Group.
(d) A description of (i) the principal climate-related risks and opportunities arising in connection with the Company's operations and (ii) the time periods by reference to which those risks and opportunities are assessed	We do not currently judge any of the identified risks and opportunities to be material to the Group, in terms of either the potential financial or environmental impacts. The identified climate-related risks and opportunities that we believe could become material to the Group are set out in the table on pages 80-81. The introduction to this Statement explains our definitions of the short, medium and long term and why we have chosen these time periods.	The Working Group has supplemented the high-level 'top-down' review of climate-related risks and opportunities undertaken in late 2023 with a more granular 'bottom-up' review. The work done in 2024 confirmed our initial view that none of the climate-related risks and opportunities we have identified was, or was likely to be, material to the Group.	The Working Group will continue to evolve and improve its understanding of the climate-related risks and opportunities for the Group.
Business model and strategy			
(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy	Our assessment of climate-related risks and opportunities has not identified any that have, or that we currently expect will have, a material impact on the business model or strategy of the Company or Group. The identified climate-related risks and opportunities that we believe could become material to the Group, and their potential impacts, are set out in the table on pages 80-81.	The Working Group has considered the impacts on the business model and strategy of the Company or Group, as explained in the introduction to this report. The work undertaken in the year confirms our initial view that the identified climate-related risks and opportunities are unlikely to have a material impact on the Group's business model and strategy.	Based on our evolving and improving understanding of climate-related risks and opportunities, we will continue to review whether these have, or could have, an impact on the Group's business model and strategy.

Working Responsibly continued

Climate change continued

Required disclosure	How do we address this?	Actions taken in 2024	Actions to be taken in 2025 and beyond
Business model and strategy continued			
(f) An analysis of the resilience of the Company's business model and strategy, taking into consideration of different climate-related scenarios	We believe that our business model and strategy are resilient. Our businesses are diverse, both geographically and by business sector. Having considered the climate-related risks and opportunities in a range of scenarios over various time horizons, we do not currently believe that any of these will be material to the Group. Based on our current understanding, we believe that the Company's business model and strategy will continue to be resilient.	The Working Group discussed and defined climate change scenarios and time horizons, as explained in the introduction to this report. Assessments of climate-related risks and opportunities were then undertaken. The risk identification and assessment work undertaken to date confirms our initial view that the Company's business model and strategy are likely to be resilient in each of the scenarios considered.	We will continue to refine our understanding of the climate-related risks and opportunities. A focus for this work will be whether these have, or could have, a material impact on the resilience of the Company's business model and strategy.
Targets, metrics and KPIs			
(g) A description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	We are currently using our Scope 1, 2 and 3 emissions data as the key metric in this area. We are currently intending to set a target restricting the growth in our GHG emissions in our own operations (excluding future acquisitions) to a rate lower than that of the growth of the business (the latter most probably measured in terms of system sales). In January 2025 the Board approved a goal of achieving Net Zero emissions across Scopes 1 & 2 by 2045. We are currently refining the route to achieving Net Zero, which will include identifying and setting milestones for that journey. It is likely that the GHG intensity metrics and the milestones for our journey to Net Zero will form revised targets.	In line with our governance arrangements described in (a) above, the Board has responsibility for setting targets for climate-related risks and opportunities. The outputs from the Working Group's work in 2024 was discussed with the Board in January 2025, when the Board set a long-term aspirational goal of achieving Net Zero emissions across Scopes 1 & 2 by 2045.	The key tasks in 2025 will be to define both the intensity metrics and also to map the journey to Net Zero in our own operations, setting milestones so that we can measure our progress.

Working Responsibly continued

Climate change continued

Required disclosure	How do we address this?	Actions taken in 2024	Actions to be taken in 2025 and beyond
Targets, metrics and KPIs continued			
(h) A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities, and of the calculations on which those KPIs are based	The Group measures and reports on a wide range of energy consumption and associated GHG emissions in line with the Greenhouse Gas Protocol as required by the Streamlined Energy and Carbon Reporting (SECR). Data for 2024 and the prior year is on pages 72-73. We have been measuring and reporting Scope 1 and 2 emissions and estimating and reporting our Scope 3 emissions for a number of years. We expect this will continue to be the bedrock of our reporting. As the Group develops its response to climate change, we expect to identify other metrics we can use to track these and monitor progress. The SECR data therefore forms the principal metrics and is currently used as the KPI to monitor the impact of climate change on our business, and vice versa.	The Working Group identified that there was a practical way of estimating the Scope 3 emissions relating to the vehicles used in our seven franchise networks by the 600+ franchisees through whom our services are delivered. This data has been included in the SECR report on pages 72-73.	The key task in the short-term is to further refine our measurement of the Scope 3 emissions relating to our franchisees' vehicles. As noted under (g) above, we intend to develop an intensity metric, as we pursue our goals of growing the Group's business.

Working Responsibly continued

Climate-related risks and opportunities

Following an initial high-level 'top-down' review of the risks and opportunities associated with climate change in 2023, we undertook a deeper 'bottom-up' analysis during 2024.

Given the long-term incremental nature of climate change, we also reconsidered our definitions of the various time horizons over which we assess climate-related risks and opportunities. The time horizons and climate change scenarios we considered, and the reasons for choosing these, are explained on page 74.

Based on our current understanding, none of the risks or opportunities we have identified are believed to be material to the Group at this time under any realistic scenario. For the purposes of our risk management framework, we regard "materiality" in financial terms as being 1% of Group Adjusted EBITDA, so approximately £350,000.

The risks and opportunities identified that could have the potential to become material to the Group are as follows:

Risk description	Likely impact and effect	Time horizon	Climate change scenario(s)	Assumptions	Possible mitigations
Risks					
No new vehicles powered by internal combustion engines (ICE) are permitted to be sold after 2035 (transition risk)	Our business is essentially the provision of essential, mainly reactive, van-based services. Following trials in various parts of the Group, we concluded that the electric vehicles (EVs) currently available do not provide a viable alternative. At present, EVs cannot carry the loads typically found in our, or our franchisees', vans over a range that makes them a practicable alternative to ICE. Similarly, the current generation of EVs do not offer a viable option to the tankers used in the Metro Rod and Willow Pumps business, as they cannot run for the length of time needed, or support the range required. The time taken to recharge EVs at the present time is not compatible with the response times which form a key part of our customer service proposition.	M/L	Current policies Delayed transition	The constraint on the future production of ICE vehicles is solely policy-driven. As a result, either a technological breakthrough is required, or governments may need to relax their positions if the technological constraints cannot be overcome.	A sub-set of the members of the Working Group have undertaken to work with motor industry contacts of Chips Away. We hope to gain insights from vehicle manufacturers and other industry sources into the likely future development of EV vans and commercial vehicles, and share in their understanding of the evolution and development of government policy. We and our franchisees will remain reliant on ICE vehicles for the foreseeable future. We have identified a potential opportunity to reduce the carbon footprint of our current fleet through the use of hydrotreated vegetable oil (HVO) fuel. Third party evidence suggests that this can cut CO_2 emissions by up to 90% compared to diesel fuel, without vehicle modifications being needed. However, the price of HVO fuel and the practicality of asking our franchisees to switch to this fuel could be barriers.
Introduction or extension of carbon pricing, which could arise primarily in the form of increased fuel costs or road pricing, including the extension of Low Emission Zones (transition risk)	Due to the franchised nature of the vast majority of the Group's businesses, we do not judge that the increase in operating costs will prove to be material to the Company, although it could affect our franchisees' returns and ultimately our business model and strategy.	M/L	Current policies Delayed transition	While national and local governments may seek to increase the costs of using ICE powered vehicles, there will be a natural ceiling for those costs to avoid causing harm to their economies.	We are already implementing operations management software which includes 'plan my day' functionality designed to minimise driving times and distances. The use of HVO fuel referred to above could also help mitigate the effect of carbon pricing. We will continue trials of EVs and use our insight into the future evolution of EVs (or other alternative technologies) or government policy.

Working Responsibly continued

Climate-related risks and opportunities continued

Risk description	Likely impact and effect	Time horizon	Climate change scenario(s)	Assumptions	Possible mitigations
Risks continued					
Group operating premises are located at sites at risk from the effects of climate change (physical risk)	Filta's offices and warehouse in Orlando, Florida could be at risk from tropical cyclones, extreme heat, changing precipitation patterns and changing air temperature. Other sites could become at risk in the most extreme climate change scenarios.	M/L	Delayed transition	National and local governments will take steps to protect their major centres of population and economic activity from any rise in sea levels.	Filta have already opened a second warehouse location in Las Vegas and could relocate from the Orlando site if required. The Orlando-based staff can all work remotely whenever required.

Opportunity description	Likely impact and effect	Time horizon	Climate change scenario(s)	Assumptions	How would we exploit the opportunity?
Opportunities					
Climate change results in more frequent and/or more pronounced weather, which leads to an increase in demand for the Group's services (physical risk)	Pirtek may see a benefit from longer or hotter weather, as hydraulic hoses used outdoors perish more quickly in these conditions. Metro Rod may see a benefit from longer periods of wet weather, as these reveal drains that have become blocked. Metro Plumb may see a benefit from longer periods of cold weather, as this may lead to burst pipes. In all of the cases above, there could be a switch from reactive work to planned or preventative maintenance work which may affect the overall demand for the Group's services.	M/L	Delayed transition	No material assumptions.	We track system sales and monitor trends in the business very closely, so would be able to alert our franchisees to the need to have larger numbers of engineers and technicians available to support any longer-term increases in customer requirements.

Engaging with our stakeholders

How we engage with our business partners and counterparties, and how our business affects others, matters to us. Our goal is to be a good corporate citizen.

Our stakeholders

Our stakeholders

Within the wider universe of all potential stakeholders, the Directors have a clear understanding of who can properly be regarded as a key stakeholder. Processes are in place to engage with these parties to understand their perspectives and to ensure that these are considered in our decision-making and the actions we take.

As a progressive, principles-led Group, we are committed to working in partnership with all our stakeholders. In 2024, the groups that we regarded as our key stakeholders and how we engaged with them are shown opposite and overleaf:

The Board is provided with regular updates on stakeholders' views at its meetings. In particular, the views of our employees, our franchisees, as well as the shareholders and lending banks who fund our business, are discussed in detail on a regular basis.

Principal stakeholders

- Employees
- Shareholders
- Customers and local communities
- Franchisees
- Lending banks
- Suppliers

Our stakeholders continued

Employees and the wider workforce

Importance to the Group

Our committed and dedicated employees are our most important resource. They play a key role in supporting our franchisees and helping provide them with the tools they need to grow their businesses.

We aim to cultivate and maintain a positive working environment and provide learning and development opportunities, recognition and rewards.

How we engaged

- Presentations, forums, visits, webinars, social and charity events, updates and communication bulletins.
- Visits by senior management to all of our Group businesses.
- Providing support for hybrid and flexible working.
- Developing Inspiring Leaders and other management development programmes.
- Share options granted and exercised.

Franchisees

Importance to the Group

Our franchisees are the very backbone of the Group. It is their commitment, hard work and entrepreneurialism that helps us grow our business. Our teams provide all the support and development they need to grow their businesses and maintain the highest brand and operational standards. All of this supports our corporate purpose of "As they grow, we grow".

How we engaged

- Conferences and award dinners for Metro Rod, Metro Plumb, Filta and Pirtek franchisees.
- Regional meetings, one-on-one meetings, franchisee forums, calls, webinars, franchisee visits.
- "Together we're stronger" podcasts.

Shareholders

Importance to the Group

Our shareholders finance our development and growth plans to support the long-term development of the Group. Engaging with them regularly to communicate progress, understand their perspectives, discuss short- and long-term issues, and ensure their views are taken into account, is critical to the long-term success of the Group.

How we engaged

- Formal reporting (Annual Report, Interim Report and trading updates).
- Capital Markets Day and Investor Presentations open to all investors.
- Regular meetings and calls with institutional investors on a 1:1 basis.
- Regular engagement on digital platforms.
- Retail investor presentations, both virtual and in person.

Lending banks

Importance to the Group

Our bank facilities, which have been extended to 2028, provide us with long-term capital that we are using to accelerate the growth of our business. We engage with our lending banks at senior management levels to ensure that they know how our business is performing and we can learn their views and future intentions.

How we engaged

- Formal reporting (submission of reports, accounts, budgets and forecasts).
- Regular meetings with all of the lenders.
- Regular calls with the banks, individually and collectively, to discuss progress in implementing our plans.

Customers and local communities

Importance to the Group

We are passionate about providing the highest possible customer service. Understanding the needs of our customers, evaluating our performance delivery against KPIs and evaluating feedback helps us continually improve. We are committed to making a positive contribution to the communities we work in and both we and our franchisees participate in a wide range of local community engagement and support activities.

How we engaged

- Meetings, reviews, calls, surveys, performance ratings.
- Our “Connect” portal allows customers to self-serve.
- Customer and industry conferences and seminars.
- Extensive community initiatives, including school engagement, sports sponsorships and charitable causes.
- “Meet the buyer” events.

Suppliers

Importance to the Group

Our suppliers provide us and our franchisees with the highest possible quality of products, equipment and services. This allows us to deliver a first-class service to our customers. Regular reviews take place to ensure a supply chain free of slavery and human trafficking.

How we engaged

- Supplier expos at franchise conferences.
- Demonstrations and site visits.
- Expansion of supplier relationships.
- Continued introduction of new suppliers to franchise networks.

Section 172 statement

In performing their duties, the Directors of the company always act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. But the Directors also reflect on the potentially competing interests of a wide range of other stakeholders and considerations.

As the law requires, these include:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees and the wider workforce;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between members of the Company; and
- the interests of our franchisees and their employees.

How we considered these wider interests in 2024 – key Board decisions in the year

Like all companies, our Directors make decisions throughout each working day and consider the range of stakeholder interests as part of their role. To illustrate this, there were a number of significant decisions made by the Board, acting collectively, during 2024 that took into account a wide range of factors, including those required by section 172(1) of the Companies Act:

Key of factors considered:

- Financial impact
- Long-term impact
- Community and the environment
- Reputation
- Employees and wider workforce
- Acting fairly between members
- Fostering business relationships

Section 172 statement continued

Key Board decisions in the year continued

Appointment of a Chief Executive Officer

How the Directors fulfilled their duties

The Group has now grown to the point where we needed to create greater focus on the strategic and commercial development of the business to support our ambitious growth plans. Peter Molloy was appointed as CEO with responsibility for the day-to-day leadership of the Group across its four principal divisions and shared central functions, and driving the implementation of the strategy, business performance and accelerating integration. This enables Stephen Hemsley, as Executive Chairman, to focus on the strategic and corporate development of the Company, including Group finance and future acquisitions.

The Board is confident that this change will have a positive impact on strategic development of the Group, for the benefit of all our key stakeholders.

Key considerations:

Change of statutory auditor

How the Directors fulfilled their duties

The Group has used BDO as its statutory auditor since 2008. Having become an Other Entity of Public Interest in 2023 following a period of rapid growth, the statutory audit became more demanding. This proved challenging, both internally and for BDO, and it was evident to the Board that change was necessary.

Following a formal beauty parade process overseen by the Audit Committee, the Board chose to appoint PKF Littlejohn as the Group's statutory auditor. They submitted a highly competitive proposal and demonstrated a good understanding of the needs of the business. We believe that the approach and quality of their audit will be value-enhancing for shareholders. Auditors are, of course, appointed by shareholders and the Board hopes that our investors will share this view and re-appoint PKF Littlejohn at the forthcoming AGM.

Key considerations:

Re-commencement of share purchase programme by the Employee Benefit Trust

How the Directors fulfilled their duties

In the past, our Employee Benefit Trust (EBT) has been funded by the Company to purchase shares so that it is in a position to satisfy employees' share option exercises. As a result of the debt taken on by the Board to fund the Pirtek acquisition, no shares have been purchased by the EBT since 2022. During the year the Board took the decision to recommence this programme, with an initial funding allocation of £5m.

In taking this decision the Board took into account the number of share options that were likely to vest and the level of the share price at the time, which they felt materially undervalued the Group. We expect that the purchases made will have a financial benefit for shareholders in the future. Our employees' interests are recognised and protected since the EBT now holds shares in readiness for settling option exercises.

Key considerations:

Section 172 statement continued

Key Board decisions in the year continued

Implementation of One Finance (NetSuite)

How the Directors fulfilled their duties
Following a period of rapid expansion, both organically and through acquisition, the Group's finance systems had become overly disparate and complex. After a review process, NetSuite was identified as the system best able to support the Group in the future.

The Board has reviewed and approved both the choice of system and the implementation plans. In making these decisions, it expects that the Group will be able to deliver improvements in the internal control, financial management and the reporting of management information, for the benefit of all stakeholders. Once the implementation and transition phase has been completed, cost-savings are expected to arise providing a further benefit for the Group and its shareholders.

Key considerations:

Proposed move to the Main Market

How the Directors fulfilled their duties
The Group floated on the AIM market in 2016. While this has been, and remains, an appropriate location for the trading of our shares, the Main Market of the London Stock Exchange offers the prospect of wider interest in the Group's shares, which the Board expects should result in an improved rating of the shares, plus access to a deeper pool of capital should this be required to fund acquisitions in the longer-term.

The Board expects that the intended move to a full listing will have a positive effect over the longer term for all stakeholders, especially shareholders and the Group's employees.

Key considerations:

Change of Filta UK to a franchise model

How the Directors fulfilled their duties
The fat, oil and grease (FOG) business of Filta UK was historically managed using in-house labour, as well as a small franchisee network. During the year, we took the decision to transfer both installations of new FOG equipment (primarily the Cyclone grease recovery unit) and the ongoing servicing and support of all installed equipment to an enlarged franchisee network.

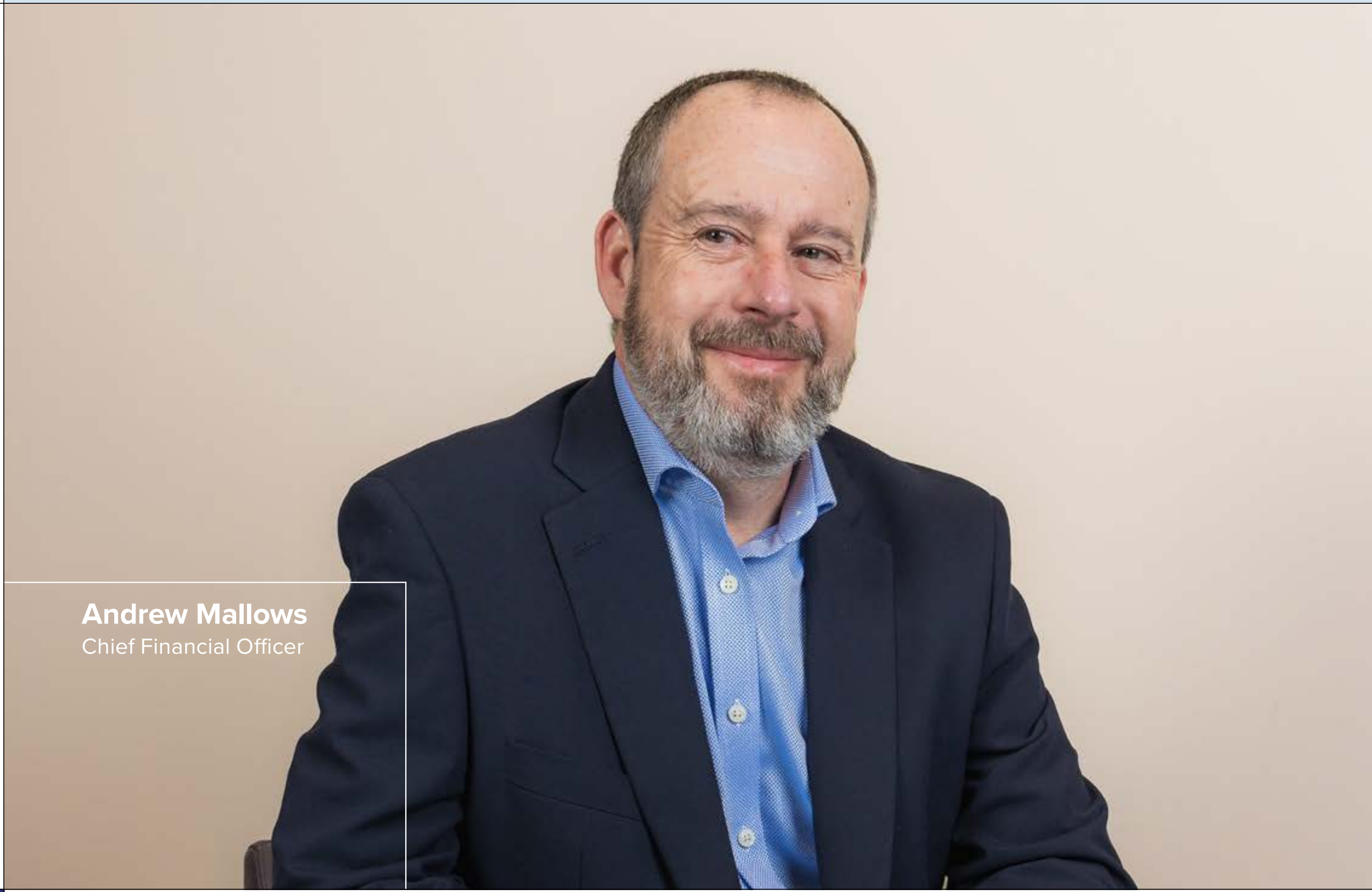
While this slightly reduces the profits earned by the Group in the short term, the Board is confident that the enlarged and energised franchisee network we have created will better support our customers and deliver growth in this important area of the business over the medium and long term.

Key considerations:

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."



£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.

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

Risk Management

A proactive approach to risk management

Risk and return are two sides of the same coin. Like all businesses, we take levels of risk that we judge to be acceptable in order to deliver a return to our investors. But we also face risks that are we are not prepared to take, either due to the nature of the impact of those risks or if their financial consequences have the potential to prevent us meeting our strategic objectives.

Effective risk management therefore underpins our business model and strategy. We identify the risks inherent in the businesses we operate and decide which of these we will actively seek in the expectation of making a return (our risk appetite), which risks we will seek to manage (our risk tolerance) and which risks we are not prepared to face. The latter are the risks that, if they materialise, will prevent us delivering on our business plans or have other impacts that we cannot live with.

At Franchise Brands, the Board is ultimately responsible for the systems of risk management and the effectiveness of those processes. The Board meets regularly to review business performance and the impact of risk, both operationally and financially.

The Board has adopted a formal risk management framework, designed to enhance and clarify the process for assessing the impact and likelihood of the risks we face. The methodology is designed to be applicable across all categories of risk, including strategic, operational, financial and reputational risks, and regardless of whether the underlying source of the risk is internal or external to Franchise Brands.

The identification, assessment and mitigation of risk is the responsibility of management. Our approach is to embed risk management principles and processes within our businesses so that managing risk is part of the everyday activity of managing the business, and vice versa.

- we review the likelihood and potential impact of the risk, which could be financial, operational disruption or reputational damage.
- we model the likelihood and potential impact against our risk appetite and tolerance, and decide whether we will accept, manage or seek to eliminate the risk. In some cases, the availability of insurance for the particular risk may be a factor.
- we then monitor the impact of the identified risks, and the effectiveness of our risk management strategies and mitigations. These are then reported on and reviewed as part of the ongoing monitoring process.
- we repeat the risk identification process, to identify new potential risks or any change in those we have already identified.

Risks are identified on both a 'bottom-up' basis by the Group's businesses, and on a 'top down' basis by the Board and the Management Board.

Through the use of a standardised risk rating scale across all risk categories we are able to compare these ratings, normalise and rank these.

Depending on the scores allocated to the risks, actions are prioritised to ensure that we are managing the most significant risks that we face on a proactive and urgent basis.

Key roles and responsibilities

Board

- Approves the framework for the identification, assessment and management of risk
- Assesses the effectiveness of the risk management framework
- Identifies risks on a 'top down' basis and reviews the Group risk register
- Monitors operational and financial performance to identify emerging risks to the delivery of strategic goals and business plans

Management Board

- Responsible for implementing the risk management framework across the business and ensuring this is embedded in day-to-day operations
- Oversees controls to mitigate and manage the impact of risk on the Group
- Identifies risks on a 'top down' basis and reviews the Group risk register
- Reviews the impact of risk on operational and financial performance and implements mitigation strategies where appropriate

Operational (line) management

- Responsible for embedding risk management within the parts of the business for which they are accountable
- Identifies risks on a 'bottom up' basis
- Designs and implements controls to mitigate and manage the impact of risk locally
- Monitors risk in their business and reports this to senior management and the Management Board

Principal risks and uncertainties

Based on the risk management work undertaken during the year, the Board believes that these are the principal risks and uncertainties that the Group currently faces. There are a number of other risks, in addition to those listed below, which could affect our business. We operate in a dynamic environment that is also affected by macro-economic events, so it is possible that new risks might emerge or the nature or impact of existing risks may evolve over time. The risks are therefore presented alphabetically rather than using the ratings of impact and probability determined at any arbitrary point in time. While mitigations are listed in the table below, due to the nature of risk there can be no certainty or assurance that those actions, or any additional planned actions, will be wholly effective.

Risk description and impacts	Underlying cause(s)	Mitigations in place	Change in the year	Link to strategy
Ability to grow our businesses Failure to deliver organic growth in our existing businesses in line with our strategic plans and market commitments	• Failure to attract or retain franchisees of the required calibre • Failure of our franchisees to attract and retain the skilled technicians needed to deliver the growth in the business • Inability to grow our business with existing customers, or to attract or retain new customers	• Diversification of the risk, geographically and across business sectors • Multiple levers for organic growth, with all businesses having small shares of large markets • Focus on areas where we have a proven track record • Clear understanding of what successful franchisees do (including through the Maximum Potential Model) and recruiting with this in mind • Supporting our franchisees with the recruitment of technicians, including direct recruitment support and referral of candidates from our existing technicians • Strong customer relationships, with cross-selling opportunities identified and being pursued	↓	
Ability to pursue strategic options Inability to deliver on our buy-and-build strategy through lack of organic growth, lack of suitable acquisition opportunities or our inability to finance an acquisition	• Operational execution fails to deliver cash flow to pay down debt, leading to a breach of the bank covenants • Lack of suitable acquisition opportunities in the market at a price we are prepared to pay	• Strong and empowered management teams running each business with clear focus on growth, using operational gearing to drive profitability and cash flow • Relationships with investment banks and other agents acting on business sales • Relationships with our institutional shareholders and lending banks	↓	
Attraction and retention of customers Loss of key national or regional account customers could lead to failure to deliver on our strategic plans	• Poor delivery to existing customers leading to reputational damage in the market • Failure to secure or retain new customers as a consequence	• Diversification of the risk, geographically and across business sectors • Experienced management teams who are actively engaged in the business, with weekly reporting of trends and market developments • Strong customer relationships, supported by robust data gathering and analysis	→	

Strategy: Expanding and developing our services · Developing a technology platform · Developing synergies through shared central services · Optimising our service delivery · Developing our businesses

Risk direction: ↑ Increase · ↓ Decrease · → No change

Principal risks and uncertainties continued

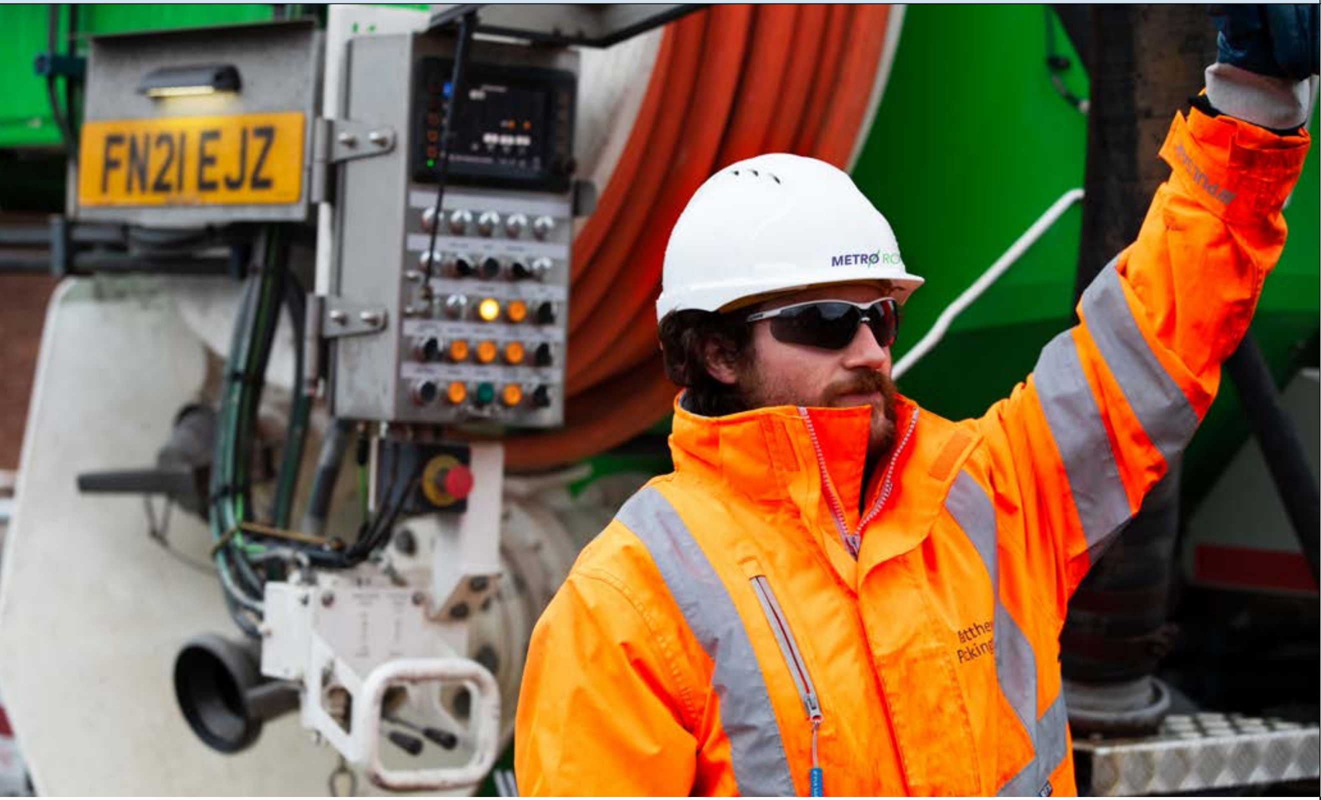
Risk description and impacts	Underlying cause(s)	Mitigations in place	Change in the year	Link to strategy
Climate change Ability to operate from current locations of our (or our franchisees') businesses, due to the impact of climate change. Structural changes to cost base driven by legal or regulatory change could affect the economic viability of certain of our businesses	• Cost pressures, including from central or local government initiatives linked to climate change, such as replacing vehicles with low emissions models, ULEZ charges, future carbon pricing etc (transition risks) • Physical risks arising from the anticipated impacts of climate change on our, and our franchisees', operations	• Developing an understanding of the potential impact of the physical and transition risks of climate change in the short-, medium- and long-term, across different scenarios. For more information, see page 74 onwards. • Choosing long-term locations for our businesses with physical risks (eg. flood, wildfire or storm) in mind and advising franchisees to consider these risks • Engaging with manufacturers of vans and commercial vehicles to understand potential technological advances and whether governments are likely to implement, or relax, the proposed phasing-out of internal combustion engines in the UK and continental Europe	→	
Cyber-risks Loss of access to systems or data, disruption to the business(es), costs of incident management and rehabilitation, possible GDPR fines plus reputational damage	• Malicious parties seeking to hack our IT systems, either for extortion or otherwise • Accidental loss of unencrypted customer or personal data	• Migration of IT systems onto shared centrally managed infrastructure • Use of information security specialists • Investment in new systems and the retirement of legacy systems • Staff training and the raising of awareness on good cyber security practices	↑	
H&S or environmental incident Human, social and operational impact of a serious incident, in terms of direct and indirect costs and potential reputational damage	• Unsafe behaviour by our workforce or that of our franchisees • Unsafe conditions in the workplaces where our technicians operate	• Diversification of the risk, geographically and across business sectors • Well developed H&S and environmental systems and processes • Training for franchisees and, where relevant, their technicians • Operations manuals for each franchisee, explaining what is expected of them • Compliance with customers' on-site HSE procedures • Near miss and incident reporting used to drive awareness-raising communications	→	
Legislative or regulatory change Government or regulator-led change constrains the ability of one or more of our businesses to operate either at all, or at viable levels of profitability	• Change driven by a perception of weakness or excessive risk in current business practices	• Diversification of the risk, geographically and across business sectors • Managing our operations in line with best practices • Awareness of legal and regulatory agenda and proposed changes • Lobbying and influencing, where necessary, either on a company or industry-wide basis	→	

Principal risks and uncertainties continued

Risk description and impacts	Underlying cause(s)	Mitigations in place	Change in the year	Link to strategy
Macro-economic environment External geopolitical and economic environment adversely impacts our operations and prevents us fulfilling our strategic plans and market commitments	• Geopolitical tensions lead to an adverse international climate, with disruptions to supply chains • Tariffs and other barriers or impediments to world trade • Uncertainty leads to adverse economic backdrop, including inflationary pressures, FX volatility and higher interest rates	• Diversification of the Group's business risk across seven brands, operating in different sectors and geographical locations • Diversification of our supplier base internationally • Fundamentally conservative approach to planning, budgeting and forecasting • Monitoring external macro-economic forecasts on key variables affecting our businesses • Relationships with our key customers to enable us to understand the pressures on their businesses • Continuous monitoring of business performance to identify macro- impacts and need for contingency plans		
People risks Lack of skilled and experienced people to deliver the growth in our business in line with our strategic plans. Potential loss of key individuals who will underpin and drive our growth initiatives, if succession plans do not deliver suitable replacements	• We have significant growth plans, which require that our franchisees and DLOs retain and recruit significant numbers of technicians • We have a wide range of growth projects underway, some of which rely on key individuals • Like any business, we may find that our succession plans for the loss of a key person, particularly in unexpected circumstances, are not effective	• Diversification of the risk, geographically and across business sectors and low reliance on any individual franchisee • Well established and high-quality franchise brands and investment to support our franchisees in growing their businesses • Significant experience in franchisee recruitment • Management bench strength and optionality increases as new businesses are acquired • Focus on identifying and nurturing high potential talent and retaining key individuals • Continuous monitoring of staff turnover, by a stable management team which has seen very low 'churn'		

This Strategic Report (comprising pages 1 to 96 inclusive) was approved by the Board on 26 March 2025 and is signed on its behalf.

Rob Bellhouse
Company Secretary



Supporting shareholder value

We believe good governance is vital in supporting our Company's growth strategy and in turn its long-term success.

Chairman's Introduction to Governance

Priorities in 2025

- Embed and enhance the ways of working for the Board and Management Board
- Undertake a Board effectiveness review
- Continue to refine and develop our succession planning for Board and Management Board roles

Dear fellow shareholder,

As an AIM quoted company we have chosen to follow the QCA's Corporate Governance Code (the Code). We believe that this widely recognised guide on how to structure governance arrangements is both practical and proportionate and will support the Company's success over the medium- and long-term.

The Code invites me to provide an introduction to the corporate governance statement, which I welcome. As Chairman of the Board, I am ultimately accountable and personally responsible for our governance arrangements.

During 2024 we were subject to the 2018 edition of the Code. We applied all of its principles throughout the year and to the date of this report and there is a table on pages 109 to 113 explaining how we did this. The application of the Code is important – while a governance framework is unlikely in itself to create value, having robust structures and processes in place should help minimise the risk that unwanted outcomes materialise and so it helps us to protect the value that our business creates. We believe that the approach we have taken should support the delivery of value to our shareholders and help us meet our obligations to all stakeholders, sustainably, over the medium- and long-term.

The size and scale of the Group has changed considerably in recent years. In 2024 we delivered around £420m of system sales across seven franchise brands in ten countries, with almost 650 employees, plus our wider network of over 600 franchisees and all of their members of staff. We estimate that in total over 3,000 people are involved in delivering the Group's operational performance.

In response to this change in scale, our governance framework was materially changed in the final quarter of 2023, further enhanced in 2024 and will continue to evolve, though we believe that we are now close to achieving our optimum structure.

In late 2023 we created a Management Board to oversee day-to-day operational issues, to enable the plc Board to focus primarily on strategic matters and our relationships with key stakeholders, especially our investors.

This change was complemented by the appointment in October 2024 of Peter Molloy, previously CEO of our Water & Waste Services Division, as our first Chief Executive Officer. As CEO, Peter essentially runs the business, enabling me as Executive Chairman to focus on running the Board and the Company. Peter has made an impressive start in this new role and has made important changes to the composition and functioning of the Management Board, with a clear focus on growing sales, spending smartly and collecting cash.

Peter has also spearheaded an integration initiative under the banner of *One* Franchise Brands, in which he is very ably supported by Mark Boxall, our Chief Operating Officer. The immediate focus is on the implementation and adoption of Group-wide finance, operations management, reporting and marketing systems and good progress is being made. The cultural integration of all the Group's businesses is inevitably a longer-term project, but there are very encouraging signs, with a number of cross-business initiatives underway in addition to the systems-specific projects.

Chairman's Introduction to Governance continued

Since the year-end we have made two important changes:

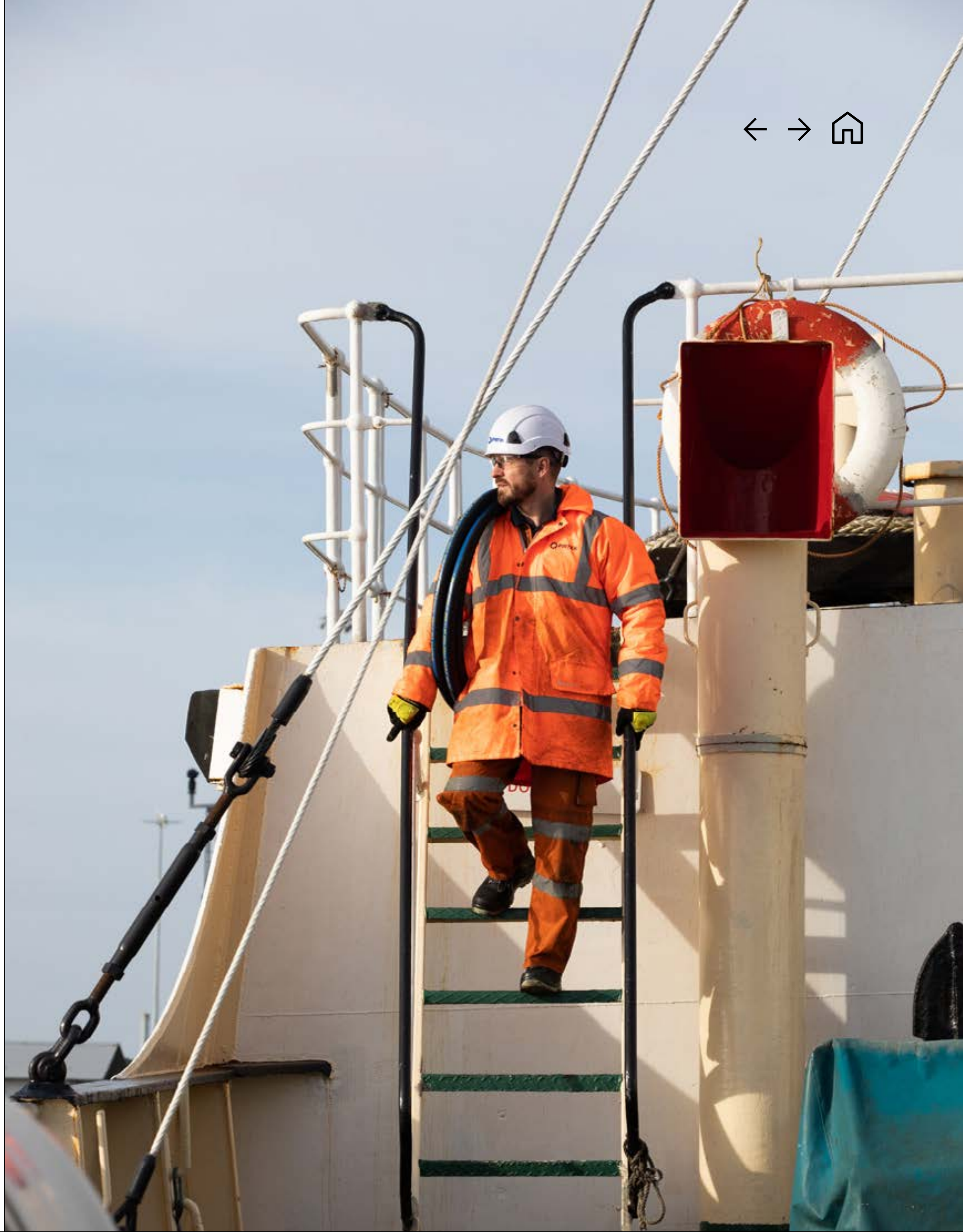
- In January 2025 we announced the appointment of Louise George as an independent Non-executive Director and as Chair of the Audit Committee. Louise has extensive experience as a director and CFO of AIM quoted franchised businesses and adds significantly to expertise around the board table. She is already making a material contribution.
- In February 2025 we announced that, after a comprehensive search for a new CFO and considering a number of external candidates, the Board concluded that the Company's best interests would be served by appointing Andrew Mallows, who had been our Interim CFO since June 2024, as CFO on a permanent basis. To enable Andrew to best support the wider business, we also appointed Beth Peace, formerly FD in the Water & Waste Services Division, as Group FD, a non-Board role. Her support enables Andrew to combine the CFO role with his previous position of Group Commercial Director, in which capacity he has added significant value to the business over a number of years.

Since 2018 we have undertaken a Board effectiveness review in alternate years, the most recent having been in 2022. Ordinarily we would have conducted a review in 2024, but the protracted audit process and subsequent uncertainty over the Board's composition meant that this receded as a priority. I now believe that we have the right Board members to take the Company and business forward and we are establishing and embedding our ways of working as a team. We intend to conduct a Board effectiveness review during Q4 2025, to check on the progress made and identify any opportunities to enhance the way in which the Board functions.

For the financial year that commenced on 1 January 2025 we are subject to the 2023 edition of the QCA Code. The Board has considered how best to evolve our governance arrangements to meet the recommendations of the new Code and we are implementing changes where felt warranted.

I believe that the structural changes we have made and the continued application of the QCA Code will continue to provide strong support for the development of the Group as we embark on the next phase of our journey and look to deliver significant organic growth.

Stephen Hemsley
Executive Chairman

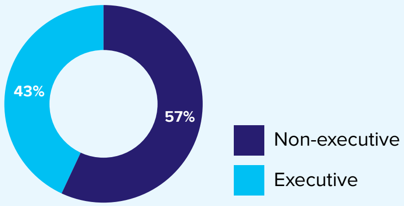


Board of Directors

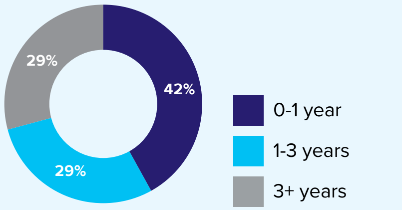
Board Composition

The charts below illustrate the composition and the relevant skills and experience of the Board of Directors

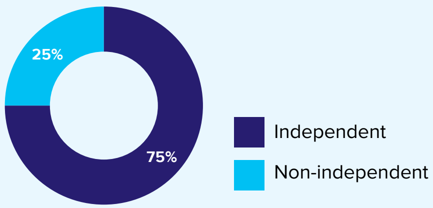
Executive/Non-executive



Tenure



Non-executive independence



Committee membership: A Audit Committee N Nomination Committee R Remuneration Committee ■ Denotes Committee Chair

Stephen Hemsley
Executive Chairman

N

Stephen co-founded Franchise Brands in 2008 and has since led the development of the business, including the IPO and external growth. He is a Chartered Accountant by training and spent nine years with 3i becoming an Investment Director. He then joined Domino's Pizza Group as Finance Director, progressing to CEO, Executive Chairman and Non-executive Chairman. During this time he took Domino's Pizza Group from private ownership to a FTSE250 company with a market capitalisation of almost £1.5bn. He retired as Non-executive Chairman in 2019 after 21 years with the business to focus exclusively on Franchise Brands.

Peter Molloy
Chief Executive Officer

Peter has over 35 years of management and commercial experience. He joined Metro Rod in 2003 and was promoted to Commercial Director in 2005 and to Managing Director in 2017, following the acquisition by Franchise Brands. He was appointed as CEO on 22 October 2024, having previously served as a Director of the Company from March 2018 to October 2023 when he held business and later divisional roles. As CEO he has responsibility for the day-to-day leadership of Franchise Brands across our four principal divisions and shared central functions, and driving the implementation of our strategy, business performance and accelerating the integration of the Group. Before joining Metro Rod, he was Managing Director of a UK business within the Saint-Gobain Group.

Andrew Mallows
Chief Financial Officer

Andrew originally joined Franchise Brands in 2016 as Finance Director, and since 2017 has been the Group's Commercial Director, in which capacity he served as a Director of the Company at various times. Andrew was appointed as a Director of the Company and as our CFO on an interim basis on 19 June 2024, and his appointment was confirmed on a permanent basis on 13 February 2025. He has significant experience in franchising and business development and was Finance Director of Domino's Pizza Group from 2001 to 2004 before being appointed as its Business Development Director.

Board of Directors continued

Committee membership: A Audit Committee N Nomination Committee R Remuneration Committee ■ Denotes Committee Chair

Peter Kear
Senior Independent Non-executive Director

A N R

Peter is a highly experienced public company director with substantial experience in business building and management in the technology sector. He co-founded Celebrus Technologies plc (originally IS Solutions plc, then D4t4 Solutions plc) in 1985 and was responsible for sales and business development before being appointed CEO in 2016. During his tenure as CEO, Celebrus achieved substantial growth in revenue and profits, growing from a market capitalisation of c.£40m to c.£160m when he stood down in 2022. Peter has experience of both the London Stock Exchange's Main Market and AIM. Peter was appointed as a Director of the Company in October 2023.

Andy Brattesani
Independent Non-executive Director

A N R

Andy is an experienced banking professional with extensive experience in the franchising sector. From 2016 until recently he was UK Head of Franchise at HSBC, the market leader in the UK franchise sector. As well as supporting the growth of HSBC's franchise business in the UK, Andy has also led the expansion of HSBC's franchise model internationally. Andy's career in banking over the past 30 years has also encompassed roles with HBOS, RBS and Standard Chartered. Andy was appointed as a Director of the Company in September 2022.

Louise George
Independent Non-executive Director

A N R

Louise is a highly experienced Chief Financial Officer with over 20 years' board-level service with quoted companies, including substantial experience of franchised businesses. Between 2014 and 2024 she was CFO of Belvoir Group (now part of The Property Franchise Group), one of the largest UK property franchise groups. She helped take the business, via a buy and build strategy, to a multi-brand franchise group of scale providing a range of complementary services to customers. Prior to that role, she was Finance Director and Company Secretary of AIM-quoted Image Scan Holdings between 2002 and 2014. Louise is a Chartered Accountant, having qualified with Ernst & Young in 1991. She is also a Chartered Governance Professional.

Nigel Wray
Non-executive Director

N

Nigel co-founded Franchise Brands in 2008. He is an entrepreneurial investor in both public and private companies. Currently he is a substantial shareholder and Director at Chapel Down Group plc and is a significant investor in a wide ranging number of AIM quoted companies, as well as a number of private companies, including Saracens Rugby Club. He is a former Director and was a significant shareholder in Domino's Pizza Group. He was appointed as a Director of the Company in July 2016.

Rob Bellhouse
Company Secretary (non-Board)

Rob is a commercially-focused Chartered Governance Professional who previously served as an independent Non-executive Director of the Group from the IPO in July 2016 until October 2023, when he was appointed as Company Secretary. He has almost 40 years' experience gained in FTSE Main Market and AIM quoted companies. Rob was previously Company Secretary of Greene King, Lonmin and De La Rue. He also held a number of senior company secretarial appointments during an interim/freelance career, including Company Secretary of Domino's Pizza Group and Deputy Secretary of Rio Tinto plc. Rob was chosen as his professional body's Company Secretary of the Year in 2014.

Q&A

Louise George

Independent Non-executive Director

Skills and experience

Finance	7/7
Franchising	6/7
International growth	3/7
Marketing	4/7
Operational management	5/7
People	7/7
Strategic management	6/7
Technology	2/7

What most excites you about Franchise Brands and your new role?

I am most excited by the opportunity to work with a strong franchise business made up of committed people and managed by an exceptional leadership team, and I look forward to contributing to its ongoing success. The business is built upon some highly respected franchise brands with small shares of large, fragmented markets and diversified across a number of sectors and territories. The Group is equally well-positioned to capitalise on growth opportunities as well as deal with any wider economic challenges.

As the newest Director to the Board, what will you bring to the Group?

It is not solely a matter of what I bring to the Group but the composition of the Board as a whole after my appointment that is important. I have over 20 years' AIM board-level experience of which the last eleven have been as CFO of a leading franchise group. My deep understanding of franchising will enable me to both provide support and challenge to the Executive Team. Furthermore, with over 30 years of audit, financial reporting and corporate governance experience, I seek to bring this perspective to discussions both in and outside the Board and its Committees.

How did you find the induction process for new Directors?

A significant part of the induction process was integrated into the appointment process which involved meeting all Board members and the senior finance staff. This helped me to understand the Group strategy, business model, strategic risks and opportunities. Since being appointed, I have been provided with high level management information from across the Group and given access to past Board and Audit Committee meetings so that I quickly became familiar with the key issues. This has undoubtedly helped prepare me for my first meetings and ensured that I could contribute appropriately.

What challenges do you foresee in your role as Audit Chair this year?

First and foremost, I need to establish that the roll-out of NetSuite and PowerBI provides a reliable and effective system of internal controls, financial management and reporting framework across all business units and territories, and that accounting policies are in line with applicable accounting standards and are applied consistently throughout the Group. My role will also involve providing constructive support to the CFO and Group Finance Director following their recent appointments and building on the fairly recent relationship with the statutory auditors.

What has been the impact of the 2023 revision of the QCA Code for Franchise Brands?

I have a high regard for the QCA and believe that the revised Code released in November 2023 reflects the changing needs of good corporate governance within quoted companies that are not subject to FRC's Corporate Governance Code. Whilst Franchise Brands has always taken its governance responsibilities seriously, the implementation of the *One* Franchise Brands initiative will inevitably lead to a greater focus on workforce engagement and build a stronger Group-wide company culture. Furthermore, the revisions around Board composition in respect to independence, diversity and skills have been reflected in recent Board appointments.

Board of Directors continued

The Board

Running the Company

The Board comprises three Executive Directors – the Executive Chairman Stephen Hemsley, CEO Peter Molloy and CFO Andrew Mallows and four Non-executive Directors. Three are independent Non-executive Directors, Peter Kear, Louise George and Andy Brattesani. Nigel Wray is not considered by the Board to be independent due to his long tenure and significant shareholding.

Our Directors are drawn from a wide range of backgrounds, skills and experiences, including substantial franchise expertise. We are confident that collectively our Board members possess the necessary mix of capabilities to deliver the Company's strategy for the benefit of our shareholders over the medium- and long-term.

Management Board

In addition to the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, the following serve as members of the Management Board:

Mark Boxall
Chief Operating Officer

Mark was previously COO of D4t4Solutions, an AIM listing IT provider, specialising in data solutions. He has considerable operational, sales and financial experience having been both board director and senior manager at technology consultancies and product-based technology companies such as rbase, Morse, PTC and Siemens, and more recently Dell EMC.

Jason Sayers
Chairman, Filta International

Jason Sayers founded Filta in 1996 and took the business to the US in 2003. Prior to the merger with Franchise Brands he was Group CEO of what became an AIM quoted company. Following the acquisition, he was subsequently CEO and now Chairman of Filta International with responsibility for growing the Filta businesses in North America.

Julia Choudhury
Corporate Development Director

Julia has 35 years of commercial, finance and investment experience. Julia joined the Group at its formation in 2008 and has a particular focus on corporate development, which includes acquisitions. Between 1997 and 2005, Julia held a number of senior management roles at AXA Investment Managers, including Managing Director of the UK operation. Her early career was spent in corporate finance and investment management with BZW in London and Asia.

Beth Peace
Group Finance Director

Beth was appointed to her current role in February 2025, having previously been Finance Director in the Water & Waste Services Division. She joined the Group in 2019 as Finance Operations Controller at Metro Rod. A chartered accountant, Beth previously worked for the whisky producer Whyte & Mackay.

Management Board continued

In addition to the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, the following serve as members of the Management Board:

Tom Dunn
CEO Filta North America

Tom is an accomplished US franchise industry veteran with over 25 years' experience. Tom joined Filta in 2009, first serving as the VP of Sales, then promoted to COO in 2011. In 2019 he became responsible for the North American business. Tom spent the earlier part of his career in the hospitality sector with both hotel and restaurant franchisors.

Harald Overwater
Managing Director, Pirtek Benelux

Harald Overwater is an experienced professional with a background in engineering, sales and management, particularly in the aerospace and industrial sectors. He was appointed to his current role in 2016, having previously been CEO of Schindler Elevators & Escalators Netherlands from 2012 to 2016 and Managing Director of Senior Aerospace Bosman from 1995 to 2012. Between 2013 and 2014 he served as a non-executive board member at Möhringer Elevators.

Adam Burrows
Managing Director, Pirtek UK & Ireland

Adam has been a key member of the management team since joining the business in 2017 and has been responsible for delivering substantial growth in sales through building strong relationships with franchisees and customers. Adam was promoted to Managing Director following the acquisition by Franchise Brands in 2023. Prior to joining Pirtek, Adam held senior management roles within a large European MRO Engineering business focusing on Sales, Operations and Marketing.

Torsten Moldenhauer
Managing Director Germany & Austria

Torsten joined Pirtek in 2019 as Finance Director for Germany and Austria and has since made a significant contribution to that company's development. In addition to the digitalisation and automation of processes in the finance department, he was responsible for modernising the warehouse, including the relocation of Pirtek Germany to the new Support Centre in Cologne. Before Torsten joined Pirtek, he spent ten years in various finance and management roles for the Ericsson Group in Germany.

Management Board continued

In addition to the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, the following serve as members of the Management Board:

Robin Auld
Group Marketing Director

Robin oversees consumer, trade and franchise recruitment marketing activity ensuring continual evolution of strategy and best practice in execution. He joined Franchise Brands in 2010 and has a successful track record of marketing success over 25 years. He is best known for his work at Domino's Pizza Group as Sales & Marketing Director.

John Michals
COO Filta North America

John Michals was recently appointed COO of Filta US. His background is in financial commodities having managed a derivatives brokerage desk for 13 years. John joined Filta as a franchisee in 2019 and quickly grew his NJ based business from startup to the fourth largest in the Filta network.

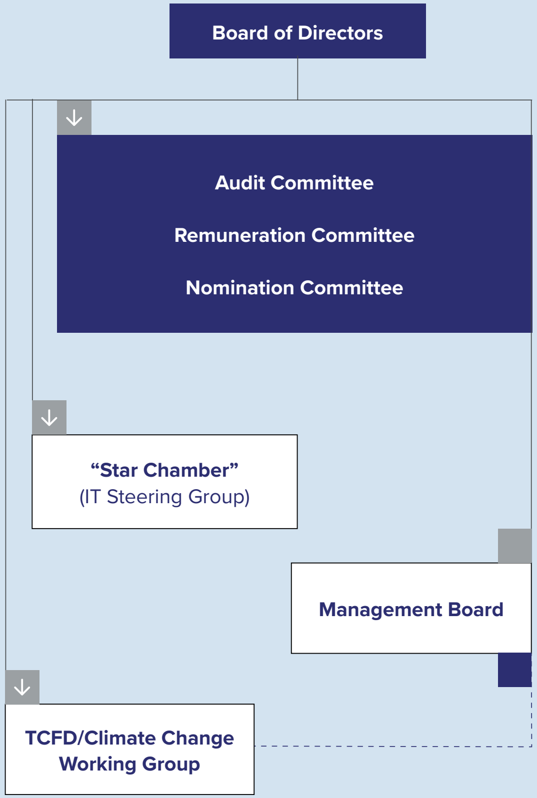
Steve Chambers
COO Metro Rod & Metro Plumb

Steve has over 10 years of experience with Metro Rod, having joined the business in 2013 as a contact centre agent. Over the years, Steve has developed extensive management experience and a deep understanding of franchising and the drainage and plumbing industry, helping drive growth and operational success for both Metro Rod and Metro Plumb. Steve was promoted to Chief Operating Officer in October 2024, following a tenure as Franchise Director.

Tim Harris
Managing Director, B2C division

Tim is a seasoned franchise professional with over 30 years' experience of successfully developing automotive, commercial and domestic franchise businesses in both international and UK markets. Tim joined the Group in 2008 and is the Managing Director of the B2C Division. Prior to joining the Group, Tim held senior sales positions at a number of franchisor companies.

Our Governance Framework



Key: Board/NED Committees

Management Committees

Board of Directors

This is accountable to shareholders and responsible for:

- Setting the Group’s strategy, business plans and budgets;
- Ensuring that necessary financial and human resources are in place to meet the strategic aims of the Group;
- Setting the corporate culture, guiding principles and values;
- Maintaining the policy framework and decision-making processes through which the strategy and business plans are implemented;
- Providing entrepreneurial leadership within a framework of good governance and sound risk management;
- Oversight of the Group’s businesses and their performance against key financial and non-financial indicators, supporting and challenging management to deliver long-term sustainable success;
- Checking that obligations to shareholders and other key stakeholders are understood and met; and
- Overseeing the systems of risk management and internal control.

There is a formal schedule of matters reserved for the Board’s decision.

The names and biographical details of the current Directors are on pages 100-101.

Audit Committee

The role of the Audit Committee is to check:

- that the Board maintains sound policies and procedures to satisfy itself on the integrity of financial and narrative statements and other public reporting and that these present a fair, balanced and understandable assessment of the Company’s position and prospects;
- that the Company maintains sound procedures to identify and manage risk and to oversee the internal control framework and systems;
- whether the Company’s enterprise-wide internal controls are sufficiently robust to support the effective management of identified risks and whether there are appropriate assurance activities in place;
- that there is an appropriate relationship with the external auditor, such that they are able to deliver an effective and objective external audit; and
- whether there is a need for an internal audit function or, where there is such a function, that its remit, independence, objectivity and independence is secured.

The members of the Audit Committee are Louise George (Chair), Andy Brattesani and Pete Kear, each of whom is an independent Non-executive Director.

Remuneration Committee

The role of the Remuneration Committee is to:

- ensure that the Company establishes an effective remuneration policy aligned with the Company’s purpose, strategy and culture as well as its stage of development and that the remuneration policy (i) motivates management and promotes the long-term growth of shareholder value and (ii) supports and reinforces the desired corporate culture and promote the right behaviours and decisions;
- check that remuneration policies and practices support the successful delivery of the Company’s long-term strategy and in particular that a significant proportion of Executive Directors’ and senior managers’ remuneration is structured to clearly link rewards to corporate and individual performance; and
- that there is a formal and transparent procedure for developing policy on executive remuneration and for setting the remuneration packages of individual Directors, including the granting of share awards and other equity incentives through the Group’s employee share schemes.

The members of the Remuneration Committee are: Pete Kear (Chairman), Andy Brattesani and Louise George, each of whom is an independent Non-executive Director.

Nomination Committee

The role of the Nomination Committee is to:

- make recommendations to the plc Board for the appointment of Directors;
- to manage any recruitment processes for Board roles to ensure that these are objective and that diversity factors are considered; and
- to monitor and review succession planning for Board and Management Board roles.

The members of the Committee are Peter Kear (Chairman), Stephen Hemsley, Andy Brattesani. Louise George and Nigel Wray. As recommended in the QCA Corporate Governance Code, at least one member of the Committee is an independent Non-executive Director, with three of its members meeting this requirement.

Our Governance Framework continued

Management Board

As noted above, the Board agrees strategy and approves business plans and budgets and monitors the delivery of results.

The Management Board is responsible for co-ordinating and driving the operational performance of the Group's businesses, and leading the integration of the Group into *One* Franchise Brands.

The Management Board is accountable to the Board through the CEO, Peter Molloy, supported by the CFO, Andrew Mallows.

The names and biographical details of the current members of the Management Board are on pages 104 to 106.

"Star Chamber"

The role of this body is to oversee the considerable investment we are making in IT, ensuring that the projects being prioritised are those that will make the greatest difference to the business and checking that the delivery of those initiatives remains on track and on budget. Having a forum separate from the Management Board enables us to have more focused and deeper conversations on the use of technology in our business, which we see as a key differentiator and source of competitive advantage and a profit driver in the medium term and beyond.

The "Star Chamber" comprises a number of members of the Management Board plus Pete Kear, a Non-executive Director who has vast experience and understanding of IT issues.

Climate Change Working Group

This group is leading the Group's response to climate change. Its primary workload is to identify the risks and opportunities arising from or associated with climate change, and to assess the materiality of these over the short-, medium-and long-term. This assessment is undertaken across various climate change scenarios, including the Paris Agreement assumption of 1.5-2.0°C as well as a 'current policies' assumption of around 3.1°C and a more extreme scenario.

The Working Group is led by Rob Bellhouse, our Company Secretary, who is responsible for risk management within the Group. It also comprises a number of relevant managers drawn from across the business.

Given the importance of the issues it is managing, the Working Group has a dual reporting line: to the Board since they are accountable for our response to climate change, and to the Management Board since its members are responsible for taking the actions needed to implement that response.

For further details of how we are understanding and responding to climate change, please see pages 74 to 81.

Q&A

with Pete Kear, Chairman

Why did the Company create the Star Chamber and what expertise do you bring?

Franchise Brands is making major investments in IT to support the integration and growth of the business. We'll be investing c. £8m in 2025 across a number of *One* Franchise Brands strategic initiatives, but mostly the deployment of NetSuite as our new accounting and finance system, and the in-house development of our works management system, Vision system to roll out to Pirtek. Having a dedicated forum, with the right expertise, that can provide guidance in the planning phase, sign off at each stage of the approval process and oversee implementation is crucial for such a specialist and important area.

What expertise do you bring to the Star Chamber?

My professional background is in software sales, which enabled me to set up an IT business that grew from a start-up to an AIM quoted global group with a market value of £160m, of which I eventually became CEO. My experience is therefore in both selling software and deploying it within my own business.

How often does the Star Chamber meet?

As often as needed! We held eight meetings in 2024 as this was a year in which we made crucial decisions about which projects we wanted to prioritise, and which software tools we were choosing to introduce or extend across the Group.

What were some of the key decisions that you took?

Probably the most important from a shareholder perspective was the decision to move from ten different accounting systems to a single, Group-wide system. Having reviewed what we already had, we've chosen to extend the use of NetSuite which Filta were already using, and which I have personal experience of implementing. We're badging this as One Finance and expect it to significantly enhance our accounting and financial reporting, particularly by bolting on Power BI to deliver management information. One Finance will also bolster our internal control environment, in readiness for the move to a listing and transfer to the Main Market. Given my background in software sales, I was able to advise the Group in how to secure the best deal available and on the choice of implementation partner.

From a business point of view, deploying the Vision works management system developed by our Group company, Azura, will make the biggest difference. This system has been in use at Metro Rod since 2020 and has helped Peter and the team transform that business. We are looking to extend this across Pirtek and into many of the Group's other businesses under the name One Works Management System, replacing what are, in some cases, legacy systems. Through our ownership of Azura we can bespoke the tool very heavily, to make sure that it meets our, and our franchisees' needs, and integrates perfectly with One Finance and the Power BI reporting tools.

Is there a financial benefit to all of this?

We certainly expect that to be the case. We believe that we have negotiated the best possible deal on the One Finance system and One Works Management System is, of course, an in-house product. Obviously we will save the licence fees for the software they will replace, but also the costs of hosting and supporting the currently wide array of software used across the Group, which we can consolidate when we've moved to integrated, Group-wide systems.

Corporate Governance in Action

Corporate governance plays a crucial role in helping preserve value for shareholders, by providing a structure and process for decision-making which should ensure that all major decisions are considered in good time, that the relevant body is provided with good-quality briefing materials which cover all relevant factors, and that its deliberations consider the risks, as well as the opportunities, in the issue.

It is for these reasons that the Board is committed to achieving high standards of corporate governance across the Group's operations.

The Board of Directors has chosen to apply the QCA Corporate Governance Code (the Code) as it believes that this provides an appropriate governance framework for a group of our size and should help support our growth and success. In this section of the report, we explain how we have applied the ten Principles of the 2018 edition of the Code. In some areas we have also reported in line with the 2023 version of the Code, though that only applies for us from the financial year commencing on 1 January 2025. In addition to choosing to apply the Code, Franchise Brands is a member of the QCA, in order to support the work it does in promoting good corporate governance.

We applied each of the Code's ten principles throughout 2024 and expect to continue to do so in 2025. There may be circumstances where the interests of the Company and its shareholders are better served by diverging from the Code's recommendations. If this is ever the case, we will always explain the rationale for why we are choosing to do this.

QCA PRINCIPLE 1
Establish a strategy and business model which promote long-term value for shareholders

We are focused on building market-leading businesses, primarily using a franchise model. In general, we prefer to invest in established brands which can benefit from our shared support services and Group expertise and resources.

Further information:

- Strategy on pages 26-27
- Implementation during the year and any key challenges experienced is reported on in the Operational Review on pages 18 to 25 and Strategy in Action on pages 28 to 35

QCA PRINCIPLE 2
Seek to understand and meet shareholder needs and expectations

The Executive Chairman, CEO, CFO and Corporate Development Director meet regularly with institutional shareholders and provide feedback to the Board and Management Board, who are also provided with research notes from sell-side analysts plus insight into shareholders' views from the Company's brokers and nominated adviser.

Detailed reports on trading, financial and ESG performance are provided to shareholders through our interim and annual financial reports, trading updates are issued regularly via RNS, and through our Capital Markets Day and other investor presentations, retail digital platforms and at shareholder meetings. The Group also exhibits and presents at events attended by retail investors and provides content to retail financial news websites. All our material shareholder communications are available on the website.

The Group welcomes the personal investment in its equity that many employees and franchisees have made, as well as our retail investors. All of these personal shareholders benefit from website updates, which include all presentations we make to institutional shareholders and at investor conferences.

We regularly update the Investor Relations section of the Group's website with the aim of providing useful information for all investors, but particularly our retail shareholders. We use our Annual Report to provide shareholders with details of the Group, operations, performance, strategy and policies. The Group also exhibits and presents at events attended by retail investors (whether virtually or in person) and subscribes, and provides content to, retail financial news websites.

All Directors attend the AGM, at which there is an opportunity for shareholders to ask questions formally. Voting at the AGM is by poll, to ensure that the votes of all shareholders are taken into account, regardless of whether they are able to attend the meeting.

We were pleased that all of the resolutions proposed at our AGM received the support of more than 98% of the votes cast, other than in relation to the management of our share capital where there is an increasing divergence of views among investors.

Further information:

- Major shareholders, page 130

Corporate Governance in Action continued

QCA PRINCIPLE 3
Take into account wider stakeholder and social responsibilities and the long-term

In making decisions, the Company's Directors are cognisant of all their legal duties and obligations, including the requirement under Section 172(1) of the Companies Act 2006 to act in the way that is most likely to promote the success of the Company for the benefit of its members as a whole and to have regard (among other matters) to the factors set out in that section.

The Board has a clear understanding of the key stakeholders in our business, both internal and external. The Board and the Management Board consider the factors that are important for all its stakeholders, seeks to maintain strong relationships, solicits feedback and fosters responsible working practices.

As a progressive, principle-led Group, we are committed to working in partnership with all our stakeholders. We place particular importance on directly engaging and collaborating with our employees, franchisees, suppliers, customers and local communities and shareholders. Their views and feedback are important to us and are used to inform our decision making.

Further information:

- Stakeholders, see pages 82 to 85
- How we consider wider interests in decision making, see pages 86 to 88
- ESG performance, see pages Working Responsibly on pages 52 to 81

QCA PRINCIPLE 4
Embed effective risk management throughout the organisation

The Board has adopted a risk management framework that includes a standard methodology for rating the impact and likelihood for risks. This was specifically designed to ensure that all risks could be rated on a comparable basis. The Board has also defined the risks it is prepared to take in the expectation of earning a return (its risk appetite), the risks it expects the business to seek to manage (its risk tolerance) and which risks it is not prepared to face. The latter are the risks that, if they materialise, will prevent us delivering on our business plans or have other impacts that we cannot live with.

The Management Board and the Board each review the corporate risk register at least bi-annually and the Board reviews the effectiveness of the systems of risk management annually.

Further information:

- Risk management, see page 93
- Management of climate-change related risks, see pages 74 to 81
- Principal risks and uncertainties, see pages 94 to 96

QCA PRINCIPLE 5
Maintain a well-functioning, balanced Board

The Company is run by the Board of Directors. The Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for establishing and maintaining effective corporate governance arrangements.

The names and biographical details of the current Directors are on pages 100 and 101. The Board judges that Andy Brattesani, Louise George and Pete Kear are independent Directors. While he demonstrates complete independence of thought, Nigel Wray is not considered by the Board to be independent in view of his significant shareholding and long tenure with the Group.

The three Executive Directors work full-time in the business. We expect the Non-executive Directors to commit sufficient time as is necessary for the proper performance of their duties, including attending all scheduled Board and committee meetings, the AGM, site visits and other non-scheduled calls and meetings. In addition, they are expected to devote time to reading papers and being prepared fully for each of these meetings or events. In total, we estimate that this should amount to two to three days per month, but the actual time commitment is open-ended.

All Directors receive regular and timely information on the Group's operational and financial performance. Detailed Board papers are sent out in advance of Board meetings, and the Directors receive monthly management accounts detailing the performance of our brands.

Further information:

- Directors' biographies, see pages 100-101
- The role of the Board, see pages 107-108

Corporate Governance in Action continued

QCA PRINCIPLE 5
Maintain a well-functioning, balanced Board continued

The Board held nine scheduled meetings during 2024, plus additional calls and meetings to meet the needs of the business. Attendance at the scheduled meetings was as follows:

Director	Jan	Mar	May	Jun	Jul	Sep	Oct	Nov	Dec	Total
Stephen Hemsley	●	●	●	●	●	●	●	●	●	9/9
Peter Molloy[1]	–	–	–	–	–	–	●	●	●	3/3
Andrew Mallows[2]	–	–	–	–	●	●	●	●	●	5/5
Mark Fryer[3]	●	●	●	●	–	–	–	–	–	4/4
Andy Brattesani	●	●	●	●	●	●	●	●	●	9/9
Pete Kear	●	●	●	●	●	●	●	●	●	9/9
Nigel Wray	●	●	●	●	●	●	●	●	●	9/9

1. Appointed 22 October 2024.
2. Appointed 19 June 2024.
3. Resigned 19 June 2024.

Further information:

- Key decisions taken in 2024, see pages 86 to 88
- The role of the Board, see page 107
- Board Committees, see page 107 and the individual Committee reports

QCA PRINCIPLE 6
Ensure that the Directors collectively have the necessary, up-to-date experience, skills and capabilities

The current Directors of the Company and an outline of their relevant experience and skills is on pages 100 and 101.

Our Directors are drawn from a wide range of backgrounds, skills and experiences. We are confident that collectively our Board members possess the necessary mix of capabilities to deliver the Company's strategy for the benefit of our shareholders over the medium- and long-term. Directors are encouraged and supported to ensure their skills remain up to date, including training courses and continuing professional development.

The Board recognises that as the Group evolves, the mix of skills, knowledge and experience required on the Board will need to change, and Board composition will need to evolve in response. New appointments will always be considered against objective, merit-based criteria and have due regard for the benefits of diversity in all its forms. The Board has created a Nomination Committee with specific responsibilities around succession planning and managing the process for Board appointments.

The Board is supported by the Company Secretary, who advises and supports the Chairman and Board on corporate governance, risk, legal and regulatory matters and is available to any Director to provide advice.

Directors are provided with access to the Company's Nominated Advisor, who provide briefings on necessary legislation and regulations from time to time. In addition, the Company's external legal counsel is available to the Board and individual Directors as needed. The Remuneration Committee is supported by an external remuneration consultant, who provides detailed insight into peer group practice and the views of proxy advisory firms, institutional investors and their representative bodies.

There were no specific matters on which any Director sought external advice during the year.

Further information:

- Directors' biographies, see pages 100-101
- Remuneration Committee Report, see pages 122 to 128

Corporate Governance in Action continued

QCA PRINCIPLE 7
Evaluate Board performance and seek continuous improvement

The Board has carried out performance effectiveness reviews on a biennial basis since 2018, with the last review being undertaken in 2022. Each of these was conducted by an independent Non-executive Director with expertise in corporate governance, with the results being shared with the full Board. Agreed actions arising from these reviews have been completed and continue to inform how the Board operates.

Ordinarily we would have conducted a review in 2024, but the protracted audit process and subsequent uncertainty over the Board's composition meant that this receded as a priority. We intend to conduct a board effectiveness review during Q4 2025, to check on the progress made and identify any opportunities to enhance the way in which the Board functions.

We are fully aware of the need for progressive refreshing of the Board, and succession planning is a key focus. In January 2024 a Nomination Committee was created to formalise and better oversee our approach to succession planning.

The composition of the Board has continued to evolve and shortly after the year-end we were delighted to welcome Louise George as a Non-executive Director and as Chair of the Audit Committee.

Further information:

- Directors' biographies, see pages 100-101
- Nomination Committee, see page 107 and its report on pages 119 to 121

QCA PRINCIPLE 8
Promote a culture based on ethical values and behaviour

Franchise Brands has five well-established guiding principles that inform the way we work with each other, support our franchisees and serve our customers and communities:

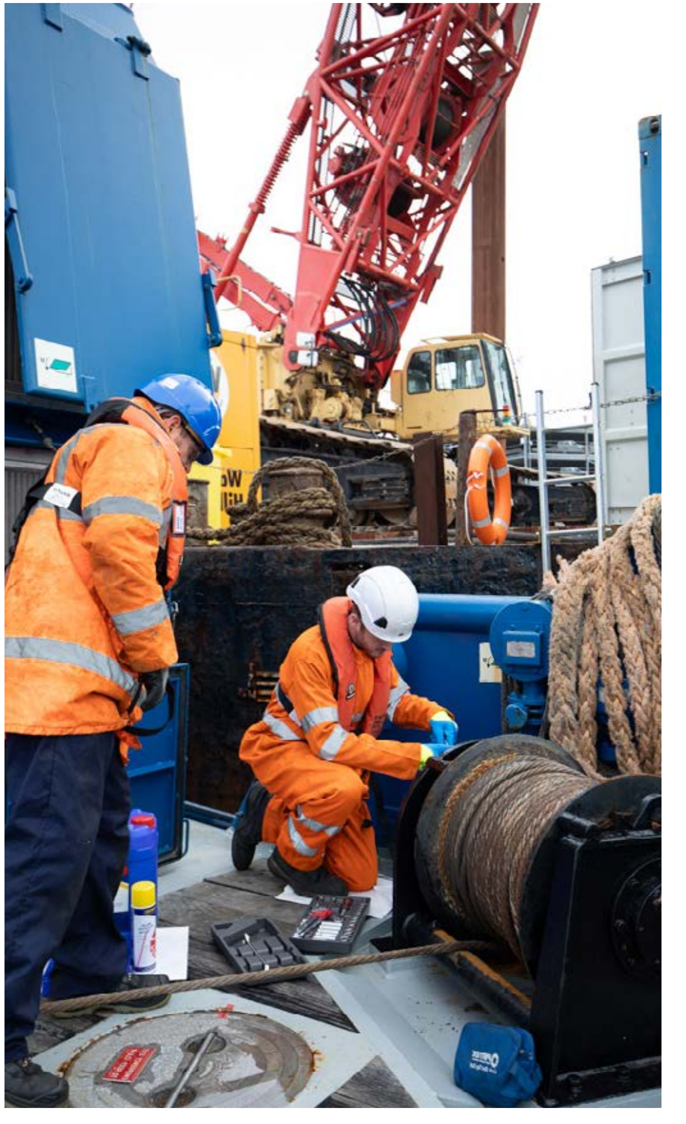
- **We demand integrity:** We are professional in everything we do and treat people with respect.
- **We empower our people:** We empower our people and expect them to take ownership of a situation and to be accountable for their actions and the results they generate.
- **We are challenging of ourselves:** We set high standards, are demanding of ourselves, are prepared to challenge the norm and have a relentless focus on continual improvement.
- **We are fair:** We consider that fairness and transparency are essential to creating high trust working relationships with each other, and with our franchisees, partners, suppliers and customers.
- **We work as a team:** We place a huge amount of importance on teamwork between our colleagues and our franchisees in creating a dynamic business.

We pride ourselves on having a dynamic and entrepreneurial culture with tone set from the top. Our ethos is "do more of what works, and less of what doesn't". At every level of management our people are encouraged to try out new approaches and ideas and to test whether these work; our only stipulation is that we form a view on the success (or otherwise) of an initiative quickly and dispassionately.

During the year, all of the Directors participated in the Company's Growth Summit, which was attended by around 75 senior managers drawn from all parts of the Group. By getting to meet such a wide range of people face-to-face both formally and informally, they are able to assure themselves that there is a healthy corporate culture. The Directors also meet with Management Board members very regularly, which provides further insight into the culture of the organisation.

Further information:

- Strategy, see pages 26 to 35
- Our guiding principles, see page 52
- Risk management, see pages 93 to 96



Corporate Governance in Action continued

QCA PRINCIPLE 9
Maintain fit-for-purpose governance structures and processes

For details of our governance framework, including the remit of each of our governance bodies and how these interact, please see pages 107-108. There is commentary on the functioning of our governance framework during 2024 in the Chairman's Introduction to Governance on page 98.

The roles and responsibilities of specific Directors are clearly understood:

Executive Chairman

- Lead the Board and run the Company
- Propose strategy for agreement by the Board and business plans and budgets aligned with that strategy for Board approval
- Ensure that shareholder and other key stakeholders' interests are taken into account when managing the Group's business

Chief Executive Officer

- Lead the Management Board and run the business
- Propose business plans and budgets aligned with the agreed strategy for Board approval
- Lead the implementation of Board-approved business plans and budgets, and provide transparent reporting on operational and financial performance
- Lead the integration of the business into *One* Franchise Brands

Chief Financial Officer

- Lead the Finance function and support the Executive Chairman and the Chief Executive Officer
- Ensure that accounting policies and practices are aligned with IFRS and other GAAP and applied consistently across the Group
- Ensure that appropriate internal financial controls are implemented and maintained
- Ensure that the Group's financial reporting is of a high quality and presents a true and fair view of business performance
- Engage with our shareholders and lending banks

Non-executive Directors

- Challenge constructively and help develop proposals on strategy
- Satisfy themselves as to the integrity of the financial reporting systems and the information they provide
- Satisfy themselves as to the robustness of the internal controls
- Ensure that the systems of risk management are robust and defensible
- Review management performance and the reporting of such performance to shareholders

The Senior Independent Director is a Non-executive Director with additional responsibilities. He is available to shareholders to discuss any matters that it may not be possible or appropriate to raise with the Executive Chairman or the CFO. In addition, he will lead Board discussions on the performance of the Executive Chairman.

Further information:

- Directors' biographies, see pages 100-101
- Governance framework, see pages 107-108

QCA PRINCIPLE 10
Communicate our governance performance to shareholders and other relevant stakeholders

We engage regularly with our shareholders. We explain how we communicate trading and financial performance under QCA Principle 2 above.

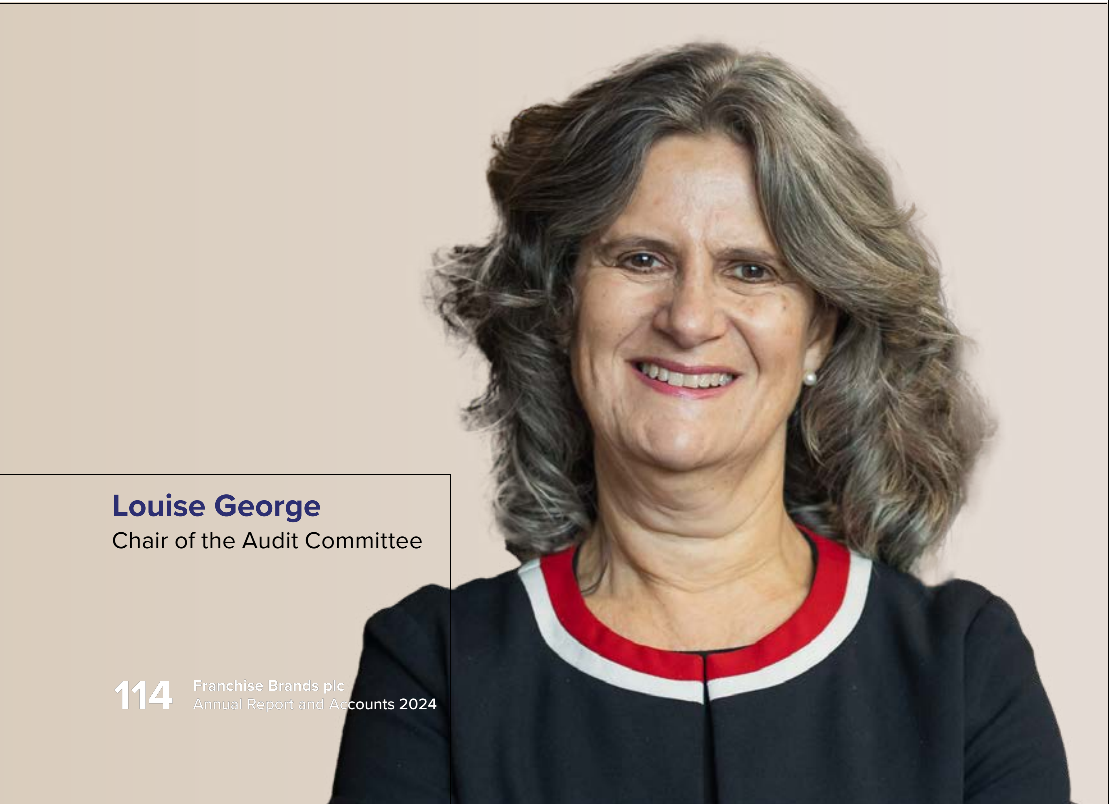
The Board uses the Annual Report and the associated website disclosures as the primary way to provide shareholders with details of the Group's governance framework and the effectiveness of this in supporting operational and financial performance. The Executive Chairman and, if appropriate, the Senior Independent Director are available to shareholders to discuss governance matters as needed.

Further information:

- Governance framework, see pages 107-108
- Audit Committee Report, see pages 114 to 118
- Nomination Committee Report, see pages 119 to 121
- Remuneration Committee Report, see pages 122 to 128

Audit Committee Report

Robust financial reporting to ensure accountability



Louise George
Chair of the Audit Committee

Introduction by the Chair of the Audit Committee

Dear fellow shareholder,
I was appointed as Chair of the Audit Committee in January 2025 and must begin by paying tribute to my predecessor, Andy Brattesani. His tenure as Chairman coincided with a prolonged and challenging audit of the 2023 results, the need to oversee the selection and appointment of new statutory auditors, as well as a change of Chief Financial Officer. Any one of those tasks would have been a material challenge and the Company and its shareholders have been well served by him since he took on the role in October 2023. I am very pleased that he and Pete Kear continue to serve as members of the Committee, providing much-needed continuity.

My initial impressions of Franchise Brands' finance function and of the relationship with the newly appointed external auditors are very favourable:

- Andrew Mallows has served as Interim CFO since June 2024 and, after a comprehensive search for a new CFO and considering a number of external candidates, the Board concluded in February 2025 that the Company's best interests would be served by appointing Andrew as CFO on a permanent basis. To enable Andrew to support the wider business effectively, the Company also appointed Beth Peace, formerly FD in the Water & Waste Services Division, as Group FD, a non-board role. This enables Andrew to combine the CFO role with his previous position of Group Commercial Director, in which capacity he has added significant value to the business over a number of years. I look forward to working with Andrew, Beth and the remainder of the Group finance team in the years to come.
- The team at PKF Littlejohn, led by Hannes Verwey, has developed an impressively deep understanding of the Group and its various businesses in a very short time, which is a testament to the quality of the audit staff involved. There is a strong professional relationship with, but appropriate distancing from, the Group's various finance teams, which bodes well for the efficiency and effectiveness of future audits. Again, I look forward to building the relationship with Hannes and the PKF team over coming years.

The Group has committed to a major systems change initiative, with the implementation of NetSuite and PowerBI across all parts of the Group. This is a major piece of work, but one which is essential to build both the internal control environment and financial reporting systems that are needed to support the Board's aspiration to move to a Main Market listing of the Company's shares. I am very happy to play my part in monitoring management's deployment of these market-leading products, and my role is to provide challenge and support as needed. Once completed, these systems will materially enhance the Group's accounting and reporting capabilities and implement an internal control environment appropriate for a FTSE250 company.

Audit Committee Report continued

Operation of the Audit Committee

Role of the Audit Committee

The role of the Audit Committee is to check:

- that the Board maintains sound policies and procedures to satisfy itself on the integrity of financial and narrative statements and other public reporting and that these present a fair, balanced and understandable assessment of the Company's position and prospects;
- that the Company maintains sound procedures to identify and manage risk and to oversee the internal control framework and systems;
- whether the Company's enterprise-wide internal controls are sufficiently robust to support the effective management of identified risks and whether there are appropriate assurance activities in place;
- that there is an appropriate relationship with the external auditor, such that they are able to deliver an effective and objective external audit; and
- whether there is a need for an internal audit function or, where there is such a function, that its remit is appropriate and that its objectivity and independence is secure.

In addition to the Committee members, the Executive Chairman, Chief Financial Officer and Group Finance Director are invited to attend all meetings, with other senior financial managers invited to attend when necessary. The external auditors attend meetings to discuss the planning and conclusions of their work and meet with the members of the Committee without any members of the executive team present after each meeting. The Committee is able to call for information from management and consults with the external auditors directly as required.

Membership

The members of the Committee at the date of this report are Louise George (Chair), Andy Brattesani and Peter Kear, each of whom is an independent Non-executive Director.

Louise George is a highly experienced Chief Financial Officer with over 20 years' board-level experience with AIM quoted companies, including substantial experience of franchised businesses. She is a Chartered Accountant, having qualified with Ernst & Young in 1991, and also a Chartered Governance Professional. The Board is confident that she has the relevant and recent experience needed to chair the Committee.

The other Committee members also have strong financial credentials. Andy Brattesani is an experienced banking executive with more than 30 years' professional experience. Pete Kear has extensive business experience as both an executive and non-executive director, including serving as CEO of a quoted company with a market capitalisation of £160m.

Louise George has been provided with full induction training since she became Chair of the Committee in January 2025.

Meetings and attendance records

The Committee met twice in 2024 and attendance was as follows:

Director	Jun	Nov	Total
Andy Brattesani	●	●	2/2
Pete Kear	●	●	2/2

Audit Committee Report continued

Financial reporting

Key matters considered by the Audit Committee

The integrity of the Group's financial reporting is of critical importance, and it is a core responsibility of the Committee to review this reporting and the key accounting contained in the financial statements.

Key accounting matters considered in relation to 2024

The Committee considered a number of issues in relation to the Annual Report and Accounts, including significant estimates and key accounting judgements. How these were handled and the decisions reached are set out in the table below. For further information on the work of the external auditor in relation to these matters, please see their report on pages 134 to 141.

Topic What is the risk?	What did the Committee do?	What conclusion did it reach?
Revenue recognition and application of IFRS 15		
The Group has a number of revenue streams and transacts with its customers both directly (as principal), and indirectly acting as either a commission agent or where services are delivered through its franchise networks. The risk is that revenue and cost of sales are not recognised correctly in the financial statements. While the profitability would be unaffected, the profit margins earned would be stated erroneously.	The Committee was provided with a summary of management's paper on the application of IFRS 15 on key revenue streams within the Group and discussed this with the finance team. The Committee also reviewed the findings contained in the external auditor's reporting to the Board and discussed the work performed by the audit team with the senior statutory auditor. To the extent that prior period adjustments were required, the Committee ensured that it understood the rationale for this and the reasons for the particular amount of the adjustment.	The Committee is satisfied that management is accounting for all key revenue streams in an appropriate way and that IFRS 15 is being applied correctly within the Group. The Committee is also satisfied that the external auditor has reviewed the accounting approach with an appropriate level of professional scepticism and conducted a thorough review of the Group's accounting practices in this area.
Consideration of potential impairment of goodwill and intangible assets		
Management has determined that the Group has goodwill and intangible assets that were treated during the year as having an indefinite lifespan, and which therefore had to be tested annually for indications of impairment. The risk is that carrying values are overstated and the profits for the year similarly overstated, if those asset values have not been impaired, where this would be the appropriate treatment.	The Committee reviewed management's approach to the annual test for indications of impairment, noting that there is a high degree of judgement in assessing the value in use of the Cash Generating Units to which the goodwill and intangible assets are allocated. The Committee also reviewed the findings contained in the external auditor's reporting to the Board and discussed the work performed by the audit team with the senior statutory auditor.	The Committee is satisfied that management's judgements in this area are reasonable and that the carrying values of goodwill and intangible assets continue to be justified. The Committee is also satisfied that the external auditor has provided an appropriate level of scrutiny to the assessment of whether there is any requirement to impair.

Audit Committee Report continued

Interactions with the Financial Reporting Council
In November 2024 the FRC advised the Company that it had carried out a review of the 2023 Annual Report and Accounts, and that there were no questions or queries that it wished to raise with us based on that review. Some detailed drafting recommendations were made, which we have adopted in this year's Annual Report.

The FRC's review was based solely on the 2023 Annual Report and Accounts and did not benefit from any further detailed knowledge of our business or an understanding of the underlying transactions. It provides no assurance that the 2023 Annual Report and Accounts was correct in all material respects and the FRC (which includes its officers, employees and agents) accepts no liability for reliance on it by the Company or any third party, including but not limited to investors and shareholders.

External audit

Audit tender
BDO LLP had served as the Company's external auditor since the IPO in 2016, but their involvement with the Group began in 2008. While Franchise Brands is not a Public Interest Entity and therefore not subject to the requirement to replace the auditor after no more than 20 years, we believed that there was an advantage to shareholders by reviewing BDO's appointment. We were also cognisant of the FRC's views on the quality of certain of BDO's audit engagements.

During the summer of 2024 the Committee oversaw and led a tender process in which four audit firms were considered, including Big Four and so-called 'challenger' firms. The result of this was that the Committee recommended to the Board that PKF Littlejohn LLP should be appointed as the external auditor, which was unanimously approved.

BDO LLP subsequently resigned and confirmed that none of the reasons for them ceasing to hold office and no matters connected with their ceasing to hold office needed to be brought to the attention of the members or creditors of the Company.

Relationship with the external auditor
PKF Littlejohn were appointed as the statutory auditor to the Company and Group in September 2024. They will hold office until the conclusion of the 2025 AGM and we hope that shareholders will re-appoint them.

Senior members of the audit team will be rotated in line with regulatory requirements and best practices. Hannes Verwey is the lead audit engagement partner and he took on this role in September 2024, having had no previous connection with the Group. The Audit Committee maintains a strong relationship with the lead audit engagement partner, who acts as the senior statutory auditor, and with other senior members of the audit team. In particular, the Committee Chairman has regular contact with the audit partner, both formally and informally, to understand the relationships between the auditor and the senior members of the Company's finance team and whether there are any accounting or financial reporting issues that need to be discussed and resolved.

Auditor objectivity and independence
The Committee places great emphasis on audit quality. This encompasses monitoring the skills and knowledge of the audit team, their mindset and culture and the quality of the judgements reached by the senior members of the audit team. In all of their dealings with the key members of the audit team, the Committee members look for evidence that their work is being done from a position of independence, with an entirely objective eye and appropriate professional scepticism.

The Committee also seeks the views of senior members of the finance team on their, and their teams', dealings with the external auditors and whether there are any indications that audit quality is being compromised in any way, or any means by which it could be further enhanced.

In turn, PKF puts safeguards in place to avoid compromising their objectivity and independence. They provide a written report to the Committee on how they comply with professional and regulatory requirements and best practice designed to ensure their independence. As noted above, key members of the audit team have been rotated in line with regulatory requirements.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company and tracking the level of fees payable to the auditors for non-audit services, and the nature of those services.

Non-audit services
The Group became an Other Entity of Public Interest ("OEPI") on 31 December 2023. Prior to this date, the Company and Group sourced a number of non-audit services from the network of its then auditor, BDO. All such services were provided by separate teams from the audit team with suitable safeguards in place. The cumulative non-audit fees paid were more than the audit fee, primarily reflecting a significant single engagement to provide financial and tax due diligence reviews ahead of the acquisition of Pirtek Europe as a one-off engagement prior to the Group becoming an OEPI.

No further non-audit services are being provided by the Group's auditor following the Group becoming an OEPI, in line with the FRC Ethical Standard.

Audit Committee Report continued

External audit continued

Non-audit services continued

The fees paid to PKF during or in respect of 2024, and the fees paid to BDO during or in respect of 2023 are:

	2024 (PKF) £'000	2023 (BDO) £'000
Statutory audit fees:		
Group/UK	**420**	585
Component audits overseas	**104**	77
Total: Audit fees	**524**	662
Non-audit services:		
Consent services for filings with the US FTC	**3**	–
Financial and tax due diligence reviews (one-off exercises)	**–**	726
Tax compliance services	**–**	82
Tax advisory services	**–**	31
Payroll services	**–**	66
Total: Non-audit services	**3**	905

The Committee is satisfied that the non-audit services provided by the BDO network during 2023 did not compromise the objectivity and independence of the firm as Group auditor.

The only non-audit service provided by the external auditor in 2024 related to consent services required for filings our US business is obliged to make with the Federal Trade Commission.

Effectiveness of the external audit process

In the later stages of the audit process the Audit Committee undertook a review of the effectiveness of PKF as the external auditors, which was discussed at its meeting in March 2025. This took into account the views of the Executive Directors, the Group finance team, local finance teams and other senior executives with direct experience of the audit of the 2024 financial statements. The conclusions reached were shared and discussed with the external auditor.

Based on its assessment of the audit of the 2024 financial statements and the results of the effectiveness review, the Audit Committee is satisfied that PKF provided a comprehensive audit and demonstrated appropriate levels of independence, objectivity and professional scepticism.

Proposed re-election of the auditor at the 2025 AGM

As a public company, Franchise Brands is obliged in law to have an external auditor holding office at all times. The Committee has therefore recommended to the Board that PKF Littlejohn LLP should be proposed for re-election as the external auditor at the 2025 AGM. The Board has accepted that recommendation and resolutions will be proposed at that meeting for their re-election and to empower the Directors to approve the auditor's fees for the next statutory audit.

Risk management and internal control

Systems of risk management and internal control

The Group has robust systems of risk management, which are explained on page 93.

The system of internal control continues to develop and evolve and we expect that this will be materially enhanced by the implementation of NetSuite as our Group-wide accounting system. In parallel, we are supplementing NetSuite with PowerBI to bolster our internal management information reporting which, of course, supports our external reporting. We expect that this the Group's wider universe of internal controls more generally will also be improved by implementing this system.

Effectiveness review

The Committee has not undertaken a formal review of the effectiveness of the systems of risk management and internal control during the year. However, based on its members' knowledge of the Group's operations and performance it is satisfied that the arrangements currently in place are fit-for-purpose and that the risk and control framework and processes are operating as intended.

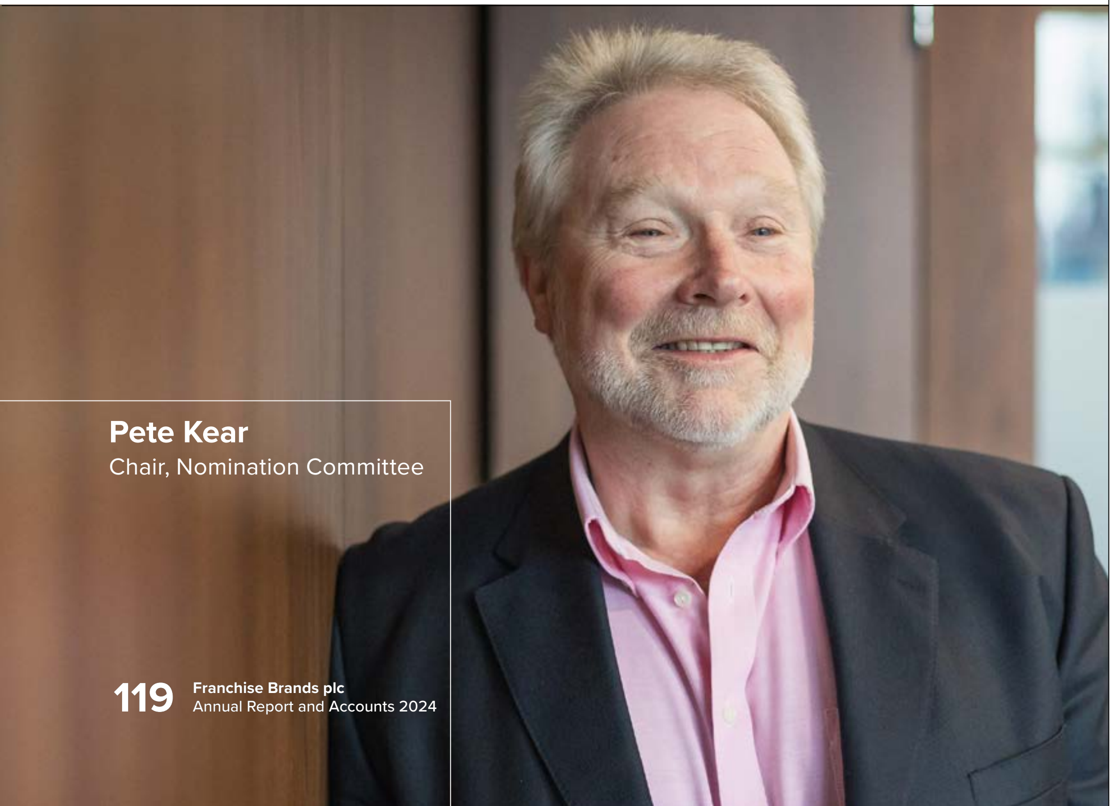
Internal audit

The Group does not have an internal audit function at this stage of its journey. The Committee is satisfied that this does not compromise the quality of, or confidence in, its internal and external reporting and that the absence of an internal audit function does not have any detrimental effect on the work of the external auditor.

Louise George
Chair, Audit Committee

Nomination Committee Report

Ensuring we have the right team for the future



Introduction by the Chair of the Nomination Committee

Dear fellow shareholder,

The Board created the Nomination Committee in January 2024, to oversee succession planning for Board and Management Board roles and also to recommend the appointment of Directors to the plc Board, including running any recruitment processes. This recognised that the Group had reached a scale where we can successfully manage personal and professional development opportunities for our most able people and it is important that they know that they can develop their careers within the Group. I was pleased and honoured to be appointed as the Committee's first Chairman.

We held one formal meeting in 2024, when we reviewed succession planning for both Board and senior management positions, as well as considering whether to recommend to the Board that the Directors retiring from office at the 2024 AGM should be proposed for re-election.

There were a number of ad hoc meetings during the year, linked to Board appointments:

- In June we recommended to the Board that Andrew Mallows should be appointed as the Group's Chief Financial Officer on an interim basis, following the resignation of the previous CFO.
- In July we met to discuss the process for selecting the permanent appointee for the CFO role, agreeing to bring in an executive search firm to help us identify potential candidates and ensure a rigorous process.
- In October we recommended to the Board that Peter Molloy should be appointed as the Group's first Chief Executive Officer. This recognised that the Group had reached a scale where the appointment of a CEO at Board level with a focus on the delivery of operational results would enable the Executive Chairman to separate his responsibilities and provide greater focus on the strategic and commercial development of the business, in support of our ambitious growth plans.

While the Committee has only been in existence for 12 months, I am pleased that it has found its role within the governance framework. It is especially pleasing that we have been able to appoint to senior roles, including at Board level, from within the business. My strong personal conviction is that it is essential that, wherever possible, Board roles such as the CEO should be filled by promotion from within the organisation.

Nomination Committee Report continued

Operation of the Nomination Committee

Role of the Nomination Committee

The role of the Nomination Committee is to ensure:

- that the Board possesses the necessary experience, knowledge and skillset to deliver the Company's strategic goals over the short-, medium- and long-term and has appropriate levels of independence and diversity of background to avoid groupthink, with the balance, diversity and effectiveness of the Board being reviewed on a regular basis;
- that there are formal, rigorous and transparent procedures in place for the appointment of new Directors to the Board, that the membership of the Board is periodically refreshed and that no member of the Board should become indispensable; and
- that there is appropriate succession planning for all executive management roles (considering at a minimum the Board and the Management Board) to support the next stage of the Company's development.

Membership

The members of the Committee at the date of this report are Peter Kear (Chair), Stephen Hemsley, Andy Brattesani, Louise George and Nigel Wray. The Committee Chairman is the Senior Independent Director, the majority of members of the Committee are independent Non-executive Directors and the only Executive Director to be a member of the Committee is the Executive Chairman.

Meetings and attendance records

The Committee held one formal meeting in 2024 and attendance was as follows:

Director	May	Total
Pete Kear	●	1/1
Stephen Hemsley	●	1/1
Andy Brattesani	●	1/1
Nigel Wray	●	1/1

In addition to the Committee members, other senior managers are invited to attend meetings when necessary. The Committee is able to call for information from management and consults with the external auditors directly as required.

Board composition

Board and Committee changes

During the year Mark Fryer stepped down as an Executive Director and our Chief Financial Officer on 19 June 2024. Andrew Mallows was appointed as CFO on an interim basis on the same date. On 22 October 2024 Peter Molloy was appointed as Executive Director and our Chief Executive Officer. There were no changes to the composition of the Board's Committees during the year.

Following the year-end the Committee recommended the appointment of Louise George as a Non-executive Director, which was confirmed by the Board on 16 January 2025. On our recommendation, she was also appointed as Chair of the Audit Committee and as a member of the Nomination and Remuneration Committees.

On 12 February 2025 the Board confirmed the appointment of Andrew Mallows as CFO on a permanent basis, on the Committee's recommendation. This followed a comprehensive search process which considered a number of external candidates from a range of AIM, Main Market and private equity-backed company backgrounds, alongside internal candidates. Our judgement was that the wider needs of the business would be best served by making an internal appointment, with Andrew leading an enhanced finance team providing both commercial and financial support to our newly appointed CEO. We now have an experienced, proven team that has worked together for many years with a strong track record of delivery.

Board appointment and induction

When considering a Board appointment we identify any potential gaps in skillsets, experience, capabilities and background, and develop robust and transparent appointment criteria. These take into account the likely future development of the Company and Group. Cultural fit is a hugely important consideration, and for this reason we will always consider whether there are internal candidates for Board roles.

All new Directors are provided with tailored induction when they join the Board. This includes a briefing from the Company's Nominated Advisor on their responsibilities, and those of the Company, under the AIM Rules for Companies and other legal, regulatory and governance matters.

The induction process is intended to provide new Directors with the opportunity to glean insights from and build relationships with key individuals, both within and outside the Group. Feedback on the induction process is collated by the Company Secretary to inform future induction processes.

Nomination Committee Report continued

Board composition continued

Board diversity

We recognise the benefits of diversity, in all its forms, in helping the Board and its Committees consider a range of perspectives and avoid 'groupthink'. Like many businesses, we are on a journey and recognise that more can always be done. We will be steadfast, however, in always appointing the strongest candidate to any available role.

As at the date of this report, the Board comprises seven Directors of whom six are male and one is female. Biographical details of each of the Directors are on pages 100-101.

Re-election of Directors at the 2025 AGM

All Directors in office will stand for re-election at the 2025 AGM. The Committee considers each of the Directors to be effective in their respective roles. It judges that they demonstrate commitment and that each of them continues to provide valuable contributions to the long-term success of the Company. The Board strongly supports their re-election and recommends that shareholders vote in favour of the relevant resolutions at the AGM.

Management Board

Management Board composition

The Management Board was created in October 2023 and its role has evolved since that time, with the composition of the Group changing in recognition of those differing needs. Following his appointment as CEO, Peter Molloy has chosen to widen the membership of the Management Board to ensure that those responsible for leading all of the Group's major business and key functions are included in the discussions and decision-making process.

As at the date of this report, the Management Board comprises fifteen members of whom thirteen are male and two are female. Biographical details of each of these senior executives are on pages 104 to 106.

Succession planning

Every organisation depends on its people to deliver its success, particularly if this is to be sustained beyond the short-term. We have ambitious long-term growth aspirations and as a result succession planning is a key focus for the Committee. While there will always be some specialised, often technical, roles for which we might struggle to retain a 'ready now' successor, for our main commercial leadership roles it is our ambition to be able to promote from within. This is particularly important at Board level where cultural fit is a key determinant of whether a new appointment will succeed. As I mentioned in my opening remarks, the Committee was particularly pleased to be able to recommend the appointment of a CEO from within the Company's existing management ranks.

During 2024 we have conducted an initial review of our current senior leadership layers and reviewed the pipeline of talent available from within the business. This exercise factors in the growth and changes in the business that we intend to deliver over the medium-term. While the Committee concluded that there was a pipeline of talent available to the Group, we are not complacent and accept that there is a continuing need to review how we develop our people. This is a important and recurring task for the Committee, and one which we look forward to undertaking on behalf of the business and its shareholders.

Pete Kear
Chair, Nomination Committee

Remuneration Committee Report

Paying responsibly and rewarding performance fairly

Pete Kear
Chair, Remuneration Committee

Introduction by the Chairman of the Remuneration Committee

Dear fellow shareholder,
This is my second report to you as Chairman of the Remuneration Committee and I am pleased to do so. 2024 was a year in which we appointed a Group Chief Executive Officer for the first time and also saw a change in the Chief Financial Officer appointment, initially on an interim and now permanent basis. I am pleased that our remuneration policy was able to accommodate both changes and we are able to offer salary, benefits and incentives that are appropriate for those roles. This was also a year in which the Group's performance fell short of our initial expectations, through a combination of macroeconomic headwinds and non-controllable factors like the price of used cooking oil in the USA. Having introduced an annual cash bonus plan at the start of the year, it is appropriate and right that no bonus is payable for 2024 and I am pleased that the executive team understands and supports that outcome.

Those examples illustrate why the Committee believes that our Directors' remuneration policy strikes the right balance between the interests of our investors and those of the Executive Directors who we expect will drive our business forward. In this report, we have formalised the description of our Directors' remuneration policy, in line with the recommendation of the QCA Corporate Governance Code, with a dedicated section explaining this from page 123 onwards.

The Company is subject to the 2023 edition of the Code from 1 January 2025 onwards and we have reflected on the various recommendations that this introduces. We believe that our remuneration policy is entirely consistent with both the letter and the spirit of the new Code and should support and incentivise the management team to deliver value for shareholders. Importantly, we believe that we can demonstrate that we are not overpaying for any roles. We offer salaries at or slightly lower than market and a bonus scheme which is capped at 50% of salary, which is lower than the level seen in many AIM companies of our scale. Importantly however, our Executive Directors and senior management are offered a significant wealth creation opportunity through our share option plans, which use market-value options. We use this incentive to create a sharp focus on growing both earnings per share and, of course, the share price. There is a strong and demonstrable link between pay and performance, with long-term incentives intended to make up the majority of our executives' overall remuneration.

In line with the recommendation of the new QCA Code, we are offering shareholders an advisory vote on this Remuneration Committee Report at the 2025 AGM. While I have always been available to discuss the level or structure of executive pay with any of our key shareholders, offering a vote at the AGM enables us to assess the level of support for our pay practices across our entire shareholder base.

I believe that our current remuneration policy and practices are fit for purpose and that the level of pay we offer, including our bonus opportunity, is relatively modest by comparison to other FTSE and AIM companies of our size, and that it is clearly aligned with shareholders' interests over the longer term. I hope that you will vote in favour of accepting this report at the 2025 AGM.

Remuneration Committee Report continued

Operation of the Remuneration Committee

Role of the Remuneration Committee

The role of the Remuneration Committee is to:

- ensure that the Company establishes an effective remuneration policy aligned with the Company's purpose, strategy and culture as well as its stage of development and that the remuneration policy (i) motivates management and promotes the long-term growth of shareholder value and (ii) supports and reinforces the desired corporate culture and promote the right behaviours and decisions;
- check that remuneration policies and practices support the successful delivery of the Company's long-term strategy and, in particular, that a significant proportion of Executive Directors' and senior managers' remuneration is structured to clearly link rewards to corporate and individual performance; and
- ensure that there is a formal and transparent procedure for developing policy on executive remuneration and for setting the remuneration packages of individual Directors, including the granting of share awards and other equity incentives through the Group's employee share schemes.

Membership

The members of the Committee at the date of this report are Peter Kear (Chairman), Andy Brattesani and Louise George, each of whom is an independent Non-executive Director.

Meetings and attendance records

The Committee met formally in September 2024 and held a further four ad hoc meetings during the year, with attendance being as follows:

Director	Jun	Jul	Sep	Oct	Nov	Total
Andy Brattesani	●	●	●	●	●	5/5
Pete Kear	●	●	●	●	●	5/5

In addition to the Committee members, the Executive Chairman is invited to attend meetings of the Remuneration Committee but does not participate when his own remuneration is being discussed. The Committee is also able to access external advice, which it obtains from a variety of sources. There is no retained advisor to the Committee, though we do tend to use FIT Remuneration Consultants LLP, who have considerable knowledge of market practice amongst our AIM quoted peers.

Directors' Remuneration Policy

Objectives and strategic alignment

The objective of the Company's remuneration policy is to facilitate the recruitment and retention of executives of an appropriate calibre and to provide them with an appropriate level of incentives to encourage enhanced performance. By doing so those executives are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The Remuneration Committee is satisfied that the pay that can be earned is appropriate for a company of comparable size and complexity at each level of performance and that the pay structure is aligned with the Company's purpose, strategy and culture. This includes encouraging our executives to promote and demonstrate the right behaviour and take appropriate decisions in line with our Guiding Principles.

The long-term growth of shareholder value is a key objective of our remuneration policy. All of the Executive Directors have significant exposure to the Company's share price, though a combination of their personal investment in our shares and through options granted under our employee share option schemes. Stephen Hemsley, as co-founder of the Company, has a significant personal shareholding in the Company, but does not hold any options.

The vesting of options granted under our ESOP and legacy LTIP are subject to a performance condition requiring a pre-determined and challenging rate of compound annual growth in adjusted earnings per share, which the Board regards as the key performance metric. As a result, there is a clear incentive to drive earnings per share growth over the longer term and also to mitigate downside risks that could affect the Company's profitability. We have chosen to use market-value options to deliver this reward, meaning that value can only arise for the executives if they have delivered share price growth. Reputational risks could reasonably be expected to affect the share price, which means the Executive Directors are further incentivised to mitigate these exposures to maximise the potential value of their options.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Components of executive pay

It is important that pay structures are simple and easy for participants to understand, if they are to have the desired effect. Given our significant focus on share-settled, long-term incentives we expect that this component of pay will foster alignment with shareholders through the building and holding of a meaningful shareholding in the Company.

In keeping with the goal of simplicity noted above, the remuneration that the Company offers to its Executive Directors has four principal components:

- **Fixed pay (basic salaries and benefits in kind)** – Basic salaries are determined by the Remuneration Committee, taking into account the salaries paid in AIM-quoted companies of similar size and complexity and the tenure and performance in role of the individual. Benefits in kind include provision at an appropriate level of a car or car allowance, healthcare and life assurance.
- **Pensions** – The Company operates a defined contribution scheme available to all Executive Directors and employees or a cash supplement, if executives are unable to participate in the scheme. Only basic salaries are pensionable and no Executive Director is offered an employer contribution different from that available to employees generally. The Company has never operated a defined benefits scheme. No Director or former Director received any benefits from a retirement benefits scheme that were not otherwise available to all members of the scheme.
- **Short-term incentives** – we introduced an annual cash bonus plan for the first time in 2024, which extends to a range of senior executives and managers, including the Executive Directors. A bonus pool is calculated as a percentage of Adjusted EBITDA delivered beyond budget or the City consensus expectation and this is then available to be shared between the participants. Individual entitlements are generally linked to the delivery of Adjusted EBITDA in the part of the business for which the executive is accountable, with an element dependent on the delivery of personal goals, which can include non-financial objectives. No individual bonus can exceed 50% of salary. Bonus payments are non-pensionable.
- **Long-term incentives** – the Company operates a share option scheme covering permanent employees (including the Executive Directors, other than Stephen Hemsley). Subject to achieving compound EPS growth targets, options can vest no earlier than the third anniversary of the date of grant and, once vested, may be exercised until the tenth anniversary. The exercise price of the options is set at the market value of the Company's shares at the time of grant, so that the individual only benefits if there has been share price growth. The exception to this is for an historic (and now discontinued) matching scheme, where certain Directors were granted nominal value options if they purchased an equal number of shares in the market. Those nominal value options could only vest if performance targets were met. All of our share option schemes are overseen by the Remuneration Committee which determines the terms under which eligible individuals may be invited to participate, including the level of awards.

Short-term incentives – Annual cash bonus plan

During 2024 we introduced a new cash-settled annual bonus plan. In part, this resulted from uniting the pay scales operated in Pirtek and Franchise Brands but also addressed challenges we had encountered when recruiting externally. The Committee also felt that the introduction of a bonus plan was necessary to create the strongest possible incentive for the Executive Directors and key employees to deliver in-year financial and non-financial goals. The bonus scheme, in tandem with share options, should ensure there is appropriate focus on delivering corporate objectives over the short-, medium- and long-term.

The bonus plan operates by calculating a bonus pool as a percentage of Adjusted EBITDA achieved beyond budget or the City consensus expectation. Our belief is that senior executives should not receive a bonus payment for delivering an on-budget performance. We have chosen to use Adjusted EBITDA as the profit metric as that best reflects outcomes under the control or influence of operational management, as it excludes the effects of corporate funding and accounting decisions taken by the Board. It also complements the Adjusted EPS target used in determining the vesting of share options.

The maximum bonus payable to any one individual, including the Executive Directors, is capped at 50% of salary, with lower levels of maximum bonus set for some Management Board members (primarily those with functional, rather than business responsibilities). Targets are set for delivery of Group profitability, the delivery of profits in any part of the business for which the relevant executive is accountable, and personal elements linked to specific deliverables.

The rules of our bonus plan include market-normal malus and clawback provisions.

Long-term incentives – Employee share schemes

The Executive Directors of the Company are eligible to participate in our employee share schemes. The Group's principal scheme is the Employee Share Option Plan ("ESOP"), which is used to grant share options to employees in the UK and other European countries. In addition, the Company operates separate plans to grant cash-settled Share Appreciation Rights to its employees in the United States and the Netherlands. Finally, some awards remain outstanding under a legacy UK employee share scheme, the Long Term Incentive Plan.

Remuneration Committee Report continued

Directors' Remuneration Policy continued

Long term incentive plan ("LTIP")

The LTIP was adopted upon the Company's IPO in 2016. It is a flexible plan, that could be operated as a tax-advantaged EMI plan, but which was also capable of granting non-EMI options either at the market value of the Company's shares at the date of grant, or their nominal value of 0.5p. We have used the LTIP in different ways at different times in the past, including one instance of a matching scheme where senior executives invested in the Company's shares and were granted a nominal value option in recognition of this. All options granted have been subject to standard performance conditions, requiring material growth in the Company's audited Adjusted EPS. For more details of the performance condition, please see below.

We do not expect to issue any further options or awards under this plan.

Employee share option plan ("ESOP")

In 2020 the Company established the ESOP for employees and Executive Directors, which will enable them to acquire shares in the Company subject to stretching yet realistic performance criteria being met. The plan is a UK market standard tax-advantaged Company Share Option Plan, with supplementary sections to create an Unapproved Share Option Plan and a Share Appreciation Rights Plan on equivalent terms to the main plan. All options and awards are granted with an exercise price set at the market value of the Company's shares as at the date of grant. In each case, vesting is (or has been) subject to our standard performance conditions, requiring material growth in the Company's audited Adjusted diluted EPS. Value only accrues to the participant to the extent that there has been growth in the Company's share price.

The rules of the ESOP include market-normal malus and clawback provisions, which apply to all options and awards issued after January 2024.

Performance conditions

All of the historic and current options and awards granted under the LTIP, the ESOP and our SARs plans have been subject to the achievement of stretching yet realistic targets for growth in adjusted diluted earnings per share. This is measured over three financial years, using the EPS figure for the year of grant as the base and is calculated using audited results. Employees, including Executive Directors, are only able to exercise their options and awards as follows:

1. In respect of 20% of their shares, if reported adjusted EPS achieves compound annual growth of 8% over each of the next three financial years;
2. In respect of 100% of their shares, if reported adjusted EPS achieves compound annual growth of 15% over each of the next three financial years; and
3. Between 20% to 100% of their shares, on a straight-line basis, if EPS growth is between the targets in 1 and 2.

We expect to utilise the same performance conditions for any options and awards that may be granted in 2025.

Directors' service contracts

All Executive Directors are employed under service contracts. The services of the Executive Directors may be terminated by the Company, on the expiry of six months' notice.

Non-executive Directors' remuneration

The Non-executive Directors receive a fixed fee for their service. This is set by the Board, with each conflicted Director recusing themselves from the discussion and decision. The Senior Independent Director and the Audit Committee Chair each receive a supplement to recognise the additional contributions that they have each been asked to provide. The NEDs receive no benefits in kind, no pension contributions and no performance-related pay. They are not eligible to participate in any of the Company's incentive arrangements.

The NEDs are retained under letters of engagement which may be terminated by the Company (i) giving three months' notice or (ii) immediately, in the event that the Director is not re-elected by shareholders at an AGM.

Remuneration Committee Report continued

Directors' remuneration in 2024

Pay outcomes reflect performance

The Remuneration Committee has monitored the outcomes of the Company's Directors' remuneration policy for 2024 and is satisfied that the levels and nature of pay offered reflects both the performance of the individuals and the results delivered for shareholders:

- The salaries and benefits in kind offered are judged to be appropriate to the level and tenure of the Executive Directors and their performance in role. During the year Peter Molloy was appointed as the Chief Executive Officer. He was offered a salary of £300,000 which we believe to be the market rate for the position, after taking into account that he is newly promoted into this role. Similarly, Andrew Mallows was appointed as the Chief Financial Officer, initially on an interim basis. He was offered a salary of £275,000 being the level offered to his predecessor, Mark Fryer, when he was recruited through an external search firm in August 2023.
- No bonus was payable from the annual cash bonus scheme: the Adjusted EBITDA of the Group for 2024 at £35.1m fell short of the original budget and market expectations at the start of the year, and no cash bonus payment was warranted or could be supported.
- There were no long-term incentives granted in 2021 and as a result no awards were due to vest in 2024, so no performance conditions needed to be assessed.
- The Committee approved awards of share options on our standard grant policy to Peter Molloy and Andrew Mallows in July 2024, with Andrew's award enhanced in recognition of his role as the Interim CFO and an Executive Director. A further award was made to Peter in November 2024 following his appointment as CEO on the understanding that there would be no award granted to him in 2025. We believe that he has a powerful incentive to deliver value to shareholders as a result of the options he currently holds.

Single figure table (audited)

The remuneration payable to the Directors for the year ended 31 December 2024 was as follows:

Director	Salary or fees £	Benefits in kind £	Pension contributions £	**Total for 2024 £**	Comparison for 2023 £
Executive Directors					
Stephen Hemsley	375,000	15,000	11,250	**401,250**	267,063
Peter Molloy[1]	51,538	3,064	1,546	**56,148**	198,045
Andrew Mallows[2]	140,793	1,980	4,224	**146,997**	116,550
Mark Fryer[3]	142,625	7,388	–	**150,013**	123,359
Non-executive Directors					
Peter Kear	50,000	–	–	**50,000**	12,500
Andrew Brattesani	40,000	–	–	**40,000**	36,250
Nigel Wray	40,000	–	–	**40,000**	36,250
Total	839,956	27,432	17,020	**884,408**	790,017

1. Appointed 22 October 2024. In the prior year he served as a Director until 2 October 2023.
2. Appointed 19 June 2024. In the prior year he served as a Director until 2 August 2023.
3. Resigned 19 June 2024. In the prior year he was appointed as a Director on 2 August 2023.

No Director received any remuneration from a third party in respect of their service as a Director of the Company.

No Director received any compensation for loss of office upon resignation and no payments were made to them in respect of qualifying services after the date on which they ceased to serve as a Director.

Remuneration Committee Report continued

Directors' remuneration in 2024 continued

Directors' share options (audited)

The table below shows the interests of those who serve, or have served, as Directors in options granted under the Company's employee share schemes. For details of those schemes and of the performance conditions to which the vesting of awards are subject, please see pages 124-125. The dates shown in the table during which currently unvested options can be exercised are dependent on upon the performance conditions being met. If these conditions are not satisfied then the option will lapse on the third anniversary of the date of grant.

Directors share options: options held in 2024 by those who served as a Director of the Company.

Executive Director	Date of grant	Plan	Exercise price (pence)	Performance condition	Number of shares (31.12.23 or later date of appointment)	Changes during tenure			Number of shares (31.12.24 or earlier date of retirement)	Status	Exercisable from	Exercisable to
						Granted	Exercised	Lapsed				
Peter Molloy (appointed 22 October 2024)	11-Apr-17	LTIP	67	EPS growth	150,000	–	–	–	**150,000**	Vested	11-Apr-20	10-Apr-27
	11-Dec-18	LTIP	69	EPS growth	106,000	–	–	–	**106,000**	Vested	11-Dec-21	10-Dec-28
	15-Sep-20	LTIP	0.5	EPS growth	28,409	–	–	–	**28,409**	Vested	15-Sep-23	14-Sep-30
	15-Sep-20	ESOP	88	EPS growth	34,091	–	–	–	**34,091**	Vested	15-Sep-23	14-Sep-30
	10-Mar-22	ESOP	150	EPS growth	150,000	–	–	–	**150,000**	Unvested	10-Mar-25	9-Mar-32
	10-May-23	ESOP	180	EPS growth	150,000	–	–	–	**150,000**	Unvested	10-May-26	9-May-33
	06-Jul-24	ESOP	158	EPS growth	178,470				**178,470**	Unvested	6-Jul-27	5-Jul-34
	13-Nov-24	ESOP	167.5	EPS growth	–	500,000	–	–	**500,000**	Unvested	13-Nov-27	12-Nov-34
					796,970	500,000	–	–	**1,296,970**			
Andrew Mallows (appointed 19 June 2024)	12-Dec-17	LTIP	49.5	EPS growth	75,758	–	–	–	**75,758**	Vested	12-Dec-20	11-Dec-27
	11-Dec-18	LTIP	69	EPS growth	99,242	–	–	–	**99,242**	Vested	11-Dec-21	10-Dec-28
	15-Sep-20	ESOP	88	EPS growth	34,091	–	–	–	**34,091**	Vested	15-Sep-23	14-Sep-30
	15-Sep-20	LTIP	0.5	EPS growth	96,591	–	–	–	**96,591**	Vested	15-Sep-23	14-Sep-30
	10-Mar-22	ESOP	150	EPS growth	75,000	–	–	–	**75,000**	Unvested	10-Mar-25	9-Mar-32
	30-Sep-22	ESOP	151.5	EPS growth	120,000	–	–	–	**120,000**	Unvested	30-Sep-25	29-Sep-32
	10-May-23	ESOP	180	EPS growth	50,000	–	–	–	**50,000**	Unvested	10-May-26	9-May-33
	06-Jul-24	ESOP	158	EPS growth	–	351,288	–	–	**351,288**	Unvested	6-Jul-27	5-Jul-34
					550,682	351,288	–	–	**901,970**	Unvested	10-Mar-25	9-Mar-32
Mark Fryer (resigned 19 June 2024)	02-Aug-23	ESOP	132.5	EPS growth	807,641	–	–	807,641	**–**	Unvested	2-Aug-26	1-Aug-33

Remuneration Committee Report continued

Directors' remuneration in 2024 continued

There were no exercises of options over the Company's shares by an Executive Director during the year.

Stephen Hemsley has a significant personal shareholding in the Company. As a result, he has not been granted options or awards under the Company's employee share schemes. For details of the interests of the Directors in the Company's shares during the year please see the Directors' Report on page 129.

No Non-executive Director participates, or has participated, in the Company's employee share schemes.

During 2024 the closing mid-market quote for the Company's shares ranged from a low of 143.5p to a high of 207p. The closing mid-market price on 31 December 2024 (being the last dealing day during the financial year) was 159p.

Non-executive Directors' fees

Each of the NEDs received a base fee of £40,000 in 2024, other than the Senior Executive Director who received an overall fee of £50,000, reflecting the additional duties he has agreed to perform in line with our policy.

Directors' remuneration in 2025

The Committee believes that the Company's Directors' remuneration policy remains appropriate for the needs of the business and aligned with the strategic outcomes that the Board is seeking to deliver. We do not anticipate any structural or material changes to executive pay during 2025.

Fixed pay – Executive Directors' base salaries and benefits in kind

The Committee is satisfied that the fixed pay offered to the Executive Directors is at appropriate levels.

We were due to review pay for all our senior executives on 1 January 2025, but this review has been deferred to 1 July 2025 given the relatively flat results delivered in 2024 and the uncertain macroeconomic conditions.

Short-term incentive plan

The annual cash bonus plan for 2025 has been agreed and publicised across the Group. There is no fundamental change in the basis of the Executive Directors' bonus plan from that used in 2024.

Grants of options under the employee share schemes

We expect to make grants of market-value share options and awards under the ESOP in 2025, to a range of employees including eligible Executive Directors. The vesting of these awards is likely to be subject to our normal performance conditions, requiring the delivery of EPS growth. We regard this as a critical metric for shareholders, as it reflects all aspects of the Company's performance and influences both our share price and our ability to pay a dividend.

Non-executive Directors' fees

Louise George was appointed as a Non-executive Director and as Audit Committee Chair in January 2025. In line with our policy, she was offered an annual fee of £50,000 reflecting the additional duties she has agreed to perform.

As with the Executive Directors, the Board was due to review NED fees on 1 January 2025 but has deferred this to 1 July 2025.

Strategic alignment

We are satisfied that we have developed an effective remuneration policy which is aligned with the Company's purpose, strategy and culture, and relevant to this stage of its development. We expect that the remuneration we offer should motivate management and promote the long-term growth of shareholder value. There is a clear and easily understood link between performance and pay, with a significant proportion of potential reward being related to the growth in the Company's share price over the longer term, earned through the delivery of growth in earnings per share. We are therefore comfortable that the interests of shareholders and senior management, including the Executive Directors, are fully aligned.

The Committee hopes to receive shareholders' support in the advisory vote at the 2025 AGM and urges you to vote in favour of the resolution.

Pete Kear
Chairman, Remuneration Committee

Directors' Report

The Directors present their annual report on the affairs of the Group for the year ended 31 December 2024.

Introduction

Franchise Brands plc is a public limited company, registered in England and Wales as company number 10281033 and has its registered office at Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire, SK10 2XF. As such, it is subject to the reporting requirements set out in the Companies Act 2006. In addition, the ordinary shares of 0.5 pence each of the Company are admitted to trading on the Alternative Investment Market of the London Stock Exchange. As a result, the Company is obliged to report in accordance with the requirements of the AIM Rules for Companies. We have chosen to apply the QCA Corporate Governance Code, and our reporting is in line with the 2018 edition of that document.

Our reporting to shareholders

The Strategic Report on pages 1 to 96 of this Annual Report provides an overview of the development and performance of the Group's business for the year ended 31 December 2024 and likely future developments in the business of the Group. That information is presented in that part of the Annual Report, rather than this Directors' Report, as permitted by Regulations made under the Companies Act 2006. The various sections of the Strategic Report together provide the information which the Directors consider to be of strategic importance to the Group.

The following disclosures are hereby incorporated by reference into, and form part of, this Directors' Report:

- Data on greenhouse gas emissions and other climate change-related disclosures on pages 68 to 81. This information was included in the Strategic Report as the Directors consider those matters to be of strategic importance to the Group;
- The reporting on corporate governance on pages 97 to 128, including the Directors' biographies on pages 100-101;
- Information relating to financial instruments and financial risk management, as provided in note 4 to the financial statements; and
- Related party transactions as set out in note 27 to the financial statements.

Principal activities

The principal activity of the Group is building market-leading businesses in selected customer segments, primarily via a franchised model, with a focus on B2B essential, usually reactive, van-based services. We seek to own established brands which can benefit from our shared support services, specialist sector expertise, management experience and Group resources.

The principal activity of the Company is to act as a holding company and to provide management services to its subsidiary companies.

Directors

Names, biographical details and appointment dates of the Directors of the Company at the date of this report are shown on pages 100-101. In addition, Mark Fryer served as a Director of the Company until 19 June 2024.

Directors' interests

The following table shows the interests of the Directors (and their spouses and minor children) in the shares of the Company:

Director	As at 31 December 2023 or later date of appointment	**As at 31 December 2024 or earlier date of resignation**
Executive Directors		
Stephen Hemsley[1]	22,750,000	**22,750,000**
Peter Molloy[2]	71,956	**71,956**
Andrew Mallows[3]	124,290	**124,290**
Mark Fryer (resigned 19 June 2024)	185,000	**185,000**
Non-executive Directors		
Andy Brattesani	5,555	**5,555**
Pete Kear	25,000	**82,500**
Nigel Wray[4]	22,921,858	**15,921,858**

1. Included in the holding of Stephen Hemsley are 1,800,000 ordinary shares held by his wife, 9,000,000 ordinary shares held by CTG Investment Limited, a company owned by a discretionary trust of which Mr Hemsley and his family are potential beneficiaries, and 2,600,000 ordinary shares held by his Self-Invested Personal Pension ("SIPP").
2. Included in the holding of Peter Molloy are 38,095 ordinary shares held by his SIPP.
3. Included in the holding of Andrew Mallows are 99,007 ordinary shares held by his SIPP.
4. Included in the holding of Nigel Wray are 2,371,318 ordinary shares held by Vidacos Nominees Limited, acting as nominee for RBC Trustees (Jersey) Limited as trustee of Nigel Wray's family trust. Also included are 4,631,782 ordinary shares and 8,085,248 ordinary shares held by Euroblue Investments Limited and Glengrace Limited, respectively, companies wholly owned by Nigel Wray. Also included in Nigel Wray's interest are 223,880 ordinary shares owned by The Priory Foundation, a charitable trust of which he is the settlor and a trustee. Nigel Wray is not the beneficial owner of these shares.

Directors' Report continued

Directors continued

In addition, each of Peter Molloy, Andrew Mallows and Mark Fryer holds or held options over shares of the Company through their participation in the Company's employee share schemes. These are detailed in the Remuneration Committee Report on pages 122 to 128. Stephen Hemsley does not participate in the employee share schemes given his significant personal investments in the Company's shares.

Directors' and officers' liability insurance and indemnification of Directors

The Company maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors.

The Company has also granted indemnities to each of its Directors to the extent permitted by law. Qualifying third-party indemnity provisions (as defined in Section 324 of the Companies Act 2006) have been given in favour of all Directors on the Board. These indemnities remain in force and relate to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company.

Shares and shareholders

Share capital

The Company's entire issued share capital comprises ordinary shares of 0.5 pence each. The number of shares in issue during 2024 is summarised in note 28 to the financial statements.

The Company has granted options to acquire its shares under its employee share schemes, as detailed in note 10 to the financial statements and explained in the Remuneration Committee Report on pages 122 to 128. However, if and when these options are exercised, we anticipate that the vast majority of these requests will be satisfied by the transfer of existing shares held in the Company's employee benefit trust.

All of the Company's shares are freely transferable and carry the same rights in relation to voting, to appoint a proxy or proxies (or where relevant a corporate representative) to attend meetings, speak and vote, and to participate in distributions including the right to receive dividends. The rights attaching to the Company's shares are set out in the Articles of Association, which can only be amended with the approval of at least 75% of the votes cast at a General Meeting.

To the Directors' best knowledge, there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.

Major shareholders

In addition to the holdings of the Directors set out on the previous page, to the date of this report the Company has received formal notification of the following holdings in its shares pursuant to DTR 5 (being broadly a direct or indirect interest of 3% or more of the share capital). It should be noted that these holdings, or the percentage of the issued share capital they represent, may have changed since the Company was notified, but no further notification is required until the relevant threshold is crossed:

Shareholder	Date of last notification	Number of shares	Percentage of capital (at time of notification)
Slater Investments Limited	25 February 2025	29,140,511	15.04%
BGF Investment Management Limited	17 May 2023	9,996,103	5.16%
Rathbone Investment Management Limited	16 January 2024	9,768,179	5.04%
Gresham House Asset Management Limited	25 April 2023	8,409,812	4.34%
Victor Clewes	10 March 2022	5,274,473	4.27%
Canaccord Genuity Group Inc	11 March 2022	4,867,364	3.94%

Dividends

A final dividend of 1.2 pence per share was paid on 25 July 2024 in respect of the 2023 financial year. An interim dividend of 1.1 pence per share was paid on 1 November 2024 in respect of the 2024 financial year.

The Directors are recommending a final dividend of 1.3 pence per share in respect of the 2024 financial year which, subject to shareholders' approval at the AGM, will be paid on 23 May 2025 to shareholders on the register at the close of business on 9 May 2025.

Our employees and wider workforce

Employment of disabled persons

The Group gives full and fair consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by that person. Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

Directors' Report continued

Our employees and wider workforce continued

Employee communications and engagement

The Group provides its entire workforce (including employees) with information on matters that could be of concern to them as our workforce. We regard it as crucial that our employees and wider workforce are aware of the factors affecting the performance of the Company, so that they can help us drive its future success. These communications are generally delivered at a brand level, with the CEO or other senior executives of that brand holding open forums with their employees and other workforce members. These are deliberately structured to facilitate and encourage two-way communications. In addition, informal communication takes place on a daily basis.

Where appropriate, we consult members of our workforce or their representatives on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests.

We encourage involvement in the Company's performance by our employees and workforce and offer awards under our employee share schemes to a wide range of employees who are best placed to influence that performance. Of our circa 700 employees, around 250 participate in our employee share schemes, and are able to access information on their share options and awards and Company performance through an online portal.

Board engagement with the wider workforce

All of the Directors are encouraged to engage with our employees, contractors and franchisees wherever possible. We arrange site visits for the Non-executive Directors and the Executive Directors will come into contact with a wide range of employees, franchisees and others as a matter of course, in their normal roles.

All of the Non-executive Directors attended the Growth Summit held in November 2024 in which around 75 of our senior managers participated. In addition, all Directors are invited to attend franchisee conferences for each of our brands and are encouraged to undertake personal visits whenever possible.

This mix of formal and informal interactions with a wide range of employees, contractors and franchisees enables the Directors to have regard to their interests in their deliberations, including on the principal decisions taken by the Company.

Disclosures relating to the audited financial statements

Subsidiary audit exemption

Certain UK subsidiaries of the Company are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act. A full list of the Company's subsidiaries is provided in note 25 to the financial statements.

The outstanding liabilities at 31 December 2024 of those UK subsidiaries have been or will be guaranteed by the Company pursuant to s479A to s479C of the Act. In the opinion of the Directors, the possibility of the parent company guarantees being called upon is remote.

Going concern

In assessing the appropriateness of adopting the going concern basis in preparing the Annual Report and financial statements, the Directors have considered the current financial position of the Group, alongside its principal risks and uncertainties.

The review performed considers plausible financial and operational issues that could reasonably arise within a period of 12 months from the date of approval of the financial statements. This included credit risk, dependency on key suppliers and/or customers and economic risk. The budgets and business plans prepared for the next 12 months and beyond have been subjected to sensitivity analysis, considering the impact of a downturn in trade; and changes to the Group's financing costs.

On an individual customer basis, we do not have a concentration of credit risk. We have taken account of the bad debt risk in our expected credit loss provisions and believe this is sufficient.

The Group is not overly dependent on any one key customer or supplier. As at 31 December 2024, we had 616 franchisees spread over seven different franchise networks, operating collectively in ten jurisdictions. Within each network, there is no particular concentration of risk in any individual franchisee. We therefore regard each franchisee as posing relatively low risk to the Company. In addition, our networks are characterised by having a large number of small value jobs being completed for a wide variety of customers.

The Group is not overly reliant on the UK economy, with less than 60% of our revenues and profits being derived from the this market.

We have bank facilities with a syndicate of four lending banks, comprising a term loan and a revolving credit facility. Subject to compliance with the terms of these facilities, we have access to working capital until early April 2028. The facilities have only two covenants and the Group has significant headroom on each of these when tested on a quarterly basis.

Directors' Report continued

Disclosures relating to the audited financial statements continued

We have modelled the Group's financial performance in a range of realistic downside scenarios, including combinations of risks, and applied sensitivities to this testing with regard to overall debt level and compliance with banking covenants. The Group's business is profitable and cash-generative and this provides resilience against the principal risks and uncertainties to which the Group is exposed. Following this modelling work, we concluded that in all realistically plausible scenarios the Group would maintain access to sufficient current financial assets to meet its current liabilities as they fall due.

We also undertook reverse stress-testing to identify the scenarios in which the materialisation of risk, or the combination of risks, could cause the Group to fail financially. We concluded that none of these scenarios was realistically plausible during the period covered by our review.

Given the fact that the Group and the Company continues to be profitable, continues to have net assets and has access to cash and funding, the Directors have made appropriate enquiries and consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial instruments and financial risk management

The Company's use of financial instruments and its financial risk management objectives and policies are set out in note 4 to the financial statements.

Relevant audit information

The Directors confirm that:

- So far as each of the Directors is aware, there is no relevant audit information (as that term is defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- They have each taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

A resolution to re-appoint PKF Littlejohn LLP as auditor will be proposed at the AGM. They were appointed by the Board in September 2024 following a tender process.

For further information on the audit tender undertaken during 2024 and how we manage the relationship with the external auditor, please refer to the Audit Committee Report on page 114.

Other statutory disclosures

Branches

There are no branches of the Company in existence. Subsidiaries of the Company operate businesses in the UK, a number of continental European countries and the USA. For details of the subsidiary undertakings of the Company, please see note 25 to the financial statements.

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

In compliance with those Regulations the Directors make, in addition to the material contained elsewhere in this report, the following disclosures:

- The Company has not made any purchases of its own shares during the year;
- There were no material research and development activities undertaken by the Company or its subsidiaries during the year;
- A description of the actions taken to foster the Company's business relationships with suppliers, customers and others, and the effect of those actions, including on the principal decisions taken by the Company can be found in the section 172 statement on pages 86 to 88; and
- There have been no post-balance sheet events of the Company or its subsidiaries which the Directors believe need to be brought to the attention of its shareholders.

Political contributions

No political contributions were made during the period. The Company has not sought an authority from its shareholders to make political contributions and does not intend to do so.

Annual General Meeting

The Annual General Meeting of the Company will be held at 11:00 a.m. on Wednesday 7 May 2025 at the offices of Gateley plc, 1 Paternoster Square, London, EC4M 7DX. The business of the AGM is set out in a circular containing the Notice of Meeting and an explanatory letter from the Chairman, which is being issued to shareholders with this Annual Report and is also available on the Company's website.

This Directors' Report was approved by the Board on 26 March 2025 and is signed on its behalf.

Rob Bellhouse
Company Secretary

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with United Kingdom adopted International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the Group's profit or loss for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies whose securities are traded on AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors, as is the ongoing integrity of the financial statements contained therein.

This statement was approved by the Board on 26 March 2025.

Andrew Mallows
Chief Financial Officer

Independent Auditor's Report
to the members of Franchise Brands plc

Opinion
We have audited the financial statements of Franchise Brands Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the future plans for the group;
- Reviewing cashflow forecasts for the 15 month period to June 2026 and challenged management on the key operating assumptions based on the 2024 actual results;
- Reviewing all the key inputs into the cash flow forecast to ensure they are appropriate, and no evidence of management bias exists;
- Testing the integrity of the forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of key estimates and assumptions;
- Reviewing the group and parent company's management accounts to assess if material matters have been reflected in the underlying assumptions to the forecasts;
- Comparing Board approved budgets to actual figures achieved to assess the reliability of management's forecasts;
- Assessing the adherence to covenants in the going concern period forecasts;
- Performing sensitivity analysis on the forecasts provided; and
- Review the going concern disclosure within the financial statements for appropriateness

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued
to the members of Franchise Brands plc

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Materiality for the group was set based on the consolidated position of the group, at £1,050,000. This was calculated based on 3% of Adjusted EBITDA. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it will be most relevant to stakeholders in assessing the financial performance of the group.

We also determined a level of group performance materiality which we use to assess the extent of testing needed to reduce to an appropriate low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Performance Materiality for the group was set at £682,000 being 65% of materiality for the financial statements as a whole. A benchmark of 65% for performance materiality was applied to provide sufficient coverage of significant and residual risks in the financial statements.

In determining performance materiality, we considered the following factors:

- the number and quantum of identified misstatements in the prior year audit observed through our review of the predecessor auditors working papers; and
- the consistency in the level of judgement required in key accounting estimates and the level of significant or other key risks, including Key audit matters, identified during our planning procedures.

We agreed to report to the audit committee all corrected and uncorrected misstatements we identified through the audit of the group with a value in excess of £52,000.

Materiality for the parent company was set at £305,000, with a performance materiality of £200,000. The benchmark used in determining the materiality for the parent company was 3% of net assets, given this is a holding company with no external trade, but capped at an allocated component materiality.

We agreed to report to the audit committee all corrected and uncorrected misstatements for the parent company we identified through the audit with a value in excess of £10,000.

Our approach to the audit

Our audit was tailored in such a way as to perform sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and of the parent company, the accounting processes and controls, and the industry in which they operate.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. We looked at the areas directors make subjective judgements, for example in respect of significant accounting estimates which involve making assumptions and considering future events, this process being inherently uncertain.

The group consists of the parent company and its subsidiaries which are geographically dispersed. Materiality and the risks of material misstatement were assessed at subsidiary level for our audit procedures on the subsidiaries.

We performed an assessment to identify components which are of significance to the group audit, by taking into account the significance of account balances and the according risks of material misstatement related to them as well as their relative financial significance. Eight components were determined to be meet the criteria for which full-scope procedures should be performed. The remaining subsidiaries were tested to a percentage of group performance materiality either through specified procedures, or analytical procedures as determined sufficient by the audit team for the purposes of the group audit.

Audit approach	No. of components	% coverage of revenue	% coverage of adjusted EBITDA
Full-scope audit	8	80	96
Specified audit procedures	3	12	1
Analytical procedures	44	8	3

With the exception of two components, located in Germany and the United States of America, all in scope components were located in the UK, where the audit work was conducted by us using a team with specific experience of auditing publicly listed entities.

The components in Germany and the United States of America were audited by PKF network firms under our instructions. We interacted regularly with the component audit teams during all stages of the audit and we were responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company financial statements.

Independent Auditor's Report continued
to the members of Franchise Brands plc

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Revenue recognition (group) Refer to accounting policies in Note 2 and further details in Notes 3 and 7	
The group has a number of different revenue streams, as detailed in Note 2. Each revenue stream has its own estimates and judgements in relation to IFRS 15 ***Revenue from Contracts with Customers.*** Key estimates and judgements include the identification of specific performance obligations, the determination of whether the group is acting in a principal or agent capacity, and the timing of revenue recognition. Within Willow Pumps Limited, revenue for certain projects are recognised over time and management must recognise revenue and profit accordingly across the identified stages of the project, based on the input method. **Because** of the level of estimation uncertainty and the level of judgements involved, Revenue Recognition is determined to be a key audit matter.	We reviewed management's assessment of the application of IFRS 15 on key revenue streams and challenged key estimates and assumptions made in the recognition of revenue. Our work in this area included, but was not limited to: • Discussing with management in respect of revenue transaction arrangements for all revenue streams, and understanding management's own assessment of the treatment of each revenue stream; • Performing walkthrough testing to develop an understanding of the revenue transaction flow for each entity and which parties are involved at each stage; • Obtaining and reviewing contracts for each revenue stream, including franchise agreements; • Understanding the relevant performance obligations in each contract; • Reviewing the accounting treatment and policy related to revenue recognition against the requirements of IFRS 15, specifically focussing on IFRS15 section B35 and the necessary conditions for recognition as a principal vs agent in revenue transaction; • Reviewing the disclosures made within the financial statements and ensuring they have been properly disclosed in line with the requirements of IFRS 15; and • Specifically in relation to Willow Pumps Limited revenue, holding discussions with management to understand the Design & Installation revenue transactions, challenging management on their current treatment and developing our own estimates of revenue to be recognised in the period. **Key observations** We deem management's application of IFRS 15 to be reasonable.

Independent Auditor's Report continued

to the members of Franchise Brands plc

Key Audit Matter	How our scope addressed this matter
Impairment assessment of goodwill and other intangible assets (group) Refer to accounting policies in Note 2 and further details in Notes 3 and 14	
The group has goodwill and indefinite useful life intangibles which, under IAS 36 ***Impairment of assets*** are required to be tested annually for impairment. Management must exercise a high degree of judgement in both the assessment of Cash Generated Units (CGUs) to which goodwill is allocated, and in determining the value in use of these CGUs or group of CGUs. The inputs and assumptions into the value in use models are both highly subjective and complex. On this basis, impairment of goodwill and other intangible assets were deemed to be a significant risk and a key audit matter.	For each impairment assessment performed we determined whether the inputs and assumptions into the models were both reasonable and supportable. Our work in this area included, but was not limited to: • Reviewing critically the CGUs derived by management to ensure that they were in line with the requirements of IAS 36; • Challenging the future trading forecasts to ensure that they are supportable and reasonable based on the external market and internal factors such as past performance and future business plans; • Ensuring mathematical accuracy of the forecasts and their consistency with information obtained in other areas of the audit and forecasts used in other areas, such as going concern; • Ensuring that the forecasts are consistent with the Board approved budgets; • Using our internal valuations teams to assess the appropriateness of the calculation of the discount rates per CGU or group of CGUs and challenging those that fell outside of an expected range; • Reviewing sensitivity analysis performed by management to ensure that these were both plausible and sufficiently severe in nature, and assessing the impact of these sensitivities on the key inputs and assumptions within the model; and • Assessing the completeness and appropriateness of the disclosures within the financial statements **Key observations** Based on the work performed we found that management's judgements used in the impairment assessments were reasonable.

Independent Auditor's Report continued

to the members of Franchise Brands plc

Key Audit Matter	How our scope addressed this matter
Recoverability of investments and intercompany balances – Franchise Brands Plc (parent company) Refer to accounting policies in Note 2 and further details in Notes 3, 19 and 25	
The parent company statement of financial position has material investments in subsidiaries: 2024 – £208,905k (2023 – £207,830k) and amounts due from group undertakings 2024 – £100,036k (2023 – £100,558k). In line with IAS 36 and IFRS9, when assessing the recoverability of these balances which can involve complex modelling and assumptions made by management, this presents a risk of material misstatement if not performed correctly, and a key audit matter.	For the recoverability assessment performed we determined the reasonableness of the key inputs and assumptions used by management. Our work in this area included, but was not limited to: • Assessing the key inputs and assumptions used by management in determining the recoverability of investments in subsidiaries and amounts due from group undertakings for reasonableness; • Ensuring mathematical accuracy of the forecasts and their consistency with information obtained in other areas of the audit and forecasts used in other areas, such as going concern; • Reviewing sensitivity analysis performed by management to ensure that these were both plausible and sufficiently severe in nature, and assessing the impact of these sensitivities on the key inputs and assumptions within the model; and • Reviewing current period performance and expected future trading of the subsidiary entities. **Key observations** Based on the work performed we found that management's judgements used in the assessment of recoverability were reasonable.

Independent Auditor's Report continued
to the members of Franchise Brands plc

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

to the members of Franchise Brands plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, review of board minutes and application of our cumulative knowledge of the industries in which the group operates.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the:
  - Companies Act 2006;
  - UK-adopted international accounting standards;
  - Climate reporting requirements (SECR and TCFD);
  - UK and overseas taxation regulations;
  - Employment, health and safety laws both in the UK and overseas;
  - General Data Protection Regulation;
  - Local laws and regulations in the jurisdictions of the subsidiary entities;
  - FCA Listing and AIM Rules for Companies;
  - The Financial Services Act 2021 and
  - Bribery Act 2010 and anti-money laundering regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - Reviewing board meeting minutes;
  - Reviewing legal correspondence (where applicable) and legal and professional fees.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to both the estimates and judgements in relation to revenue recognition (group), and impairment assessment of goodwill and indefinite useful life intangible assets (group), and recoverability of investments and intercompany balances (parent company). We addressed this by challenging the assumptions and judgements made by management when auditing significant accounting estimates and ensuring that there were adequate disclosures on critical accounting estimates included within the notes to the financial statements.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of the group audit, we have communicated with component auditors the fraud risks associated with the group and the need for the component auditors to address the risk of fraud in their testing. To ensure that this has been completed, we have reviewed component auditor working papers in this area and obtained responses to our group instructions from the component auditors.

Independent Auditor's Report continued

to the members of Franchise Brands plc

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hannes Verwey (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
27 March 2025

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	2024 Total £'000	Restated* 2023 Total £'000
Revenue	7	**139,206**	121,019
Cost of sales		**(55,887)**	(52,790)
Gross profit		**83,319**	68,229
Adjusted earnings before interest, tax, depreciation, amortisation, share-based payments & non-recurring items ("Adjusted EBITDA")		**35,121**	30,153
Depreciation	8, 15, 16	**(4,837)**	(3,673)
Amortisation of software	8, 14	**(1,235)**	(925)
Amortisation of acquired intangibles	8, 14	**(10,156)**	(7,718)
Share-based payment expense	8, 10	**(1,480)**	(838)
Non-recurring items	8	**(444)**	(6,159)
Total administrative expenses		**(65,858)**	(57,293)
Net impairment losses on financial assets	19	**(492)**	(96)
Operating profit		**16,969**	10,840
Foreign exchange losses		**(386)**	(146)
Finance expense	11	**(7,378)**	(5,734)
Profit before tax		**9,205**	4,960
Tax expense	12	**(1,921)**	(1,973)
Profit for the year attributable to equity holders of the Parent Company		**7,284**	2,987
Other comprehensive (expense)/income			
Actuarial gains	29	**12**	63
Exchange differences on translation of foreign operations		**337**	(131)
Total comprehensive (expense)/income attributable to equity holders of the Parent Company		**349**	(68)
Total Profit and other comprehensive income for the year attributable to equity holders of the Parent Company		**7,633**	2,919
Earnings per share			
Basic	13	**3.78p**	1.73p
Diluted	13	**3.74p**	1.70p

* See Note 1 for details.

The Notes on pages 151 to 192 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 £'000	Restated* 2023 £'000	Restated* 2022 £'000
Assets				
Non-current assets				
Intangible assets	14	**295,536**	305,328	84,664
Property, plant and equipment	15	**4,667**	4,418	3,208
Right-of-use assets	16	**11,106**	9,338	2,568
Contract acquisition costs	17	**454**	427	402
Trade and other receivables	19	**333**	641	811
Total non-current assets		**312,096**	320,152	91,653
Assets in disposal groups classified as held for sale		**–**	–	5,455
Current assets				
Inventories	18	**7,577**	7,062	1,989
Trade and other receivables	19	**40,217**	41,000	23,485
Contract acquisition costs	17	**98**	79	92
Current tax asset		**390**	1,104	220
Cash and cash equivalents		**12,921**	12,278	10,935
Total current assets		**61,203**	61,523	36,721
Total assets		**373,299**	381,675	133,829
Liabilities				
Current liabilities				
Trade and other payables	20	**31,018**	33,358	19,579
Loans and borrowings	22	**9,311**	9,251	–
Obligations under leases	23	**3,062**	2,862	831
Deferred income	21	**2,237**	1,318	873
Current tax liability		**778**	603	–
Total current liabilities		**46,406**	47,392	21,283

	Note	2024 £'000	Restated* 2023 £'000	Restated* 2022 £'000
Liabilities directly associated with assets in Disposal groups classified as held for sale		**–**	–	2,561
Non-current liabilities				
Loans and borrowings	22	**67,431**	76,908	–
Obligations under leases	23	**8,179**	6,526	1,626
Deferred income	21	**1,892**	2,894	1,848
Deferred tax liability	24	**30,828**	33,919	4,134
Total non-current liabilities		**108,330**	120,247	7,608
Total liabilities		**154,736**	167,639	31,452
Total net assets		**218,563**	214,036	102,377
Issued capital and reserves attributable to owners of the Company				
Share capital	26	**969**	969	652
Share premium	26	**131,131**	131,131	37,293
Share-based payment reserve	26	**3,213**	1,936	1,217
Merger reserve	26	**69,754**	69,754	52,212
Translation reserve		**361**	24	155
EBT reserve	26	**(2,756)**	(2,679)	(2,871)
Retained earnings		**15,891**	12,901	13,719
Total equity attributable to equity holders		**218,563**	214,036	102,377

* See Note 1 for details.

The consolidated financial statements of Franchise Brands plc (Company number: 10281033) on pages 142 to 192 were approved and authorised for issue by the Board of Directors on 26 March 2025 and were signed on its behalf by:

Andrew Mallows
Director

Company Statement of Financial Position

At 31 December 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investment in group companies	25	**208,905**	207,830
Property, plant and equipment	15	**7**	–
Total non-current assets		**208,912**	207,830
Current assets			
Trade and other receivables	19	**102,459**	103,177
Cash and cash equivalents		**1,585**	875
Total current assets		**104,044**	104,052
Total assets		**312,956**	311,882
Liabilities			
Current liabilities			
Trade and other payables	20	**27,945**	16,311
Loans and borrowings	22	**9,311**	9,251
Total current liabilities		**37,256**	25,562
Non-current liabilities			
Loans and borrowings	22	**67,431**	76,908
Total non-current liabilities		**67,431**	76,908
Total liabilities		**104,687**	102,470
Net assets		**208,269**	209,412

	Note	2024 £'000	2023 £'000
Issued capital and reserves attributable to owners of the Company			
Share capital	26	**969**	969
Share premium	26	**131,131**	131,131
Share-based payment reserve	26	**3,213**	1,936
Merger reserve	26	**69,634**	69,634
EBT reserve	26	**(2,756)**	(2,679)
Retained earnings		**6,078**	8,421
Total equity attributable to equity holders		**208,269**	209,412

No statement of comprehensive income is presented by the Company as permitted by Section 408 of the Companies Act. Franchise Brands plc reported a profit and total comprehensive income for the financial period ended 31 December 2024 of £2.06m (2023: £5.00m).

The Company financial statements of Franchise Brands plc (Company number: 10281033) on pages 144 to 192 were approved and authorised for issue by the Board of Directors on 26 March 2025 and were signed on its behalf by:

Andrew Mallows
Director

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £'000	Restated* 2023 £'000
Cash flows from operating activities			
Profit for the year		**7,284**	2,987
Adjustments for:			
Depreciation of property, plant and equipment	15	**1,122**	1,066
Depreciation of right-of-use assets	16	**3,715**	2,608
Amortisation of software & other intangibles	14	**1,235**	925
Amortisation of acquired intangibles	14	**10,156**	7,718
Stock provision adjustment		**(313)**	–
Non-recurring costs		**(491)**	786
Share-based payment expense	10	**1,480**	838
Gain on disposal of property, plant and equipment		**(102)**	(55)
Current service cost – DBO	29	**(18)**	–
Finance expense	11	**7,378**	5,734
Exchange differences on translation of foreign operations		**357**	76
Tax expense	12	**1,921**	1,973
Operating cash flow before movements in working capital		**33,724**	24,656
Decrease/(increase) in trade and other receivables	19	**421**	(3,591)
(Increase)/decrease in inventories	18	**(344)**	338
Increase/(decrease) in trade and other payables	20	**(1,654)**	3,255
Cash generated from operations		**32,147**	24,658
Corporation taxes paid		**(3,991)**	(4,498)
Net cash generated from operating activities		**28,156**	20,160
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(1,470)**	(1,183)
Proceeds from the sale of property, plant and equipment		**248**	251
Purchase of software	14	**(1,657)**	(1,350)
Purchase of Intellectual Property	14	**(9)**	(522)
Loans to franchisees		**(164)**	(149)
Loans to franchisees repaid		**341**	412
Acquisition of subsidiaries including costs, net of cash acquired	6	**–**	(48,894)
Net cash used in investing activities		**(2,711)**	(51,435)

Consolidated Statement of Cash Flows continued
For the year ended 31 December 2024

	Note	**2024 £'000**	Restated* 2023 £'000
Cash flows from financing activities			
Bank loans – received		**2,000**	100,012
Bank loans – repaid		**(11,250)**	(62,097)
Loan notes – repaid		**–**	(29,155)
Preference shares – repaid		**–**	(58,520)
Capital element of lease liability repaid	23	**(3,666)**	(2,549)
Interest paid – bank and other loan	11	**(6,704)**	(5,374)
Interest paid – leases	11,23	**(598)**	(348)
Proceed from issue of shares		**–**	94,106
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust		**(77)**	192
Dividends paid	28	**(4,429)**	(3,371)
Net cash generated/(absorbed) from financing activities		**(24,724)**	32,896
Net increase in cash and cash equivalents		**721**	1,621
Cash and cash equivalents at beginning of year		**12,278**	10,935
Exchange differences on cash and cash equivalents		**(78)**	(278)
Cash and cash equivalents at end of year		**12,921**	12,278

* See Note 1 for details.

Consolidated Statement of Cash Flows continued

For the year ended 31 December 2024

Reconciliation of cash flow to the Group net debt position

Group	Term loan £'000	Revolving credit facility £'000	Loans & borrowings £'000	Preference shares £'000	Restated* Lease liabilities £'000	Restated* Total liabilities from financing activities £'000	Cash £'000	Restated* Total net cash/ (net debt) £'000
At 1 January 2023	–	–	–	–	(2,756)	(2,756)	10,935	8,179
Financing cash inflows	(55,000)	(45,012)	–	–	–	(100,012)	–	(100,012)
Financing cash outflows	5,000	8,000	78,227	58,520	2,897	152,644	–	152,644
Leases interest expense	–	–	–	–	(348)	(348)	–	(348)
Other cash flows	–	–	–	–	–	–	(5,421)	(5,421)
Acquired through business combination	–	–	(78,227)	(58,520)	(6,553)	(143,300)	7,042	(136,258)
Cash items	(50,000)	(37,012)	–	–	(4,004)	(91,016)	1,621	(89,395)
Non-cash items								
Amortised loan fees	749	–	–	–	–	749	–	749
Foreign exchange movements	–	104	–	–	(63)	41	(278)	(237)
Additions to new leases	–	–	–	–	(2,689)	(2,689)	–	(2,689)
Disposals	–	–	–	–	124	124	–	124
At 1 January 2024	**(49,251)**	**(36,908)**	**–**	**–**	**(9,388)**	**(95,547)**	**12,278**	**(83,269)**
Financing cash inflows	**–**	**(2,000)**	**–**	**–**	**–**	**(2,000)**	**–**	**(2,000)**
Financing cash outflows	**10,000**	**1,250**	**–**	**–**	**4,264**	**15,514**	**–**	**15,514**
Leases interest expense	**–**	**–**	**–**	**–**	**(598)**	**(598)**	**–**	**(598)**
Other cash flows	**–**	**–**	**–**	**–**	**–**	**–**	**721**	**721**
Cash items	**10,000**	**(750)**	**–**	**–**	**3,666**	**12,916**	**721**	**13,637**
Non-cash items								
Amortised loan fees	**(60)**	**–**	**–**	**–**	**–**	**(60)**	**–**	**(60)**
Foreign exchange movements	**–**	**227**	**–**	**–**	**304**	**531**	**(78)**	**453**
Additions to new leases	**–**	**–**	**–**	**–**	**(5,948)**	**(5,948)**	**–**	**(5,948)**
Disposals	**–**	**–**	**–**	**–**	**125**	**125**	**–**	**125**
At 31 December 2024	**(39,311)**	**(37,431)**	**–**	**–**	**(11,241)**	**(87,983)**	**12,921**	**(75,062)**

Company Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit for the year		**2,064**	5,000
Adjustments for:			
Depreciation of property, plant and equipment	15	**2**	–
Non-recurring costs		**–**	130
Management charges		**(4,428)**	(2,834)
Finance expenses		**6,761**	5,384
Tax expense		**(1,584)**	(1,377)
Exchange differences on translation of foreign operations		**(230)**	(105)
Share-based payment expense		**203**	211
Operating cash flow before movements in working capital		**2,788**	6,409
Decrease in trade and other receivables	19	**919**	3,373
Increase in trade and other payables	20	**17,519**	11,071
Cash generated from operations		**21,226**	20,853
Corporation taxes paid		**(50)**	(1,345)
Net cash generated from operating activities		**21,176**	19,508
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(9)**	–
Investment in subsidiary		**–**	(36,826)
Loan to subsidiary		**–**	(99,925)
Acquisition of subsidiaries including costs		**–**	(57,855)
Net cash used in investing activities		**(9)**	(194,606)
Cash flows from financing activities			
Bank loans – received		**2,000**	100,012
Bank loans – repaid		**(11,250)**	(13,000)
Interest paid – bank and other loans		**(6,701)**	(5,384)
Proceed from issue of shares (net of costs)		**–**	94,106
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust		**(77)**	192
Dividends paid	28	**(4,429)**	(3,371)
Net cash flows (absorbed)/generated by financing activities		**(20,457)**	172,555
Net increase/(decrease) in cash and cash equivalents		**710**	(2,543)
Cash and cash equivalents at beginning of year		**875**	3,418
Cash and cash equivalents at end of year		**1,585**	875

Reconciliation of cash flow to the Company net debt position

Group	Term loan £'000	Revolving credit facility £'000	Total liabilities from financing activities £'000	Cash £'000	Total net cash/ (net debt) £'000
At 1 January 2023	–	–	–	3,418	3,418
Financing cash inflows	(55,000)	(45,012)	(100,012)	–	(100,012)
Financing cash outflows	5,000	8,000	13,000	–	13,000
Other cash flows	–	–	–	(2,543)	(2,543)
Cash items	(50,000)	(37,012)	(87,012)	(2,543)	(89,555)
Non-cash items					
Amortised Loan Fees	749	–	749	–	749
Foreign exchange movements	–	104	104	–	104
At 1 January 2024	**(49,251)**	**(36,908)**	**(86,159)**	**875**	**(85,284)**
Financing cash inflows	**–**	**(2,000)**	**(2,000)**	**–**	**(2,000)**
Financing cash outflows	**10,000**	**1,250**	**11,250**	**–**	**11,250**
Other cash flows	**–**	**–**	**–**	**710**	**710**
Cash items	**10,000**	**(750)**	**9,250**	**710**	**9,960**
Non-cash items					
Amortised Loan Fees	**(60)**	**–**	**(60)**	**–**	**(60)**
Foreign exchange movements	**–**	**227**	**227**	**–**	**227**
At 31 December 2024	**(39,311)**	**(37,431)**	**(76,742)**	**1,585**	**(75,157)**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Group	Share capital £'000	Share premium account £'000	Share-based payment £'000	Merger reserve £'000	Translation reserve £'000	EBT reserve £'000	*Restated Retained earnings £'000	Total £'000
At 1 January 2023	652	37,293	1,217	52,212	155	(2,871)	14,026	102,684
Correction of errors	–	–	–	–	–	–	(307)	(307)
*Restated At 1 January 2023	652	37,293	1,217	52,212	155	(2,871)	13,719	102,377
Profit for the year	–	–	–	–	–	–	2,987	2,987
Actuarial gain	–	–	–	–	–	–	63	63
Foreign exchange translation differences	–	–	–	–	(131)	–	–	(131)
Profit for the year and total comprehensive income	–	–	–	–	(131)	–	3,050	2,919
Contributions by and distributions to owners								
Shares issued	317	96,392	–	17,542	–	–	–	114,251
Share Placing costs charged to Share Premium	–	(2,554)	–	–	–	–	–	(2,554)
Dividend paid	–	–	–	–	–	–	(3,371)	(3,371)
Contributions to Employee Benefit Trust	–	–	–	–	–	192	–	192
Share-based payment	–	–	719	–	–	–	–	719
Tax on share-based payment expense	–	–	–	–	–	–	(496)	(496)
At 1 January 2024	**969**	**131,131**	**1,936**	**69,754**	**24**	**(2,679)**	**12,901**	**214,036**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**7,284**	**7,284**
Actuarial gain	**–**	**–**	**–**	**–**	**–**	**–**	**12**	**12**
Foreign exchange translation differences	**–**	**–**	**–**	**–**	**337**	**–**	**–**	**337**
Profit for the year and total comprehensive income	**–**	**–**	**–**	**–**	**337**	**–**	**7,296**	**7,633**
Contributions by and distributions to owners								
Shares issued	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(4,429)**	**(4,429)**
Contributions to Employee Benefit Trust	**–**	**–**	**–**	**–**	**–**	**(77)**	**–**	**(77)**
Share-based payment	**–**	**–**	**1,277**	**–**	**–**	**–**	**–**	**1,277**
Tax on share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**123**	**123**
At 31 December 2024	**969**	**131,131**	**3,213**	**69,754**	**361**	**(2,756)**	**15,891**	**218,563**

* See Note 1 for details.

Company Statement of Changes in Equity

For the year ended 31 December 2024

Company	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Merger reserve £'000	EBT reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2023	652	37,293	1,217	52,092	(2,871)	6,850	95,233
Profit for the year and total comprehensive income	–	–	–	–	–	5,000	5,000
Contributions by and distributions to owners							
Shares issued	317	96,392	–	17,542	–	–	114,251
Share Placing costs charged to Share Premium	–	(2,554)	–	–	–	–	(2,554)
Dividend paid	–	–	–	–	–	(3,371)	(3,371)
Contributions to Employee Benefit Trust	–	–	–	–	192	–	192
Share-based payment	–	–	719	–	–	–	719
Tax on share-based payment expense	–	–	–	–	–	(58)	(58)
At 1 January 2024	**969**	**131,131**	**1,936**	**69,634**	**(2,679)**	**8,421**	**209,412**
Profit for the year and total comprehensive income	**–**	**–**	**–**	**–**	**–**	**2,064**	**2,064**
Contributions by and distributions to owners							
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(4,429)**	**(4,429)**
Contributions to Employee Benefit Trust	**–**	**–**	**–**	**–**	**(77)**	**–**	**(77)**
Share-based payment	**–**	**–**	**1,277**	**–**	**–**	**–**	**1,277**
Tax on share-based payment expense	**–**	**–**	**–**	**–**	**–**	**22**	**22**
At 31 December 2024	**969**	**131,131**	**3,213**	**69,634**	**(2,756)**	**6,078**	**208,269**

Notes forming part of the Financial Statements

For the year ended 31 December 2024

1 Restatements

During the year we have identified a number of errors that have given rise to a restatement of the prior year accounts.

1. We have identified errors that certain transactions in the Group's Metro Rod Limited subsidiary have been treated incorrectly in respect of IFRS 15. National account revenue was recognised at the point of passing the work order to the franchisee, as this was considered to be our performance obligation. Having reconsidered IFRS 15 we believe that this sales-based royalty should be recognised at the later of the performance obligation being met or when the subsequent sale occurs. As the subsequent sale to the end customer by the franchisee is always after our performance obligation is met, it is at this point that our sales-based royalty revenue should be recognised, which is at the point of job completion. The impact of this is to increase revenue and profit before tax in the year ended 31 December 2023 by £0.0m. In the Consolidated Statement of Financial Position this adjustment decreases Trade and Other Receivables for Accrued Income by £1.7m (2022: £1.5m), decreases Trade and Other Payables for Accruals by £1.4m (2022: £1.2m) and decreases Retained Earnings by £0.3m (2022: £0.3m). In the Consolidated Statement of Cashflows the impact is a decrease in profit of £0.0m, a £0.2m reduction in cash flows from trade and other receivables and a £0.2m reduction in cash flows to trade and other payables. This affects Notes 1a, 1b and 1c.
2. We have identified errors that certain transactions in the Group's The Filta Group Limited subsidiary have been treated incorrectly in respect of IFRS 15. National account revenue where the franchise operates outside of its franchise territory was treated gross, or on a principal basis. We are now treating this revenue net, as following consideration of the underlying contracts, facts and circumstances, we consider Filta to be acting as a commission agent for its franchisees. The business only has momentary control of the incoming order following acceptance of the job ahead of passing it to the incumbent franchise in a back-to-back arrangement where local franchisees have a right of first refusal on the order received. Operational fulfilment also rests with the franchisee. The impact of this is to reduce revenue in the year ended 31 December 2023 by £1.0m, with an equivalent reduction in cost of sales; there is no profit impact of this change. This affects Note 1a.
3. Certain transactions in the Group's Pirtek subsidiaries have been presented incorrectly between revenue, cost of sales and administration expenses. Where a franchise is charged for use of a service, this is now treated as revenue, to bring in line with the Group's revenue recognition policies on NAF, IT and central billing. Where a cost is directly attributable to revenue, it is treated as a cost of sales; in the past certain costs have been treated as administrative expenses. The impact on the Consolidated Statement of Comprehensive Income in the year ended 31 December 2023 is to increase revenue by £1.8m, increase cost of sales by £4.8m, and reduce administrative expenses by £3.0m. There is no overall impact on operating profit. This affects Note 1a.
4. We have identified inconsistencies within the Group with relation to the treatment of MSF on input costs that franchisees incur and can reclaim from the franchisor. Within the Metro Rod subsidiary the allowable costs should be shown as a rebate against revenue. The impact on the Consolidated Statement of Comprehensive Income in the year ended 31 December 2023 is to decrease revenue and cost of sales by £1.1m. There is no overall impact on operating profit. This affects Note 1a.
5. The calculation in relation to IFRS 16 for the Group's Pirtek subsidiaries was incomplete at 31 December 2023. The impact of including all leases is to increase revenue by £0.0m, adjusted EBITDA by £0.2m, and profit before tax in the year ended 31 December 2023 by £0.0m. In the Consolidated Statement of Financial Position this adjustment increases Right of use assets by £0.9m, with an equivalent increase in Obligations under leases. In the Consolidated Statement of Cashflows the impact is a decrease in profit of £0.0m, a £0.2m increase in operating cashflows before movements in working capital, and a £0.2m increase in net cash absorbed from financing activities. This affects Notes 1a, 1b and 1c. Note 6 has also been updated to reflect leases not included in the acquisition accounting.
6. Within the Consolidated Statement of Comprehensive Income impairment loss arising from expected credit losses on trade receivables has been reclassified to be an administrative expense rather than an adjusting item. As such, this reduces adjusted EBITDA in the year ended 31 December 2023 by £0.1m, but has no impact on Gross Profit or Operating Profit. This affects Note 1a.

Restatements have been made to the following notes to improve disclosures:

7. Within Note 14 of the financial statements we have amended cost of intangible assets to disclose additions acquired through business combinations, as required in IAS 38. There is no overall impact on intangible assets. We have also added an additional disclosure regarding definite life intangible assets; and comparative information for the key assumptions used in value-in-use calculations.
8. Within Note 23 of the financial statements a maturity analysis of lease liabilities on an undiscounted contractual cashflow basis is now included, as required in IFRS 16.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

1a Consolidated Statement of Comprehensive Income (restated)
For the year ended 31 December 2023

	Restatement number	As previously reported 31 December 2023 £'000	Correction of errors £'000	(Restated) 31 December 2023 £'000
Revenue	1,2,3,4,5	**121,265**	(246)	**121,019**
Cost of sales	2,3,4	**(50,060)**	(2,730)	**(52,790)**
Gross profit		**71,205**	(2,976)	**68,229**
Adjusted earnings before interest, tax, depreciation, amortisation, share-based payments, impairment loss & non-recurring items ("Adjusted EBITDA")		**30,101**	52	**30,153**
Depreciation	5	**(3,492)**	(181)	**(3,673)**
Amortisation of software		**(925)**	–	**(925)**
Amortisation of acquired intangibles		**(7,718)**	–	**(7,718)**
Impairment loss	6	**(96)**	96	**–**
Share-based payment expense		**(838)**	–	**(838)**
Non-recurring items		**(6,159)**	–	**(6,159)**
Total administrative expenses		**(60,332)**	3,039	**(57,293)**
Net impairment losses on financial assets	6	**–**	(96)	**(96)**
Operating profit		**10,873**	(33)	**10,840**
Foreign exchange losses		**(146)**	–	**(146)**
Finance expense	5	**(5,711)**	(23)	**(5,734)**
Profit before tax		**5,016**	(56)	**4,960**
Tax expense	5	**(1,979)**	6	**(1,973)**
Profit for the year attributable to equity holders of the Parent Company		**3,037**	(50)	**2,987**
Other comprehensive (expense)/income				
Actuarial gains		**63**	–	**63**
Exchange differences on translation of foreign operations		**(131)**	–	**(131)**
Total profit and other comprehensive income for the year attributable to equity holders of the Parent Company		**2,969**	(50)	**2,919**
Earnings per share				
Basic		**1.75p**	(0.02p)	**1.73p**
Diluted		**1.73p**	(0.03p)	**1.70p**

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

1b Consolidated Statement of Financial Position (restated)

As at 1 January 2023 and 31 December 2023

	Restatement number	As previously reported 31 December 2023 £'000	Correction of errors £'000	As at 31 December 2023 (restated) £'000	As previously reported 1 January 2023 £'000	Correction of errors £'000	As at 1 January 2023 (restated) £'000
Assets							
Non-current assets							
Intangible assets		305,328	–	305,328	84,664	–	84,664
Property, plant and equipment		4,418	–	4,418	3,208	–	3,208
Right-of-use assets	5	8,404	934	9,338	2,568	–	2,568
Contract acquisition costs		427	–	427	402	–	402
Trade and other receivables		641	–	641	811	–	811
Total non-current assets		319,218	934	320,152	91,653	–	91,653
Assets in disposal groups classified as held for sale		–	–	–	5,455	–	5,455
Current assets							
Inventories		7,062	–	7,062	1,989	–	1,989
Trade and other receivables	1,5	42,701	(1,701)	41,000	24,991	(1,506)	23,485
Contract acquisition costs		79	–	79	92	–	92
Current tax asset		1,104	–	1,104	220	–	220
Cash and cash equivalents		12,278	–	12,278	10,935	–	10,935
Total current assets		63,224	(1,701)	61,523	38,227	(1,506)	36,721
Total assets		382,442	(767)	381,675	135,335	(1,506)	133,829
Liabilities							
Current liabilities							
Trade and other payables	1,5	34,746	(1,388)	33,358	20,778	(1,199)	19,579
Loans and borrowings		9,251	–	9,251	–	–	–
Obligations under leases		2,617	245	2,862	831	–	831
Deferred income		1,318	–	1,318	873	–	873
Current tax liability		603	–	603	–	–	–
Total current liabilities		48,535	(1,143)	47,392	22,482	(1,199)	21,283
Liabilities directly associated with assets in Disposal groups classified as held for sale		–	–	–	2,561	–	2,561

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

1b Consolidated Statement of Financial Position (restated) continued

As at 1 January 2023 and 31 December 2023

	Restatement number	As previously reported 31 December 2023 £'000	Correction of errors £'000	As at 31 December 2023 (restated) £'000	As previously reported 1 January 2023 £'000	Correction of errors £'000	As at 1 January 2023 (restated) £'000
Non-current liabilities							
Loans and borrowings		76,908	–	76,908	–	–	–
Obligations under leases	5	5,787	739	6,526	1,626	–	1,626
Deferred income		2,894	–	2,894	1,848	–	1,848
Contingent consideration		–	–	–	–	–	–
Deferred tax liability	5	33,925	(6)	33,919	4,134	–	4,134
Total non-current liabilities		119,514	733	120,247	7,608	–	7,608
Total liabilities		168,049	(410)	167,639	32,651	(1,199)	31,452
Total net assets		214,393	(357)	214,036	102,684	(307)	102,377
Issued capital and reserves attributable to owners of the Company							
Share capital		969	–	969	652	–	652
Share premium		131,131	–	131,131	37,293	–	37,293
Share-based payment reserve		1,936	–	1,936	1,217	–	1,217
Merger reserve		69,754	–	69,754	52,212	–	52,212
Translation reserve		24	–	24	155	–	155
EBT reserve		(2,679)	–	(2,679)	(2,871)	–	(2,871)
Retained earnings	1,5	13,258	(357)	12,901	14,026	(307)	13,719
Total equity attributable to equity holders		214,393	(357)	214,036	102,684	(307)	102,377

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

1c Consolidated Statement of Cash Flows (Restated)
For the year ended 31 December 2023

	Restatement number	As previously reported 31 December 2023 £'000	Correction of errors £'000	(Restated) 31 December 2023 £'000
Cash flows from operating activities				
Profit for the year	1,5	3,037	(50)	2,987
Adjustments for:				
Depreciation of property, plant and equipment	5	1,066	–	1,066
Depreciation of right-of-use assets		2,427	181	2,608
Amortisation of software & other intangibles		925	–	925
Amortisation of acquired intangibles		7,718	–	7,718
Non-recurring costs		786	–	786
Share-based payment expense		838	–	838
Gain on disposal of PPE		(54)	(1)	(55)
Finance expense	5	5,711	23	5,734
Exchange differences on translation of foreign operations		76	–	76
Tax expense	5	1,979	(6)	1,973
Operating cash flow before movements in working capital		24,509	147	24,656
(Increase)/decrease in trade and other receivables	1	(3,767)	176	(3,591)
(Increase)/decrease in inventories		338	–	338
Increase/(decrease) in trade and other payables	1	3,368	(113)	3,255
Cash generated/(absorbed) from operations		24,448	210	24,658
Corporation taxes paid		(4,498)	–	(4,498)
Net cash generated from operating activities		19,950	210	20,160
Cash flows from investing activities				
Purchases of property, plant and equipment		(1,183)	–	(1,183)
Proceeds from the sale of property, plant and equipment		251	–	251
Purchase of software		(1,350)	–	(1,350)
Purchase of Intellectual Property		(522)	–	(522)
Loans to franchisees		(149)	–	(149)
Loans to franchisees repaid		412	–	412
Acquisition of subsidiaries including costs, net of cash acquired		(48,894)	–	(48,894)
Net cash used in investing activities		(51,435)	–	(51,435)

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

1c Consolidated Statement of Cash Flows (Restated) continued
For the year ended 31 December 2023

	Restatement number	As previously reported 31 December 2023 £'000	Correction of errors £'000	(Restated) 31 December 2023 £'000
Cash flows from financing activities				
Bank loans – received		100,012	–	100,012
Bank loans – repaid		(62,097)	–	(62,097)
Loan notes – repaid		(29,155)	–	(29,155)
Preference shares – repaid		(58,520)	–	(58,520)
Capital element of lease liability repaid	5	(2,362)	(187)	(2,549)
Interest paid – bank and other loan		(5,374)	–	(5,374)
Interest paid – leases	5	(325)	(23)	(348)
Proceed from issue of shares		94,106	–	94,106
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust		192	–	192
Dividends paid		(3,371)	–	(3,371)
Net cash generated/(absorbed) from financing activities		33,106	(210)	32,896
Net increase in cash and cash equivalents		1,621	–	1,621
Cash and cash equivalents at beginning of year		10,935	–	10,935
Exchange differences on cash and cash equivalents		(278)	–	(278)
Cash and cash equivalents at end of year		12,278	–	12,278

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

2 Significant accounting policies

General information

Franchise Brands plc (the “Company”, and together with its subsidiaries, the “Group”), is a public company incorporated in England and Wales under the Companies Act 2006 with Company Number 10281033. The principal activity of the Group is focused on building market-leading businesses in selected customer segments, using primarily a franchise model. Our focus is on established brands which can benefit from our shared support services, specialist sector expertise, management experience and Group resources. The principal activity of the Company is that of a holding company of a group of companies engaged in franchising and related activities.

Basis of consolidation

The consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date control ceases. All intercompany transactions and balances between Group entities are eliminated upon consolidation.

Basis of preparation

The Group’s financial statements have been prepared in accordance with UK-adopted international accounting standards, in accordance with the Companies Act 2006 as they apply to the financial statements of the Group for the year ended 31 December 2024. The Group’s consolidated financial statements are prepared under the historical cost convention. The principal accounting policies adopted are set out below and have been consistently applied to all the years presented. The Group’s financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000s) except where indicated.

Going concern

The Group’s financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. In assessing the appropriateness of adopting the going concern basis in preparing the Annual Report and financial statements, the Directors have considered the current financial position of the Group, alongside its principal risks and uncertainties. The review performed considers plausible financial and operational issues that could reasonably arise within the period. This included credit risk, dependency on key suppliers / customers; and economic risk. The budgets and plans prepared for the next 12 months to June 2026 have been subjected to sensitivity analysis, considering the impact of a downturn in trade.

In all cases, the business model remained robust. The Group has generated significant profits both during the years covered by these financial statements, and in previous years. The Group has sufficient current financial assets to meet its current liabilities as they fall due. The Group’s strong operating cashflow allows for expected repayment of the bank Group facilities prior to the extended repayment date (as extended in April 2024) of April 2028; and allows for contractual repayment of term loan with interest, and lease costs, for the next 12 months to June 2026. The directors have stress-tested the banking covenants, considered mitigating actions, and concluded that there is sufficient headroom. All these provide resilience against these factors and other principal risks the Group is exposed to. The Directors have made appropriate enquiries and consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Segmental reporting

The Group’s operating segments are determined based on the Group’s internal reporting to the Chief Operating Decision Maker (“CODM”). The CODM has been determined to be the Chief Executive Officer, with support from the Board of Directors, as the function primarily responsible for the allocation of resources to segments and assessment of performance of the segments. The business is organised in line with the divisions of Pirtek Europe, Water & Waste Services, Filta International and B2C. Within the Water & Waste Services division there are two different principal activities: Franchisor – management of franchisees who trade with businesses and consumers; and Direct labour organisations – trading directly with businesses and consumers.

Therefore, the Board has determined that we have six different operating segments:

- Pirtek Europe, the franchise and direct labour operations of Pirtek across eight European countries;
- Water & Waste Services, which is made up of Metro Rod and Metro Plumb, Willow Pumps and Filta UK;
- Filta International, which is made up of Filta US and Filta Europe;
- B2C, which is made up of ChipsAway, Ovenclean and Barking Mad;
- Azura, which is made up of the software business of Azura; and
- Other operations including central administration costs and non-trading companies.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

2 Significant accounting policies continued

Business combinations

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings. An undertaking is regarded as a subsidiary if the Group has control over its operating and financial policies. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of completion, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

In the Group, costs of acquisition are charged directly to the income statement as non-recurring costs, unless directly relating to equity issuance, in which case these costs have been charged to share premium account. In the Company, directly attributable costs of acquisition have been capitalised as investment in subsidiaries.

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Pounds Sterling, which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the profit and loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign Operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Pounds Sterling are translated into Pounds Sterling upon consolidation.

On consolidation, assets and liabilities have been translated into Pounds Sterling at the closing rate at the reporting date. Income and expenses have been translated into Pounds Sterling at the average monthly rate, as an approximation of the rates on the dates of the transactions over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the translation reserve in equity.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

2 Significant accounting policies continued

Intangible assets
Intangible assets comprise goodwill, certain acquired separable corporate brand names, acquired customer relationships, acquired franchise relationships, acquired licence trade agreements and capitalised computer software not integral to a related item of hardware. Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of four years, based on the latest approved budgets, for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names, trademarks, customer relationships, acquired franchise relationships, and other intangibles acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets. Historically certain brands and trademarks of the Group have been considered to have an indefinite economic life. These brands and trademarks were reviewed at year end and revised from being indefinite life to finite life. As such, from 31 December 2024 these brands will be amortised over their estimated useful life.

The carrying value of these intangible assets is reviewed at least annually for impairment and adjusted to the recoverable amount if required. Recoverable amount is the higher of fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and written down to its recoverable amount. Any impairment is charged to the profit and loss in the period concerned.

Amortisation is provided at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows. Customer-related intangibles have a useful life of 5-10 years. Franchise contracts have a useful life of 10 years. Others (including capitalised computer software) have a useful life of 3-10 years. Brands that have a finite life have a useful life of 10-50 years.

Revenue
Revenue is income arising from the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised when performance obligations are satisfied and control has transferred to the customer. Revenue is measured at the fair value of consideration received or receivable, net of returns, rebates and value-added taxes. There have been restatements to revenue within Metro Rod and Filta UK (see Note 1). The following criteria must also be met before revenue is recognised:

National accounts and commission agent revenue
Within Metro Rod and Filta UK national account revenue is recognised net, or on an agent commission basis, as the Group only has momentary control of the work between receiving the work and passing it to the incumbent franchise. Franchisees have right of first refusal and maintain operational fulfilment; if they cannot carry out the work, they must find someone else to complete the work. Within ChipsAway the franchisees are passed a lead, which may or may not be converted into a job, and as such we treat national account revenue in the same way as above. In each case revenue is recognised at the later of our performance obligation being met, or the subsequent sale occurring. As the sale by the franchisee to the end customer is always completed after our performance obligation is met, which is to pass the work to the franchise, we recognise revenue at the point of job completion.

Local accounts and royalty fee income
Management service fees ("MSF") is a sales-based royalty, charged for the continuing use of the rights and continuing services provided during the franchise period agreements term. They are recognised as the service is provided and the right to access the licence are used. These are charged on a monthly basis and the values recognised are based on the performance obligations in the relevant contracts with our franchisees at the fair value of the goods.

Where the underlying transaction belongs to the franchisee MSF is recorded as a royalty fee. The work is sourced, and jobs are priced and completed, by the franchisees. For national account sales at Pirtek, and local account sales in all subsidiaries, this is deemed to be when the work is performed and invoiced, as we play no part in passing the work to the franchise (see Note 3 for critical accounting judgements).

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

2 Significant accounting policies continued

Revenue continued

Sale of new franchise territories

Revenue from the sales of new franchise territories represent the charges for packages which include start-up support and equipment, and the right to access the license to operate in a designated territory for a stated length of time. The territory fee is deferred over the length of the franchise agreement and released to the consolidated statements of comprehensive income on a straight-line basis, as our performance obligation is to provide a license to operate. If equipment or stock is provided, this is considered a distinct performance obligation and recorded at a point in time when transferred over to the franchisee.

When a new franchise joins the Group, they are given extensive training. Within Metro Rod, Filta UK and the B2C business the revenue associated with this training is recognised over the life of the franchise agreement, as it is deemed to be a pre-opening activity which is fundamental for a new franchise to begin operating.

Resale of franchise territories

Revenue from resales of franchise territories is recognised when the sale has been contractually transferred. It is recognised at a point in time as a termination fee.

Training facility revenue

Revenue from training within Filta International and Pirtek is recognised at the point at which the training is completed, as they are distinct performance obligations in the context of these specific contracts, and at that point we have completed our performance obligations. Filta International and Pirtek have their own training centres, providing on-going industry-specific training to franchisee engineers in their respective industries which go beyond training franchisees on how to work with Filta International and Pirtek as franchisees respectively. As such training is a separate revenue stream in these entities and this revenue is distinct from franchise sales.

Product sales

Revenue from sales of products is recognised on delivery to customers, as this is when control is deemed to have been transferred. Where freight costs are charged to the franchise, revenue is recognised in line with product sales. Pirtek franchisees may order direct from suppliers on a central account; in this instance we recognise both the revenue from recharging franchisees and cost of goods from the supplier under revenue, in a back-to-back agreement as an agent where no profit is recorded.

Direct labour income

Direct labour income is where labour employed by the Group carry out revenue-earning work. Revenue from our direct labour organisations is recognised at the point of which the job is completed, with the exception of Willow Pumps.

Within Willow Pumps revenue is recognised when our performance obligations are met in relation to an individual job. Willow Pumps performs installation and commissioning work using its own labour as well as bought-out material by integrating them into a single performance obligation where control over goods is transferred in advance of rendering services. Due to the bespoke nature of work performed and contracts being non-cancellable, it meets the requirements of IFRS 15.35c for recognising revenue on over-time basis. However, practically, the entity recognises revenue on completion of each phase (which takes 1-2 days). This is not considered to be material by the Group. Due to the nature of work that requires use of labour, it is appropriate to use the input method to measure stage of completion. Also, observable inputs to measure the stage of completion based on an output method is not available.

Due to the above, it is appropriate to recognise revenue at nil margin for transfer of control over bought-out standard material before providing installation and commissioning services. Once installation begins, the value of the uninstalled goods is excluded from the cost to cost method to calculate the revenue and margin over the period the revenue is recognised. It is to be noted that 'nil margin' recognition is available only when the measure of progress is based on input method and not output method (see Note 3). The performance obligations are defined in our underlying contracts with customers.

Waste oil

Revenue from sales of waste oil is recognised on a principal basis; although it is the franchisees that collect and transfer the waste oil, Filta place restrictions on the inventory, insofar as the franchisees can only sell to Filta, and the onward sale of the waste oil is at Filta's contractual risk. Filta retains control over the oil for a period of time, it is not a back-to-back arrangement. Revenue is recognised when the oil is collected by the customer, as this is when control is deemed to have transferred.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

2 Significant accounting policies continued
Revenue continued
IT contribution
Franchisees are charged a monthly fee for use of IT systems. Revenue is recognised when the franchisees are invoiced; this is when the monthly service of providing the IT that allows the franchise to operate their franchise has been fulfilled.

Central billing
In certain circumstances the franchisees are charged a fee to invoice certain national account customers on their behalf. This is recognised when the customer has been invoiced, at which point we are able to invoice the franchisee for our customer invoicing.

National advertising funds
National advertising funds are collected from franchisees under their agreements and then spent on their behalf on advertising which benefits the underlying franchise networks. The management of the funds does not result in any profit or loss for the Group as all funds received are expended on behalf of the networks. Advertising is not seen to be a separate performance obligation from license (local) and agency (national) sales, it is merely an add-on that the franchisee contributes towards. Advertising of our brands, our franchisees, and the services that they offer, does not constitute a service to the customer, hence advertising does not represent a separate performance obligation. The Directors have concluded that the Group will recognise the costs expended by the funds in the year, and will recognise a fixed royalty amount as revenue, with any difference from the amount of cash received from our franchisees as accrued or deferred revenue within the balance sheet. This is because it is the Group which controls the expenditure of the funds, rather than the franchisees. Overall, there is no impact on profit.

Other income
The Group has a number of other revenue streams, which are immaterial for reporting purposes. These include freight charges to franchisees, lending vans to franchisees, and other charges to franchisees.

Contract acquisition costs
Internal staff-related costs to obtain a customer are expensed to the income statement as incurred. Where these are external i.e. broker fees, these costs are capitalised and recognised within contract assets where management expects to recover those costs. Contract assets are amortised, through cost of sales, over the period consistent with the Group's transfer of the related goods and services to the customer.

The costs capitalised primarily include broker fees paid to third parties where payment is identified as relating directly to the sale of a territory licence and initially recognised upon the signing of a customer contract. The costs are amortised over the contract life. Management is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the Group expects to receive in exchange for providing the associated goods and services under the relevant contract. Any impairment is recognised immediately where such losses are forecast. The movement in the contract asset balance in the period, therefore, represents additional payments made, subsequent amortisation and any required impairment.

Financial liabilities
Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

For any bank borrowings denominated in foreign currency, the balances are translated at the relevant exchange rate at the reporting date. Any applicable gains or losses are taken through other comprehensive income.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

2 Significant accounting policies continued
Long-term employee benefits
A one-off bonus is payable to staff who remain with the French businesses until they retire based on French law. Under IAS 19 obligations for one-off employee bonuses are recognised in the balance sheet under provisions for liabilities based on assessment of the current value of those benefits. The current value is calculated using criteria including earnings, life expectancy, estimated length of service and wage inflation which is then discounted to give an estimated current value. The annual movement in provision is charged to Other Comprehensive Income.

Financial assets
All of the Group's financial assets are classified and held at amortised cost. These assets arise principally from the provision of goods and services to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Inventories are stated at the lower of cost and net realisable value. The cost of goods for resale is based on an weighted average cost methodology. At the end of each reporting period inventories are assessed for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed based on customer type, history of payment as well as by the number of days that debt is past due. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Cash and cash equivalents includes cash in hand.

Property, plant and equipment
Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes cost directly attributable to making the asset capable of operating as intended. Depreciation is provided to write-off the cost, less the estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property improvements	–	over period of lease
Short-term leasehold improvements	–	over period of lease
Freehold property	–	2%-10% straight line
Motor vehicles	–	10%-25% straight line
Plant & equipment	–	10%-33% straight line
Fixtures & fittings	–	20%-33% straight line
Computer equipment	–	20%-33% straight line

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate on an annual basis. Any gain or loss arising on derecognition of an asset is included in the statement of comprehensive income in the year that the asset is derecognised.

Share-based payment
When equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Share based payment costs are charged to the subsidiary companies in line with their allocation of share options.

Fair value is measured by the use of an appropriate valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The volatility in the model is calculated by reference to an implied volatility of a group of listed entities that have similar characteristics and are in the same industry sector.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

2 Significant accounting policies continued

Share-based payment continued

Additionally, all qualifying US and European employees have been awarded stock appreciation rights (SARs) which are cash settled. The SARs are conditional bonuses whose value will be calculated by reference to the amount by which the price of the Company's ordinary shares have risen above the base price at the date of exercise, thus providing holders of SARs the same reward value as if the SARs were share options. The qualifying conditions and timing of vesting are identical to those within the share options scheme for UK employees. For these cash settled share-based payments, a liability is initially recognised at fair value based on the estimated number of awards that are expected to vest, adjusting for market-based performance conditions. Subsequently at each reporting period until the liability is settled, it is remeasured to fair value with any changes in the fair value recognised in the statement of comprehensive income. There are no SARs within the Company.

Corporation tax

Current tax assets and liabilities are measured at the amount expected to be received or paid to the taxation authorities. Corporation tax is charged or credited to the income statement, except when it relates to items charged directly to other comprehensive income or to equity, in which case the corporation tax is also dealt with in other comprehensive income or equity respectively. Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on the initial recognition of goodwill. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

Leases

In line with IFRS 16, all leases are accounted for by recognising a right-of-use asset and a lease liability except for leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. The range of incremental borrowing rates used is between 2.95 and 10.2% depending on the type of asset and its characteristics. There are no variable lease payments to consider.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- Where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

2 Significant accounting policies continued

Employee benefit trust

In order to facilitate its employee share option scheme, on 1 July 2021 the Group established an onshore discretionary employee benefit trust (the "EBT"), which is expected to conduct market purchases of Ordinary Shares to satisfy potential future option exercises by employees (but not Directors). When the Group funds the EBT the cash value is debited to a separate EBT reserve of the Parent Company. The EBT's assets are consolidated into the Group.

Adjusted performance measures ("APMs")

APMs are utilised throughout this report as key performance indicators for the Group and are calculated by adjusting the relevant IFRS measurement by amortisation of acquired intangibles, impairment losses, share-based payments and other non-recurring items including acquisition costs.

The three main APMs which are used are System Sales, Adjusted EBITDA and Adjusted EPS. System Sales are the total aggregate sales of franchisees and the DLO operations net of VAT to third party customers. The Directors use this measure to compare the underlying revenues of each business.

Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share based payment expenses and non-recurring items. This measure is used to give the Chief Operating Decision Maker ("CODM") and the Board visibility of the true operational metrics of the business. The Directors use the Adjusted EBITDA measure when making decisions about the Group's activities. As these are non-GAAP measures Adjusted EBITDA measures used by other entities may not be calculated in the same way and are not directly comparable.

Adjusted EPS is before amortisation of acquired intangibles, share based payment expenses, exchange differences and non-recurring items. Once again this provides a more operationally focused view of the relevant subsidiaries.

Non-recurring costs which are material in size and infrequent in nature are disclosed separately in the consolidated income statement. These include acquisition related fees, restructuring costs and other material one off costs. The separate recording of these items, along with the details disclosed in Note 8 of these accounts help provide an indication of the underlying business performance of the Group.

The reconciliation of these items to IFRS measurements can be found in the Chief Financial Officer's Review on page 90. APMs are non-GAAP measures and are not intended to replace those measurements, but are the measures used by the Directors in their day-to-day operational management of the business, and are, therefore, considered important key performance indicators ("KPIs").

Adoption of new standards

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Group, which have not been applied in these financial statements, were in issue but not yet effective. None of the standards are expected to have a material impact on the Group financial statements on application.

	Effective for periods beginning on or after:
International Accounting Standards ("IAS")	
Classification of liabilities as current or non-current – Amendments to IAS 1	1 January 2024
Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

3 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Each of the following items contain judgements and significant estimates and have the most significant effect on amounts recognised in the financial statements.

Revenue recognition

National account sales

Within Metro Rod, and parts of Filta UK, orders are received centrally from national account customers, this creates a contract with the customer. This work is passed to the incumbent franchisee, who has right of first refusal, and will carry out the work; within ChipsAway a lead is passed to franchisees who quote for the work, and that quote may or may not be successful. The responsibility for operational fulfilment lies with the local franchise. If they cannot carry out the work, the franchise must find someone else to do the work or cancel the job. As such, following an assessment of the contracts facts and circumstances, the Group have concluded that we are acting as a commission agent, as we only have momentary control of the contract as it is a back-to-back arrangement, and operational fulfilment rests with the franchisee.

Metro Rod, Filta UK and ChipsAway's performance obligations are deemed to have been met when the work is passed to the relevant franchise. Revenue however is recognised at the latter of performance obligation being met or when the subsequent sale occurs, as required by IFRS 15 for sales based royalties. As the subsequent sale by the franchisee to the end customer is always completed after our performance obligation is met, it is at this point that our sales-based royalty revenue should be recognised and this is therefore at the point of job completion.

Local account sales

Local account customers are sourced, and jobs are priced and completed, by the incumbent franchisee. Our performance obligations are to grant the licence to operate to the franchisees; Metro Rod also provides invoicing and cash collection services as a performance obligation, however we have concluded these are not where the significant allocation of consideration applies. As such we are generating royalty income, and therefore are only recognising our management fee on a net basis.

Franchise fees

The territory fee is deferred over the length of the franchise agreement and released to the combined statements of comprehensive income on a straight-line basis, as our performance obligation is to provide a licence to operate. Internal costs are expensed to the income statement as incurred; external costs directly related to the acquisition of a new franchisee are deferred and released to the statement of comprehensive income to match the revenue recognition. These are not a significant quantum, please see note 17.

Where franchise territories are resold, on an arms length basis between a franchisee and a third party, it is the Group's policy to recognise the original deferred revenue over the life of the original franchise agreement, and the resale fee is recognised immediately, as a termination fee, as we have completed our obligations as facilitators for the resale. If a franchise agreement is terminated by either party the remainder of any revenue and cost is recognised immediately, and any subsequent sale is treated as a new territory sale.

Training fees revenue recognition

We have deemed that training fees for new franchisees in Metro Rod and Filta UK should be recognised over the life of the franchise agreement, as this is a pre-opening activity as the franchise cannot operate without this training.

Pirtek and Filta International have their own training centres and provide training externally wider than the Franchise network. As such, training is a distinct revenue stream in these instances. All training revenues are judged to be revenue at the point the training takes place, as at that point we have performed our obligations to train the franchise staff to a necessary standard.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

3 Critical accounting estimates and judgements continued

Revenue recognition continued

Willow Pumps revenue recognition

As part of its range of services, Willow Pumps undertakes the supply and install of pumps in adoptable pump stations. These are typically projects which are performed over a number of accounting periods. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. Where a job spans a number of accounting periods but only one performance obligation exists, revenue and associated costs are recognised at each stage of the job using an input method. However, profit margin is deferred until the point the single performance obligation where control over goods is transferred in advance of rendering services. For most contractual fee arrangements, costs incurred are used as an objective input measure of performance. The primary input for assessing that substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstances relevant output measures, such as the achievement of any project milestones stipulated in the contract, are used to assess proportional performance. Judgement is required regarding the timing of recognition, particularly in assessing progress on performance obligations, in particular whether the underlying contract contains a single or multiple performance obligations as to when revenue is recognised over time.

Waste oil Revenue recognition

Filta recognise revenue from the sale of waste oil. We have judged that this is on a principal basis; although it is the franchisees that collect and transfer the waste oil, Filta place restrictions on the inventory, giving it more than momentary control, insofar as the franchisees can only sell to Filta, and the onward sale of the waste oil is at Filta's contractual risk. Filta retains control over the oil for a period of time, it is not a back-to-back arrangement. There is no right of first refusal for the franchisees, so Filta retains control of the sale of the oil. It is Filta that agrees the price with the end customer, Filta invoices the customer and arranges all the relevant paperwork.

Direct labour organisations Revenue recognition

Within our direct labour organisations, we act as a principal in arranging, completing, invoicing and cash collecting from each contract. As such, we recognise revenue gross at the point at which our performance obligations are met, which is on invoicing the customer.

Direct sales from 3rd party suppliers

Where a franchise buys directly from a 3rd party supplier, but the supplier invoices the Group and we invoice the franchise, no revenue is recorded. In these cases, control over the goods is momentary; the term of the delivery from the supplier to Franchisee is delivered at place. The Group do not carry any inventory risk and the transaction is to facilitate the work of the Franchisee only.

National advertising funds Revenue recognition

As per Note 2, National Advertising Funds are collected from franchisees, and then spent on their behalf on advertising. Franchise Brand's subsidiaries performance obligations are to receive and manage the funds, and then spend it for the benefit of the franchise community; this is completed, and therefore recognised as revenue, at the point at which consideration is given for the advertising. We take a judgement on estimating the amount to collect from franchisees; this is held on the statement of financial position until it is recognised as revenue. An assessment is made annually on whether a constraint needs to be applied, depending on whether the amount held on the statement of financial position is in credit or debit.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

3 Critical accounting estimates and judgements continued
Business combinations
Determining a value and life for assets acquired
Determining the fair value, and the life, of acquired intangible assets and goodwill acquired in business combinations requires the use of estimates regarding the value of intangible assets. The values are determined using discounted cash flows and based upon latest approved budgets which include estimates concerning factors such as future growth rates, new franchise sales and timing of such sales. Management have historically determined that acquired brands, licences and trademarks are to be treated as an indefinite life asset; however, following a review of the brands and IAS 38 the directors have revised from being indefinite life to finite life. As such, the Willow Pumps brand is amortised over 25 years from 31 December 2024, and the Metro Rod and Filta brands over 49 years from 31 December 2024. The impact of this will be to increase amortisation by £0.3m. The directors have previously decided to amortise the Barking Mad brand over 10 years from 1 January 2023, and the Pirtek brand over 50 years from acquisition on 21 April 2023. As with all tangible and intangible assets, the brands and trademarks will be reviewed at the end of each reporting period to determine whether there is any indication that they have suffered an impairment loss.

Other intangible assets with finite lives are customer relationships and franchise contracts. In both cases management has determined that they have a useful life of 5-10 years, based on historic duration of customer relationships and franchise contract duration.

Performing impairment tests
Subsequent impairment reviews based on long-term forecasts for the Group require estimates. The main estimates used have been the level of sales growth, gross margin, return on sales, operational leverage, level of working capital, capital expenditure and tax rates. These estimates have been performed on a CGU basis and when averaged have resulted in a compound annual system sales growth rate in excess of 7% across the Group, an increase in return on sales from the current level, a consistent tax rate and consistent levels of operating cashflow divided by Adjusted EBITDA. The WACC has been sourced using key variables obtained from independent market sources.

Subsequent impairment reviews also require the use of estimates to value the cash generating units to which goodwill and indefinite life intangibles have been allocated. The value in use calculations, which are run on an annual basis for goodwill and indefinite life intangibles, or when there is an indicator of impairment for tangible and finite life intangible fixed assets, determine whether there is any impairment to the carrying value of assets arising from business combinations. More details of these estimates can be found in Note 14.

4 Financial instruments – risk management
Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained earnings, and long and medium-term debt facilities. Term loans and revolving credit facilities are used to finance long-term investment such as acquisitions. Revolving credit facilities are used to manage short-term cash requirements and minimise interest costs. The Group's financing facilities have two financial covenants: minimum interest cover and maximum net debt to Adjusted EBITDA. The Group comfortably met these requirements throughout the year.

The Group's dividend policy is to provide sustainable dividends to shareholders, consistent with the Group's earnings growth and debt gearing levels, to attract long-term investors and to enable shareholders to enjoy returns on their investment in tandem with the Group's growth. The payment and amount of any dividends or distributions to shareholders is at the discretion of the Board, and subject to shareholder approval.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

4 Financial instruments – risk management continued
Categories of financial instruments

Group	2024 £'000	Restated* 2023 £'000
Financial assets at amortised cost		
Cash and cash equivalents	**12,921**	12,278
Trade and other receivables	**37,161**	38,449
Financial liabilities at amortised cost		
Trade and other payables	**(28,712)**	(30,400)
Loans and borrowings	**(88,537)**	(96,246)
Financial liabilities at fair value through profit and loss ("FVTPL")	**(236)**	(86)

* See Note 1 for further information.

Company	2024 £'000	2023 £'000
Financial assets at amortised cost		
Cash and cash equivalents	**1,585**	875
Trade and other receivables	**100,036**	100,558
Financial liabilities at amortised cost		
Trade and other payables	**(27,610)**	(15,995)
Loans and borrowings	**(77,431)**	(86,908)
Financial liabilities at fair value through profit and loss ("FVTPL")	**–**	–

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates to their fair value.

Financial and market risk management objectives
The Group does not use or trade in derivative financial instruments. The Group's financial instruments comprise its cash and cash equivalents and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial assets and liabilities is to provide finance for the Group's operations in the year. The Group is exposed to interest rate risk as the Group borrows funds at variable interest rates.

Foreign currency sensitivity
The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The currencies giving rise to this risk are the US Dollar, Canadian Dollar, Euro and Swedish Krona. Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level. The Group maintains a natural hedge wherever possible, by matching the cash inflows (revenue streams) and cash outgoings in foreign currencies.

The following table demonstrates the sensitivity to a reasonable possible change in sterling against the foreign currencies with all other variables held constant.

	Change in rate %	Effect on profit before tax £'000	Effect on net assets £'000
USD	+10%	(479)	(273)
USD	-10%	586	334
CAD	+10%	–	(16)
CAD	-10%	–	19
EUR	+10%	(73)	2
EUR	-10%	89	(3)
SEK	+10%	6	(40)
SEK	-10%	(8)	49

Credit risk management
The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities after assessing credit quality using independent rating agencies and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements, which is net of expected credit risk losses, represents the Group's maximum exposure to credit risk.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

4 Financial instruments – risk management continued

Interest rate sensitivity
The effect on both income and equity, based on exposure to non-derivative floating rate instruments at the balance sheet date, is shown in the table below.

	Sensitivity income 2024 £'000	Sensitivity equity 2024 £'000	Sensitivity income 2023 £'000	Sensitivity equity 2023 £'000
0.25% increase in interest rates	**(192)**	**(192)**	(215)	(215)
0.25% decrease in interest rates	**192**	**192**	215	215

Liquidity risk management
The Group's policy throughout the year has been to ensure continuity of funds. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities.

Group	Trade and other payables 2024 £'000	Loans and borrowings 2024 £'000	Total 2024 £'000	Restated* Trade and other payables 2023 £'000	Restated* Loans and borrowings 2023 £'000	Restated* Total 2023 £'000
On demand	**–**	**–**	**–**	–	–	–
Within one year	**28,712**	**16,139**	**44,851**	30,400	17,498	47,898
More than one year and less than two years	**–**	**14,801**	**14,801**	–	15,225	15,225
More than two years and less than five years	**–**	**61,731**	**61,731**	–	73,240	73,240
In more than five years	**–**	**2,372**	**2,372**	–	657	657
Total	**28,712**	**95,043**	**123,755**	30,400	106,620	137,020

* See Note 1 for further information.

Company	Trade and other payables 2024 £'000	Loans and borrowings 2024 £'000	Total 2024 £'000	Trade and other payables 2023 £'000	Loans and borrowings 2023 £'000	Total 2023 £'000
On demand	**–**	**–**	**–**	–	–	–
Within one year	**27,610**	**12,666**	**40,276**	15,995	14,323	30,318
More than one year and less than two years	**–**	**11,886**	**11,886**	–	12,873	12,873
More than two year and less than five years	**–**	**57,635**	**57,635**	–	69,222	69,222
In more than five years	**–**	**–**	**–**	–	–	–
Total	**27,610**	**82,187**	**109,797**	15,995	96,418	112,413

5 Operating segments
The Group's operating segments are determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer, with support from the Board of Directors, as the function primarily responsible for the allocation of resources to segments and assessment of performance of the segments. The business is organised along the lines of our Pirtek, Water & Waste Services, Filta International and B2C businesses.

Therefore, the Board has determined that we have six different operating segments:

- Pirtek Europe, the franchise and direct labour operations of Pirtek across eight European countries;
- Water & Waste Services, which is made up of Metro Rod and Metro Plumb, Willow Pumps and Filta UK;
- Filta International, which is made up of Filta US and Filta Europe;
- B2C, which is made up of ChipsAway, Ovenclean and Barking Mad;
- Azura, which is made up of the software business of Azura; and
- Unallocated assets includes results from central administration costs and non-trading companies; elimination of intercompany trading; and assets and liabilities that are not directly attributable to a segment, or are not able to be allocated on a reasonable basis. This includes intangible assets generated as part of business acquisitions.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

5 Operating segments continued

The CODM uses Adjusted EBITDA, as reviewed at Board meetings and as part of the Managing Directors' and Chief Financial Officer's weekly report to the senior management team, as the key measure of segments' results as it reflects the underlying performance for the financial year under evaluation.

2024	Pirtek £'000	Water & Waste £'000	Filta International £'000	B2C £'000	Azura £'000	Unallocated assets £'000	Total £'000
Revenue from external customers	63,913	43,577	25,597	5,752	367	–	139,206
Revenue from internal customers	–	2,477	–	–	441	(2,918)	–
Segment revenue	63,913	46,054	25,597	5,752	808	(2,918)	139,206
Gross profit	41,903	26,393	9,906	4,751	808	(442)	83,319
Adjusted EBITDA*	19,925	11,111	5,993	2,205	44	(4,157)	35,121
Depreciation & amortisation of software	(3,241)	(2,120)	(267)	(226)	(183)	(35)	(6,072)
Amortisation of acquired intangibles	(7,867)	(33)	–	–	–	(2,256)	(10,156)
Share based payment expense	(499)	(437)	(143)	(55)	(33)	(313)	(1,480)
Non-recurring costs	(638)	–	–	–	–	194	(444)
Finance expense	(1,022)	(122)	(57)	(9)	(8)	(6,546)	(7,764)
Profit before tax*	6,658	8,399	5,526	1,915	(180)	(13,113)	9,205
Tax expense	(1,928)	(1,888)	(1,355)	(290)	48	3,492	(1,921)
Profit after tax*	4,730	6,511	4,171	1,625	(132)	(9,621)	7,284
Additions to non-current assets	1,142	1,099	252	63	573	9	3,138
Reportable segment assets	84,258	45,651	8,881	4,295	1,195	229,019	373,299
Reportable segment liabilities	(109,134)	(25,114)	(6,941)	(1,953)	(1,024)	(10,570)	(154,736)

* Operating segments presented before intercompany management recharges which eliminate on consolidation.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

5 Operating segments continued

2023 (restated)**	Pirtek £'000	Water & Waste £'000	Filta International £'000	B2C £'000	Azura £'000	Unallocated assets £'000	Total £'000
Revenue from external customers	43,774	43,619	27,117	6,106	403	–	121,019
Revenue from internal customers	–	3,188	–	–	342	(3,530)	–
Segment revenue	43,774	46,807	27,117	6,106	745	(3,530)	121,019
Gross profit	27,600	25,560	9,768	4,899	745	(343)	68,229
Adjusted EBITDA*	13,503	10,870	6,097	2,316	214	(2,847)	30,153
Depreciation & amortisation of software	(1,989)	(2,147)	(222)	(178)	(89)	27	(4,598)
Amortisation of acquired intangibles	(5,468)	–	(35)	–	–	(2,215)	(7,718)
Share based payment expense	(290)	(329)	(86)	(28)	(4)	(101)	(838)
Non-recurring costs	(1,864)	(1,189)	(98)	(16)	(43)	(2,949)	(6,159)
Finance expense	(426)	(54)	(93)	(12)	(2)	(5,293)	(5,880)
Profit before tax*	3,466	7,151	5,563	2,082	76	(13,378)	4,960
Tax expense	(1,036)	(1,315)	(1,605)	(409)	(20)	2,412	(1,973)
Profit after tax*	2,430	5,836	3,958	1,673	56	(10,966)	2,987
Additions to non-current assets	2,573	1,928	319	136	270	223,539	228,765
Reportable segment assets	89,080	47,616	8,013	3,836	545	232,585	381,675
Reportable segment liabilities	(116,484)	(28,810)	(6,910)	(2,322)	(206)	(12,907)	(167,639)

* Operating segments presented before intercompany management recharges which eliminate on consolidation.
** See Note 1 for further information.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

6 Business combination
Acquisition of Pirtek
On 21 April 2023, the Company announced that it had acquired the entire share capital of Hydraulic Authority I Limited and its subsidiaries (together "Pirtek Europe") for consideration of £73,527,000. Accordingly, the Company owns 100% of the entire issued share capital of Hydraulic Authority I Limited.

Pirtek Europe was acquired to purchase a complementary high growth B2B essential services business in a franchise and direct labour operation with operations throughout Europe so increasing the Group footprint. Pirtek Europe is also the clear market leader in Europe, with a long-standing and highly regarded brand, excellent customer services and a range of long-standing customers across a wide range of industries. Pirtek Europe has multiple growth opportunities itself as well as potential synergies through cross selling to Group customers and operational leverage in purchasing, IT and finance with the rest of the Group.

	£'000
Cash	55,936
Consideration shares	17,591
Fair value of consideration	**73,527**

Cash Flows	Group £'000	Company £'000
Cash	(55,936)	(55,936)
Cash Acquired	7,042	–
Capitalised Acquisition costs	–	(1,919)
Acquisition of subsidiaries including costs, net of cash acquired	**(48,894)**	**(57,855)**

The gross cost of the acquisition of £210.8m was funded through a combination of cash and equity. Cash was raised via £100.0m debt, £94.1m from the issue of new shares (after costs), and £17.6m new shares were given as consideration shares. Immediately following the acquisition Franchise Brands settled Pirtek's preference shares as well as loans and borrowings in order to consolidate Group borrowings. The total value of this post-acquisition settlement is £137.3m comprising of £78.2m loans and borrowings, £0.6m acquisition costs paid by HAI on behalf of the Company (recorded as an intercompany payable in the Company and an intercompany receivable in HAI), £21.7m interest on preference shares (recorded as an intercompany receivable in the Company and an intercompany payable in Hydraulic Authority I Limited), and £36.8m in relation to the nominal value of the preference shares (which were converted to ordinary shares in Hydraulic Authority I Limited); these were recorded as an investment in subsidiary in the Company and reallocated to eliminate share capital on consolidation.

In total £7.6m costs were incurred relating to this transaction. £2.6m of these costs related to the new share issue have been disclosed as a reduction in share premium with the remaining £5.0m disclosed within the consolidated statement of comprehensive income in non-recurring costs. Of the £5.0m non-recurring costs £3.5m were acquisition related costs and £1.5m were reorganisation costs.

The Company incurred costs totalling £6.1m; £1.6m has been disclosed within the Company statement of comprehensive income in non-recurring costs, £2.6m as a reduction in share premium and £1.9m of directly attributable costs were capitalised as investment in group companies and reallocated to non-recurring costs on consolidation.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:

	Restated* Book value £'000	Adjustments £'000	Restated* Fair value £'000
Intangible assets	64,927	50,418	115,345
IT Systems	768	–	768
Property, plant and equipment	1,219	–	1,219
Right of use assets	6,482	–	6,482
Inventories	5,225	–	5,225
Trade and other receivables	14,572	–	14,572
Cash	7,042	–	7,042
Trade and other payables	(10,893)	152	(10,741)
Deferred Income	(1,126)	–	(1,126)
Loans and borrowings	(78,227)	–	(78,227)
Lease liability	(6,553)	–	(6,553)
Dilapidation provision	–	(334)	(334)
Preference shares	(58,520)	–	(58,520)
Deferred tax liability	(10,669)	(20,519)	(31,188)
Total fair value of the identifiable assets and liabilities acquired	(65,753)	29,717	(36,036)
Fair value of consideration			73,527
Goodwill			109,563

* The prior period restatement relates to lease accounting, see Note 1 for further information.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

6 Business combination continued
Acquisition of Pirtek continued
On acquisition net assets have been reviewed and adjusted to Fair Value. Adjustments have been made to intangible assets, which were revalued at acquisition, giving rise to a £50.4m adjustment. Adjustments have also been made to trade and other payables to remove pre-acquisition tax charges at the point of acquisition and a dilapidation provision has been created for warehouse relocation costs. The book value acquired has been amended to align with the relevant IFRS standards for rights of use assets, lease liabilities, IT systems and deferred income.

A deferred tax liability adjustment has been calculated on the value of intangible assets using a blended deferred tax corporation rate of 27.3% followed by the deduction of the existing deferred tax liability relating to acquired intangibles. Two deferred tax assets were created in relation to the adjustment of IT systems at 25% and the dilapidation provision at 30%. An additional deferred tax asset was created in relation to pre-acquisition tax credits not recognised.

The fair value of consideration was calculated using a 13.6 times earnings multiple (and discounted future cashflows), which is comparable with other entities within the Group. The rationale behind this allowed for significant growth and performance enhancement in the future due to operational leverage that management believe can be achieved given the similar business model to current operations.

The goodwill recognised includes certain intangible assets that cannot be separately identified and measured due to their nature, such as the assembled workforce and synergies that are expected to be achieved. This includes control over the acquired business, and the scale and the future growth opportunities that it provides to the Group's operations. If the acquisition had occurred on 1 January 2023 Group revenue would have been £139.2m and Group loss before tax would have been £2.4m; the revenue for Pirtek Europe would have been £59.9m and loss before tax would have been £5.0m (both profit figures include a £5.8m goodwill amortisation adjustment in Pirtek in March 2023).Since acquisition Pirtek Europe has contributed £41.9m revenue and profit before tax of £2.4m to the Group.

In Austria, Pirtek 24/7 HydraulikService GmbH is a subsidiary where Pirtek Austria GmbH, at acquisition by Franchise Brands, owned 51% of the ordinary shares. This gave rise to an immaterial non-controlling interest which is not disclosed within these accounts. In 2024 Pirtek Austria GmbH acquired 100% of the ordinary shares of Pirtek 24/7 HydraulikService GmbH.

7 Revenue

	2024 £'000	Restated* 2023 £'000
Management service fee income – commission agent revenue	**6,407**	5,724
Management service fee income – royalty fee income	**44,110**	32,426
Franchise sales and resales – licence fees – recognised over time	**1,464**	1,754
Franchise sales and resales – termination fees and immediate sales – recognised at point in time	**989**	1,030
Product sales	**23,001**	18,415
Waste Oil	**14,837**	17,469
Direct labour income	**41,710**	39,165
IT Contribution SAAS	**2,544**	1,769
National advertising funds	**2,707**	2,106
Central billing fee	**364**	248
Training facility income	**353**	304
Other income	**720**	609
	139,206	121,019

The table shows revenue from contracts disaggregated into major classes of revenue and reconciled to the Group revenue reported.

Revenue and non-current assets by origin of geographical segment for all entities in the Group are as follows:

Revenue	**2024 £'000**	Restated* 2023 £'000
North America	**25,029**	26,507
United Kingdom & Ireland	**74,410**	67,072
Continental Europe	**39,767**	27,440
	139,206	121,019

* See Note 1 for further information.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

7 Revenue continued

Non-current assets	2024 £'000	Restated* 2023 £'000
North America	**42,532**	43,836
United Kingdom & Ireland	**159,155**	163,869
Continental Europe	**110,409**	112,447
	312,096	320,152

* See Note 1 for further information.

8 Operating profit

Operating profit is stated after charging:	2024 £'000	Restated* 2023 £'000
Depreciation	**4,837**	3,673
Amortisation	**11,391**	8,643
Share-based payment expense	**1,480**	838
Auditors' remuneration:		
Fees for audit of the Company	**47**	44
Fees for the audit of the Group	**477**	618
Fees for non-audit services:		
Taxation services	**–**	113
Corporate finance services	**–**	726
Other services	**3**	66

* See Note 1 for further information.

Of the total fee for the audit of the Group, £524,000 (2023: £662,000) was paid to the Group statutory auditors PKF Littlejohn (2023: BDO LLP). No non-audit services were provided on a contingent fee basis.

The following costs have been drawn to the attention of the users of the accounts due to their nature and materiality within the accounts.

	2024 £'000	2023 £'000
Exceptional income	**(409)**	–
Acquisition related-costs	**–**	3,514
Reorganisation expense	**792**	1,496
Intellectual property dispute	**–**	516
Write-off software intangibles	**–**	314
Other exceptional costs	**61**	319
	444	6,159

A summary of the separately disclosed items for the current year is as follows:

Reorganisation costs £792,000 (2023: £1,496,000)
Expenses incurred in relation to management changes in Pirtek Europe, Pirtek Germany and Pirtek France.

Exceptional income £409,000 (2023: £nil)
This exceptional income was in relation to our DLO operations in mainland Europe and were compensation for costs incurred as part of prior acquisitions and joint ventures.

Other Costs £61,000 (2023: £319,000)
Other exceptional costs relate to costs associated with the appointment of an interim CFO.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

9 Staff costs

	2024 £'000	2023 £'000
Wages and salaries	**33,770**	28,783
Social security costs	**4,915**	3,764
Defined contribution pension cost	**961**	805
Share-based payment expense (see note 10 for further information)	**1,480**	838
	41,126	34,190

The average monthly number of persons (including Directors) employed by the Group was:

Administration	**321**	285
Sales	**100**	64
Operations	**303**	313
Directors	**5**	10
	729	672

Directors' remuneration

	2024 £'000	2023 £'000
Directors' emoluments	**884**	1,402
Share-based payment expense	**42**	204
	926	1,606

The highest paid Director's remuneration was £401,250 (2023: £267,063). The costs to the Group for the Directors is £991,413 (2023: £1,550,384), after including employer's National Insurance. The Company had an average of eleven employees during the period (2023: four) (other than the Directors) incurring staff costs of £1,677,562 (2023: £550,000). Directors' emoluments include £nil (2023: £151,398) paid to companies controlled by Directors (see Note 27).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are considered to be the Directors of the Company. Directors' emoluments above comprise of; £851,000 salary and fees (2023: £1,321,000), £25,000 car allowance/benefit (2023: £39,000), £2,000 healthcare benefits (2023: £26,000) and £6,000 defined pension contributions (2023: £16,000). In addition to the emoluments the Directors benefitted from £nil gain on share exercises (2023: £nil).

10 Share-based payments

The Company has established an LTIP in the form of an equity settled share option scheme. Awards are granted and approved at the discretion of the Remuneration Committee. Awards vest on or after the third anniversary of their issue, based on compound growth in the underlying earnings per share of the Group for the three-year period. If the compound annual growth rate is below 8%, then none of these options will vest; if the compound annual growth rate is above 15%, then all of these options will vest; between 8% and 15% then a proportion of these options will vest on a straight-line basis. Currently 261 (2023: 284) members of staff hold options for shares in the Company under the scheme. The share-based payments expense recognised in respect of employee services received during the year was £1,277,000 (2023: £752,000). This all arises on equity-settled share-based payment transactions.

Additionally, all qualifying US and European employees have been awarded stock appreciation rights ("SARs"), which are conditional bonuses whose value is calculated by reference to the amount by which price of the Company's ordinary shares has risen above the base price at the date of exercise. The qualifying conditions and timing of vesting are identical to the LTIP above. Currently 32 (2023: 36) members of staff hold options for shares in the Company under the scheme. A total of £203,000 (2023: £86,000) was recognised during the year in respect of SARS. This all arises on cash-settled share-based payment transactions.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

10 Share-based payments continued

	Share options	SARs	2024	Weighted average exercise price	Share options	SARs	2023	Weighted average exercise price
Outstanding at the beginning of the period	**10,347,231**	**1,171,000**	**11,518,231**	**136p**	6,009,014	558,000	6,567,014	106p
Granted during the period	**6,274,867**	**930,000**	**7,204,867**	**166p**	5,862,641	618,000	6,480,641	167p
Lapsed during the period	**(1,170,232)**	**(194,000)**	**(1,364,232)**	**148p**	(1,303,774)	(5,000)	(1,308,774)	148p
Exercised during the period	**(636,675)**	**–**	**(636,675)**	**68p**	(220,650)	–	(220,650)	87p
Outstanding at the end of the period	**14,815,191**	**1,907,000**	**16,722,191**	**151p**	10,347,231	1,171,000	11,518,231	136p
Exercisable at the end of the period	**2,514,509**	**–**	**2,514,509**	**72p**	3,207,666	–	3,207,666	71p

The fair value of the options and SARs granted is estimated at the date of grant using a Black-Scholes model, after taking into account the terms and conditions upon which they were granted. For options outstanding at the end of the period the range of exercise prices was 33p-180p (2023: 33p-180p), and the weighted average remaining contractual life was 7.8 years (2023: 8.1 years).

In order to facilitate the scheme, the Company established an onshore discretionary employee benefit trust (the "EBT"), which conducts market purchases of Ordinary Shares to satisfy potential future option exercises by employees (but not directors). The Black-Scholes pricing model is applied on the granting dates of options, as shown in the table below.

Expected volatility for the Black-Scholes valuations has been determined using the Company's share price in the 6.5 years preceding the grant date; and for the Mark-to-Market using the Company's share price in the 6.5 years preceding 31 December 2024.

The total carrying amount at the end of the period for liabilities arising from share-based payment transactions is £428,000 (2023: £193,000). The total intrinsic value at the end of the period for the 2,514,509 (2023: 3,207,666) exercisable share options is £2,195,000 (2023: £2,899,000).

Option pricing models

	Black Scholes 6 July 2024	Black Scholes 15 August 2024	Black Scholes 13 November 2024	Mark to Market 6 July 2024	Mark to Market 15 August 2024
Closing share price, £	1.58	1.80	1.705	1.58	1.80
Exercise price, £	1.58	1.785	1.675	1.58	1.785
Risk-free interest rate	4.01%	3.71%	4.46%	4.01%	3.71%
Expected life of option (years)	5.5	5.5	5.5	5.5	5.5
Volatility	36.2%	36.3%	36.6%	36.2%	36.3%
Dividend yield	1.4%	1.2%	1.3%	1.4%	1.2%

11 Finance expense

	2024 £'000	Restated* 2023 £'000
Interest element on lease agreements	**598**	348
Interest expense on defined benefit obligation	**16**	12
Loan interest	**6,764**	5,374
	7,378	5,734

* See Note 1 for further information.

For further information please see Notes 16, 22, 23 and 29.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

12 Corporation tax

	2024 £'000	Restated* 2023 £'000
Current tax expense		
Current tax on profits for the period	**5,308**	4,169
Adjustment for prior period	**(319)**	(325)
Deferred tax expense		
Origination and reversal (see Note 24)	**(2,964)**	(1,859)
Adjustment for prior period (see Note 24)	**(104)**	(12)
Total tax expense	**1,921**	1,973
Accounting profit multiplied by the UK statutory rate of corporation tax of 25.00% (2023: 23.52%)	**2,301**	1,167
Expenses not deductible/(income not taxable) in determining taxable profits	**497**	804
Deferred tax assets not recognised	**(420)**	222
Effect of tax rate change	**(2)**	10
Different tax rates applied in overseas jurisdictions	**(32)**	107
Adjustment for prior period	**(423)**	(336)
Effects of additional tax relief	**–**	(1)
Total tax expense	**1,921**	1,973
Effective tax rate	**21%**	40%

* See Note 1 for further information.

The rate of UK corporation tax of 25% has been used when calculating UK deferred tax balances at the reporting date. Deferred tax balances relating to overseas entities have been calculated using the latest substantively enacted relevant overseas tax rates, including a rate of approximately 28% for balances relating to the group's US business. Deferred tax balances relating to intangible assets have been calculated at rates between 25% – 27.29% based on the geography of the underlying intangible assets.

13 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to Ordinary equity holders of the Parent Company by the weighted average number of Ordinary Shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to Ordinary equity holders of the Parent Company by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would have been issued on the conversion of all dilutive share options at the start of the period or, if later, the date of issue.

	2024 £'000	Restated* 2023 £'000
Profit attributable to owners of the Parent Company	**7,284**	2,987
Non-recurring costs (Note 8)	**444**	6,159
Amortisation of acquired intangibles (Note 14)	**10,156**	7,718
Share-based payment expense (Note 10)	**1,480**	838
Tax on adjusting items	**(2,822)**	(3,174)
Adjusted profit attributable to owners of the Parent Company	**16,542**	14,528

	2024 Total number	2023 Total number
Basic weighted average number of shares	**192,471,897**	173,090,691
Dilutive effect of share options	**2,231,135**	2,241,161
Diluted weighted average number of shares	**194,703,032**	175,331,852

	Pence	Restated* Pence
Basic earnings per share	**3.78**	1.73
Diluted earnings per share	**3.74**	1.70
Adjusted earnings per share	**8.59**	8.39
Adjusted diluted earnings per share	**8.50**	8.29

* See Note 1 for further information.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

14 Intangible assets

	Goodwill £'000	Restated* Brands & other intangibles £'000	Restated* Customer relationships £'000	Software £'000	Restated* Total £'000
Cost					
At 1 January 2023	59,084	23,543	3,637	4,487	90,751
Additions on acquisition	109,563	81,161	34,184	768	225,676
Additions	–	522	–	1,351	1,873
Disposals	–	–	–	(502)	(502)
Transfer from assets held for sale	1,315	763	–	53	2,131
Foreign exchange rate movements	(5)	–	(5)	(20)	(30)
At 31 December 2023	169,957	105,989	37,816	6,137	319,899
Additions	–	9	–	1,657	1,666
Disposals	–	–	–	(164)	(164)
Foreign exchange rate movements	–	–	–	(7)	(7)
At 31 December 2024	**169,957**	**105,998**	**37,816**	**7,623**	**321,394**
Amortisation					
At 1 January 2023	–	(2,797)	(1,863)	(1,427)	(6,087)
Charge for year	–	(4,604)	(2,828)	(1,211)	(8,643)
Disposals	–	–	–	194	194
Transfer from assets held for sale	–	–	–	(37)	(37)
Foreign exchange rate movements	–	–	1	1	2
At 31 December 2023	–	(7,401)	(4,690)	(2,480)	(14,571)
Charge for year	–	(6,090)	(3,807)	(1,494)	(11,391)
Disposals	–	–	–	104	104
Foreign exchange rate movements	–	–	–	–	–
At 31 December 2024	**–**	**(13,491)**	**(8,497)**	**(3,870)**	**(25,858)**
Net book value					
At 31 December 2024	**169,957**	**92,507**	**29,319**	**3,753**	**295,536**
At 31 December 2023	169,957	98,588	33,126	3,657	305,328
At 1 January 2023	59,084	20,746	1,774	3,060	84,664

* See Note 1 for further information.

Carrying amount of assets with indefinite useful lives

	Goodwill £'000	Indefinite life intangibles £'000	2024 £'000	Goodwill £'000	Indefinite life intangibles £'000	2023 £'000
Pirtek – Franchisor	**109,563**	**–**	**109,563**	109,563	–	109,563
Pirtek – DLO	**–**	**–**	**–**	–	–	–
Metro Rod	**18,174**	**–**	**18,174**	18,174	4,750	22,924
Willow Pumps	**3,812**	**–**	**3,812**	3,812	2,777	6,589
Filta UK	**6,156**	**–**	**6,156**	6,156	367	6,523
Filta International	**30,080**	**–**	**30,080**	30,080	1,789	31,869
B2C	**1,315**	**–**	**1,315**	1,315	–	1,315
Azura	**856**	**–**	**856**	856	–	856
	169,957	**–**	**169,957**	169,957	9,683	179,639

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

14 Intangible assets continued

Carrying amount of assets with definite useful lives

	Remaining life at December 2024	Brands & Tradenames £'000	Patents £'000	Franchise Agreements £'000	Intellectual property £'000	2024 £'000	Brands & Tradenames £'000	Patents £'000	Franchise Agreements £'000	Intellectual property £'000	2023 £'000
Pirtek – Franchisor	**49 years**	**40,198**	**–**	**–**	**–**	**40,198**	41,030	–	–	–	41,030
Pirtek – Franchisor	**9 years**	**–**	**–**	**32,707**	**–**	**32,707**	–	–	36,644	–	36,644
Pirtek – DLO	**49 years**	**166**	**–**	**–**	**–**	**166**	171	–	–	–	171
Metro Rod	**49 years**	**4,750**	**–**	**–**	**–**	**4,750**	–	–	–	–	–
Willow Pumps	**25 years**	**2,777**	**–**	**–**	**–**	**2,777**	–	–	–	–	–
Filta UK	**49 years**	**367**	**–**	**–**	**–**	**367**	–	–	–	–	–
Filta UK	**8 years**	**–**	**384**	**1,085**	**–**	**1,469**	–	437	1,238	–	1,675
Filta UK	**8 years**	**–**	**–**	**–**	**492**	**492**	–	–	–	516	516
Filta International	**49 years**	**1,789**	**–**	**–**	**–**	**1,789**	–	–	–	–	–
Filta International	**8 years**	**–**	**1,874**	**5,307**	**–**	**7,181**	–	2,135	6,047	–	8,182
B2C	**9 years**	**611**	**–**	**–**	**–**	**611**	687	–	–	–	687
Total		**50,658**	**2,258**	**39,099**	**492**	**92,507**	41,888	2,572	43,929	516	88,905

The key assumptions for the value-in-use calculations are those regarding the discount rates and expected changes to operating results and cash flows during the period of four years from the statement of financial position dates. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks in relation to the CGU. The WACC for each CGU is shown in the table below.

Changes in operating results and cash flows including the sales of franchises and the level of sales of the franchisees, are based on past results and expectations of future performance. The Group prepares cash flow forecasts for the next four years derived from the most recent budgets and long-term business plans which have been approved by the Board of Directors. The long-term growth rates and discount rates applied in the annual impairment reviews are as follows:

	4-year compound annual growth rate		Discount rate	
	2024	2023	**2024**	2023
Pirtek – Franchisor	**8.4%**	20.1%	**9.0%**	9.3%
Pirtek – DLO	**9.8%**	26.0%	**10.7%**	10.5%
Metro Rod	**6.3%**	12.9%	**8.6%**	10.1%
Willow Pumps	**8.9%**	12.9%	**10.2%**	12.0%
Filta UK	**7.4%**	12.4%	**10.2%**	12.0%
Filta International	**7.0%**	19.4%	**10.1%**	10.5%
B2C	**3.3%**	3.9%	**8.8%**	10.4%
Azura	**15.3%**	4.4%	**8.8%**	10.4%

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

14 Intangible assets continued
For Metro Rod, Willow Pumps, Filta UK, Filta International and Pirtek businesses' revenue growth rates have been set at between 5% and 22%, which is consistent with historical averages, and plans to widen our range of services and increase our franchise footprint, particularly within the US. For B2C brands franchisee recruitment and churn is consistent with historical averages, with the revenue growth of between 0% and 6% per annum being driven by the net new franchisees being introduced to the networks. Historic and future investment in IT will result in profit margins continually improving in all CGUs. A 2% perpetual growth rate has been assumed when extrapolating cash flow projections beyond the four-year period used in the long-term business plans, on the basis that this is a reasonable long-term growth rate for the UK, European and US economies. Based on the calculations prepared the recoverable amount for all CGUs exceed their carrying amount.

Sensitivity analysis
The recoverable amounts are not considered to be sensitive to reasonably possible changes in the discount rate or growth rates. The Directors do not believe that there is currently a reasonably possible change of key assumptions that would cause the CGUs carrying amount to exceed its recoverable amount. However, a sensitivity analysis has been performed on the base case assumptions used for assessing the level of headroom in each CGU. These are summarised as follows:

- A 5% reduction in annual sales in perpetuity, with all other assumptions remaining the same. All CGUs would have headroom, with the exception of Pirtek Franchisor, where a 5% reduction in revenue would cause the carrying value of the unit to exceed the recoverable amount. We do not believe this to be an issue; with any reduction in revenue the Board would take actions to mitigate the loss of gross profit by reducing other costs, as well as leveraging some of the group resources to reduce duplication.
- A 1% reduction in EBITDA margin in each CGU, with all other assumptions remaining the same. All CGU's would have headroom in this scenario, including Pirtek Franchisor.
- Increasing the WACC to the point at which all headroom is eliminated in each CGU. The most sensitive CGU to this is Pirtek Franchisor, with an elimination WACC of 10.6%. As this is an established profitable business across multiple countries we do not believe that this is a reasonable WACC.
- Changing the WACC to 11% for each CGU, with all other assumptions remaining the same. At this rate there would be an impairment of Pirtek Franchisor, which has an elimination WACC of 10.6%. As per the above, we do not believe this would result in an impairment, due to the factors previously mentioned.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

15 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Plant and equipment £'000	Total £'000	Company only Computer equipment £'000
Cost								
At 1 January 2023	821	256	184	551	2,401	1,086	5,299	–
Reclassified (to)/from ROU	–	–	–	–	123	–	123	–
Additions on Acquisition	202	–	124	311	51	531	1,219	–
Additions	16	53	32	196	719	167	1,183	–
Disposals	–	–	(1)	–	(476)	(113)	(590)	–
Transfer to assets held for sale	–	113	63	110	50	138	474	–
Foreign exchange movements	(35)	–	(1)	(4)	(5)	(7)	(52)	–
At 31 December 2023	1,004	422	401	1,164	2,863	1,802	7,656	–
Reclassified (to)/from ROU	–	–	–	–	313	–	313	–
Additions on Acquisition	–	–	–	–	–	–	–	–
Additions	574	117	164	207	94	314	1,470	9
Disposals	(3)	–	(25)	48	(413)	(124)	(517)	–
Foreign exchange movements	(3)	–	(8)	(13)	(5)	(22)	(51)	–
At 31 December 2024	**1,572**	**539**	**532**	**1,406**	**2,852**	**1,970**	**8,871**	**9**
Depreciation								
At 1 January 2023	(26)	(106)	(146)	(340)	(872)	(601)	(2,091)	–
Reclassified (to)/from ROU	–	–	–	–	(123)	–	(123)	–
Charge for year	(55)	(45)	(31)	(176)	(444)	(315)	(1,066)	–
Disposals	–	–	1	–	318	100	419	–
Transfer to assets held for sale	–	(113)	(63)	(107)	(36)	(60)	(379)	–
Foreign exchange movements	2	–	–	–	–	–	2	–
At 31 December 2023	(79)	(264)	(239)	(623)	(1,157)	(876)	(3,238)	–
Reclassified (to)/from ROU	–	–	–	–	(312)	–	(312)	–
Charge for year	(86)	(62)	(65)	(219)	(371)	(319)	(1,122)	(2)
Disposals	2	–	9	(9)	349	102	453	–
Foreign exchange movements	1	–	1	4	1	8	15	–
At 31 December 2024	**(162)**	**(326)**	**(294)**	**(847)**	**(1,490)**	**(1,085)**	**(4,204)**	**(2)**
Net book value								
At 31 December 2024	**1,410**	**213**	**238**	**559**	**1,362**	**885**	**4,667**	**7**
At 31 December 2023	925	158	162	541	1,706	926	4,418	–
At 1 January 2023	795	150	38	211	1,529	485	3,208	–

"ROU" assets are those categorised as Right-of-Use. Please see Note 16.

Notes forming part of the Financial Statements continued

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16 Right-of-use assets

	Restated* Land and buildings £'000	Restated* Motor vehicles £'000	Restated* Plant and equipment £'000	Restated* Total £'000
Cost				
At 1 January 2023	2,744	2,053	370	5,167
Reclassified (to)/from PPE	–	(123)	–	(123)
Additions on acquisition	3,863	2,512	107	6,482
Additions	1,327	1,300	61	2,688
Disposals	(168)	(216)	–	(384)
Transfer to assets held for sale	316	960	32	1,308
Foreign exchange movements	35	23	1	59
At 31 December 2023	8,117	6,509	571	15,197
Additions	2,881	3,009	59	5,949
Disposals	(1,328)	(872)	(89)	(2,289)
Foreign exchange movements	(194)	(103)	(3)	(300)
At 31 December 2024	**9,476**	**8,543**	**538**	**18,557**
Depreciation				
At 1 January 2023	(1,614)	(881)	(104)	(2,599)
Reclassified (to)/from PPE	–	123	–	123
Charge for year	(1,128)	(1,383)	(98)	(2,609)
Disposals	91	163	–	254
Transfer to assets held for sale	(264)	(736)	(31)	(1,031)
Foreign exchange movements	1	1	1	3
At 31 December 2023	(2,914)	(2,713)	(232)	(5,859)
Charge for year	(1,597)	(2,016)	(102)	(3,715)
Disposals	1,246	829	46	2,121
Foreign exchange movements	–	2	–	2
At 31 December 2024	**(3,265)**	**(3,898)**	**(288)**	**(7,451)**
Net book value				
At 31 December 2024	**6,211**	**4,645**	**250**	**11,106**
At 31 December 2023	5,203	3,796	339	9,338
At 1 January 2023	1,130	1,172	266	2,568

* See Note 1 for further information.

"PPE" assets are those categorised as Property, Plant & Equipment. Please see Note 15.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

16 Right-of-use assets continued

Amounts recognised in profit and loss

	2024 £'000	Restated* 2023 £'000
Depreciation expense on right-of-use assets	**3,715**	2,609
Interest expense on lease liabilities	**598**	348
Expense relating to short-term leases	**374**	314
Expense relating to leases of low value assets	**–**	–
Expense relating to variable lease payments not included in the measurement of the lease liability	**81**	–
Income from sub-leasing right of use assets	**208**	109

* See Note 1 for further information.

For further information please see Notes 11 and 23.

17 Contracts acquisition costs

The Group capitalises incremental costs to obtain contracts with customers where it is expected these costs will be recoverable. Incremental costs to obtain contracts with customers are considered those which would not have been incurred of the contract had not been obtained. For the Group, these costs relate primarily to third party broker fees. The Group has elected to use the practical expedient as allowed by IFRS 15 whereby such costs will be expensed as incurred where the expected amortisation period one year or less. Where the amortisation period is greater than one year, these costs are amortised over the contractual term on a systematic basis consistent with the transfer of the underlying goods and services to which these costs relate. Expense recognised in 2024 was £98,000 (2023: £113,000) whilst impairment of capitalised contract costs was £nil in 2024 (2023: nil).

The amount of capitalised contract cost expected to be recovered within one year is £98,000 (2023: £79,000), after more than one year is £454,000 (2023: £427,000).

18 Inventories

Group	2024 £'000	2023 £'000
Finished goods and goods for resale	**7,577**	7,062

All amounts are carried at cost and therefore no amounts are carried at fair value less costs to sell. There is a provision of £1.3m against stock at the period end (2023: £1.5m). No material amounts have been written-off in either year ended 31 December 2024 or 31 December 2023, within the income statement of the Group £23.0m of inventories were recognised as an expense within the year (2023: £21.0m).

19 Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected credit loss rates are based on the Group's subsidiaries' historic credit losses experience and a future assessment of lifetime credit loss on a franchisee by franchisee basis and customer by customer basis. The differing segmental risks to which the Group is exposed in respect of the franchisee and customer base have been considered.

	2024 £'000	2024 %	2024 £'000	2024 £'000	2023 £'000	2023 %	2023 £'000	2023 £'000
	Gross		Provision	Net	Gross		Provision	Net
No provision	**22,121**	**0%**	**–**	**22,121**	24,830	0%	–	24,830
Low risk	**2,757**	**6%**	**(172)**	**2,585**	2,763	6%	(163)	2,600
Medium risk	**2,231**	**24%**	**(541)**	**1,690**	821	38%	(314)	507
High risk	**1,166**	**77%**	**(902)**	**264**	1,345	70%	(947)	398
Total	**28,275**	**6%**	**(1,615)**	**26,660**	29,759	5%	(1,424)	28,335

In relation to the Company, the credit risk for amounts owed by Group undertakings has not increased significantly since their initial recognition. No expected credit loss provision has been recognised on the basis of the significant net assets and positive cash flows of subsidiaries.

Group	2024 £'000	Restated* 2023 £'000
Non-current other receivables	**333**	641
Trade receivables	**28,275**	29,759
Provision at the year end	**(1,615)**	(1,424)
Other receivables	**10,168**	9,473
Total current financial assets other than cash and cash equivalents	**36,828**	37,808
Prepayments	**3,389**	3,192
Total current trade and other receivables	**40,217**	41,000
Total trade and other receivables	**40,550**	41,641

* See Note 1 for further information.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

19 Trade and other receivables continued

	2024 £'000	2023 £'000
Credit loss provision:		
Brought forward	**(1,424)**	(893)
Transfer from assets held for sale	**–**	(65)
Additions on acquisition	**–**	(538)
Provision for the year	**(492)**	(96)
Utilised	**294**	163
Foreign exchange movement	**7**	5
Carried forward	**(1,615)**	(1,424)

	2024 £'000	2023 £'000
The ageing of the trade receivables is as follows:		
Due	**12,142**	12,392
Past due		
0-30 days	**7,263**	5,055
31-60 days	**2,464**	5,370
61-90 days	**885**	1,093
91-120 days	**510**	959
121+ days	**1,975**	3,529
Past due and impaired		
Due	**37**	–
0-30 days	**43**	10
31-60 days	**79**	45
61-90 days	**50**	145
91-120 days	**76**	41
121+ days	**2,751**	1,120
Total	**28,275**	29,759

Company	2024 £'000	2023 £'000
Amounts owed by Group undertakings	**100,036**	100,558
Prepayments	**103**	4
Corporation tax	**2,320**	2,615
Total current trade and other receivables	**102,459**	103,177

Company amounts owed by Group undertakings are interest free and due on demand.

20 Trade and other payables

Group	2024 £'000	Restated* 2023 £'000
Current		
Trade payables	**12,458**	12,201
Accruals	**11,619**	12,768
Other creditors	**4,635**	5,431
Social security and other taxes	**2,306**	2,958
Total trade and other payables	**31,018**	33,358

* See Note 1 for further information.

Company	2024 £'000	2023 £'000
Trade payables	**961**	169
Accruals	**758**	1,506
Other creditors	**21**	14
Social security and other taxes	**335**	315
Amounts owed to Group undertakings	**25,870**	14,307
Total trade and other payables	**27,945**	16,311

Carrying values approximate to fair value. Included within Group other creditors is an amount of £125,000 (2023: £135,000) which represents the net payable in relation to the National Advertising Funds.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

21 Deferred income

Within the franchise subsidiaries deferred income relates to certain performance obligations from franchise sales that are deferred over the life of the franchise agreement. The deferral period is determined by the length of the franchise agreement. Revenue is recognised equally over the deferral period.

	2024 £'000	2023 £'000
At 1 January	**4,212**	2,721
Additions on acquisition	**–**	1,126
Additions in the year	**2,098**	2,251
Utilisation	**(2,168)**	(2,552)
Transfer (to)/from liabilities held for sale	**–**	776
Foreign exchange	**(13)**	(110)
At 31 December	**4,129**	4,212

	2024 £'000	2023 £'000
Current	**2,237**	1,318
Non-current	**1,892**	2,894
Total deferred income	**4,129**	4,212

22 Loans and borrowings

Group and Company	2024 £'000	2023 £'000
Current		
Term loan	**9,311**	9,251
Total current loans and borrowings	**9,311**	9,251
Non-current		
Revolving credit facility	**37,431**	36,908
Term loan	**30,000**	40,000
Total non-current loans and borrowings	**67,431**	76,908

The loans are comprised of a £55m term loan, which at 31 December 2024 carries a 7.2% interest rate, comprising 4.7% SONIA rate and 2.5% margin, and is repayable in instalments until 2027; and a £55m RCF, of which £37.4m (2023: £36.9) is utilised, which is fixed until 2028 and is not renewed annually, and carries the same 7.2% interest rate. The Group Debt facilities are secured by way of an English Debenture, with cross-guarantees to cover, at all times, the aggregate of the EBITDA, turnover and gross assets and net assets of the guarantor Group companies (being all material companies contributing in excess of 5% of gross assets, net assets or turnover) and these should contribute at any time 85% or more of the consolidated EBITDA, consolidated turnover and consolidated gross assets respectively of the Group at that time. The Group has only two bank covenants: net debt divided by EBITDA and EBITDA divided by interest payable. The Group had comfortable headroom on both these bank covenants at the 31 December 2024. On 8 April 2024, the Group extended the Group banking facilities by 12 months from a termination date of 3 April 2027 to 3 April 2028.

The company's present and future assets are subject to a fixed and floating charge in favour of HSBC UK Bank plc, National Westminster Bank plc, Citibank N.A., and Bank of Ireland in respect of certain borrowings of fellow group companies Franchise Brands plc, Metro Rod Limited, Willow Pumps Limited, The Filta Group Limited, ChipsAway International Ltd, The Filta Group Inc, WPL Group Holdings Limited, Filta Group Holdings Limited, Hydraulic Authority I Limited, Hydraulic Authority II Limited, Hydraulic Authority III Limited, Pirtek Europe Limited, Pirtek Sweden AB and Pirtek Deutschland GmbH. At 31 December 2024, the net borrowings encompassed by the charges amounted to £76,742,000 (2023: £86,159,000).

The Group has set up an asset financing scheme with HSBC plc for the use of Metro Rod franchisees, primarily for the purchase of vans and tankers. The Group participates in this scheme, on a step-in basis, up to a total value of £1m. In the event of a default of a franchisee, the Group would step-in and have the rights of the financed asset, and the obligation of the liability. At the year end, £0.5m (2023: £1.0m) had been lent through this scheme. There are no expected credit losses to recognise in respect of the asset financing scheme.

Based on contractual undertakings, Metro Rod Limited franchisees can request for payment for Local account sales that have been invoiced, but not yet collected from the customer, and not yet paid on the typical standard monthly payment run to franchisees. The value of this open commitment at 31 December 2024 is £2.3m (2023: £2.1m).

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

23 Obligations under leases

Undiscounted amounts due under finance leases	2024 £'000	Restated* 2023 £'000
Current	**3,554**	3,258
Non-current (between 1 and 5 years)	**7,125**	6,478
Non-current (greater than 5 years)	**2,372**	642
Total undiscounted lease liabilities	**13,051**	10,378
Less present value discount	**(1,810)**	(990)
Total obligations under leases	**11,241**	9,388

Group		
Current	**3,062**	2,862
Non-current (between 1 and 5 years)	**6,256**	5,923
Non-current (greater than 5 years)	**1,923**	603
Total obligations under leases	**11,241**	9,388

	Restated* Land & Buildings £'000	Restated* Motor vehicles £'000	Restated* Plant and equipment £'000	Restated* Total £'000
At 1 January 2023	1,181	1,000	276	2,457
Additions on Acquisition	3,864	2,582	107	6,553
Additions	1,326	1,302	61	2,689
Interest expense	180	155	13	348
Lease payments	(1,183)	(1,635)	(79)	(2,897)
Disposals	(77)	(47)	–	(124)
Transfer to liabilities held for resale	54	243	1	298
Foreign exchange movements	39	24	1	64
At 31 December 2023	**5,384**	**3,624**	**380**	**9,388**
Additions	**2,879**	**3,010**	**59**	**5,948**
Interest expense	**352**	**236**	**10**	**598**
Lease payments	**(1,797)**	**(2,365)**	**(102)**	**(4,264)**
Disposals	**(87)**	**(36)**	**(2)**	**(125)**
Foreign exchange movements	**(197)**	**(104)**	**(3)**	**(304)**
At 31 December 2024	**6,534**	**4,365**	**342**	**11,241**

* See Note 1 for further information.

The Company has no obligations under leases.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

24 Deferred tax liability

Deferred tax is calculated in full on temporary differences under the liability method using the latest substantively enacted tax rates in the relevant countries, including 25% for the UK, approximately 28% for the US and rates of between 25% – 27.29% for intangibles depending on the geography of the underlying assets.

Group	Intangibles £'000	Losses £'000	Accelerated allowances £'000	Provisions £'000	Share-based payment £'000	Restated* ROU assets £'000	Restated* Lease liabilities £'000	Restated* Total £'000
At 1 January 2023	(6,254)	1,132	(430)	460	958	–	–	(4,134)
Acquired in the year	(31,478)	300	(27)	16	–	(1,671)	1,671	(31,189)
Recognised through the statement of changes in equity	–	–	–	–	(496)	–	–	(496)
Foreign exchange movements	–	–	–	(17)	–	(16)	16	(17)
Transfer to assets held for resale	–	–	(36)	–	82	–	–	46
Credit/(charge) in the year	2,051	(551)	213	(8)	139	152	(125)	1,871
At 31 December 2023	**(35,681)**	**881**	**(280)**	**451**	**683**	**(1,535)**	**1,562**	**(33,919)**
Recognised through the statement of changes in equity	**–**	**–**	**–**	**–**	**14**	**–**	**–**	**14**
Foreign exchange movements	**–**	**–**	**–**	**10**	**–**	**58**	**(59)**	**9**
Credit/(charge) in the year	**2,746**	**322**	**103**	**41**	**(179)**	**(623)**	**658**	**3,068**
At 31 December 2024	**(32,935)**	**1,203**	**(177)**	**502**	**518**	**(2,100)**	**2,161**	**(30,828)**

* See Note 1 for further information.

25 Subsidiaries & audit exemption

The investment in group companies held by the Company are as follows:

	£'000
Cost	
At 1 January 2023	92,514
Additions in year	112,752
Assets held for sale	2,564
At 31 December 2023	**207,830**
Additions in year	**1,075**
At 31 December 2024	**208,905**

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

25 Subsidiaries and audit exemption continued

The subsidiaries of the company included in the consolidated financial statements are as set out below.

Name of undertaking	Country of incorporation and operation	Share class owned	% of share class held by the Group	Principal activity	Registered office address
Azura Business Solutions Limited [2]	England & Wales	£1.00 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Azura Design Studio Limited [2]	England & Wales	£1.00 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Azura Group Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Barking Mad Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
ChipsAway International Limited [1,2]	England & Wales	£0.10 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
CSK Hydraulics Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
CSS Hydraulics Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
CST Hydraulics Limited [2]	England & Wales	£1.00 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
CSY Hydraulics Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
DentsAway Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Edwin Investments Limited [2]	England & Wales	£0.25 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Environmental Biotech Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
FB Holdings Limited [1,2]	England & Wales	£0.01 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Filta Environmental Canada Limited (now dissolved)	Canada (British Columbia)	Common Stock (no par value)	100	Non-trading	27th Floor – PO Box 49123 595 Burrard Street Vancouver, British Columbia, Canada, V7X 1J2
Filta Group Europe BV	Netherlands	€1.00 Ordinary shares	100	Trading	Hongkongstraat 29, 3047BR, Rotterdam, Netherlands
Filta Group Holdings Limited [1,2]	England & Wales	£0.10 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

Name of undertaking	Country of incorporation and operation	Share class owned	% of share class held by the Group	Principal activity	Registered office address
Filta Refrigeration Limited [2]	England & Wales	£1.00 Ordinary A shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
FiltaFry Deutschland GmbH	Germany	€25,500 Ordinary 1 share and €24,500 Ordinary 2 share	100	Trading	Pliniusstrasse 8, 48488, Emsbüren, Germany
FiltaFry Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Grease Management Limited [2]	England & Wales	£1.00 Ordinary A shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Hydraulic Authority I Limited [1,2]	England & Wales	£0.10 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Hydraulic Authority II Limited [2]	England & Wales	£1.00 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Hydraulic Authority III Limited [2]	England & Wales	£1.00 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Kemac Services Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
M&M Asset Maintenance Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Metro Plumb Limited [2]	England & Wales	£1.00 Ordinary shares	100	Dormant	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Metro Rod Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
MRB Drainage Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
MRE Drainage Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Oven Clean (Ontario) Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Oven Clean Domestic Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Pirtek (UK) Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Pirtek 24/7 HydraulikService GmbH	Austria	€1.00 Ordinary shares	100	Trading	Brückenkopfgasse 1/6 , 8020, Graz, Austria

1. Entities directly owned by Franchise Brands plc:
2. For the purposes of section 479A to 479C, Companies Act 2006 (the 'Act') the Company confirms that the UK subsidiaries of the Company, all of which are included in these consolidated accounts, are exempt from the requirements of the Act relating to the audit of individual accounts by virtue of s479A of the Act. The outstanding liabilities at 31 December 2024 of the UK subsidiaries have been (or will be) guaranteed by the Company pursuant to s479A to s479C of the Act. In the opinion of the Directors, the possibility of the guarantee being called upon is remote.

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

Name of undertaking	Country of incorporation and operation	Share class owned	% of share class held by the Group	Principal activity	Registered office address
Pirtek Austria GmbH	Austria	€35.00 Ordinary shares	100	Trading	Gonzagagasse 4, 1010, Wien, Austria
Pirtek Brussel BV	Belgium	€100.00 Ordinary shares	100	Trading	Avenue Newton 7, 1300, Wavre,Belgium
Pirtek BV	Netherlands	€1.00 Ordinary shares	100	Trading	Hongkongstraat 29, 3047BR, Rotterdam, Netherlands
Pirtek (Deutschland) GmbH	Germany	€100.00 Ordinary shares	100	Trading	Bayerische Allee 2, D-50858, Köln, Germany
Pirtek Europe Limited [2]	England & Wales	£1.00 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Pirtek Europoort BV	Netherlands	€1.00 Ordinary shares	100	Trading	Moezelweg 104, 3198 LS, Europoort, Netherlands
Pirtek France Holding SAS	France	€1.00 Ordinary shares	100	Holding company	3 rue des Lancés, 94310, Orly, France
Pirtek Hydraulique Service SAS	France	€21.95 shares	100	Trading	3 rue des Lancés, 94310, Orly, France
Pirtek Liége BV	Belgium	€100.00 shares	100	Trading	Rue de l'Informatique 10/3, 4460 Grâce-Hollogne, Belgium
Pirtek Lummen BV	Belgium	€100.00 Ordinary shares	100	Trading	Klaverbladstraat 16, 3560, Lummen, Belgium
Pirtek Rotterdam Noord BV	Netherlands	€1.00 Ordinary shares	100	Trading	Schuttevaerweg 88, 3044BB, Rotterdam, Netherlands
Pirtek Sweden AB	Sweden	SEK100 Ordinary shares	100	Trading	Vendevägen 85B 6tr, 182 91, Danderyd, Sweden
The Filta Group Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
The Filta Group, Inc	USA (Delaware)	Common Stock (no par value)	100	Trading	7075 Kingspointe Parkway, Suite 1, Orlando, Florida, 32819, United States
The Handyman Van Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Watbio Holdings Limited [2]	England & Wales	£1.00 A Ordinary shares and £1.00 B Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Watbio Limited [2]	England & Wales	£1.00 Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Watling Hope (Installations) Limited [2]	England & Wales	£1.00 B Ordinary shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Willow Drainage Limited [2]	England & Wales	£1.00 Ordinary shares and £1.00 Ordinary A shares	100	Non-trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
Willow Pumps Limited [2]	England & Wales	£1.00 Ordinary shares	100	Trading	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom
WPL Group Holdings Limited [1,2]	England & Wales	£1.00 Ordinary shares	100	Holding company	Ashwood Court, Springwood Close, Tytherington Business Park, Macclesfield, SK10 2XF, United Kingdom

Notes forming part of the Financial Statements continued

For the year ended 31 December 2024

26 Share capital and other reserves

Allotted, called up and fully paid	2024 £'000	2023 £'000	2024 No. of shares	2023 No. of shares
At 1 January	**969**	652	**193,784,080**	130,311,112
Placing	–	268	–	53,700,180
Acquisition of Hydraulic Authority I Limited	–	49	–	9,772,788
At 31 December	**969**	969	**193,784,080**	193,784,080

Share capital comprises the nominal value of the Company's Ordinary Shares of 0.5 pence each.

Share premium: The share premium reserve is the premium paid on the Company's 0.5 pence Ordinary Shares.

Share-based payment reserve: The share-based payment reserve represents the movement in cost of equity-settled transactions in relation to the long-term incentive plan.

Merger reserve: The merger reserve represents the premium above the nominal value of the equity issued as part of the consideration in relation to acquisitions.

EBT reserve: This represents the amount that the Company paid for its own shares held in the EBT. During the year, the EBT purchased 326,112 Ordinary Shares (2023: 18,420 Ordinary Shares) at an average price of 156 pence per share (2023: 200 pence per share). 641,675 Ordinary Shares (2023: 226,418 Ordinary Shares) have been used to satisfy the exercise of options. Accordingly, at the year end the EBT held 1,247,122 Ordinary Shares (2023: 1,562,685 Ordinary Shares) which represents 0.64% (2023: 0.81%) of the Company's current issued share capital.

Movements on these reserves are set out in the consolidated statement of changes in equity.

27 Related party transactions

Remuneration of Directors and other transactions

During the year the Group employed family members of one of the Directors. The total remuneration paid was the same as other employees at an equivalent level in the organisation.

We operate a number of businesses which provide consumer-facing services. From time-to-time directors of the parent company and other group companies may use some of these to provide services to them or their immediate family members in a personal capacity. These transactions are conducted at arm's length and no discounts or special terms are offered by virtue of the director's position. The value of these transactions, individually and collectively, are not material for either the individual or the group company involved. There are no other transactions with directors.

Notes payable to related party

On 31 January 2018, FiltaFry Deutschland GmbH entered into notes totalling £48,201, bearing interest at 2.5%, with companies which held the master licences acquired in the acquisition. The managing director of FiltaFry Deutschland GmbH is the sole director of one of these companies. The notes matured on 31 January 2023 and were fully repaid; at year end the total amount outstanding under these notes was £nil (2023: £nil). Interest accrued on the notes amounted to £nil at 31 December 2024 (2023: £nil).

28 Dividends

	2024 £'000	2023 £'000
Final 2023 dividend of 1.2p per Ordinary Share paid and declared (2023: Final 2022 dividend of 1.1p)	**2,325**	1,433
Interim dividend of 1.1p per Ordinary Share paid and declared (2023: 1.0p)	**2,132**	1,938
	4,457	3,371

A final dividend of 1.3 pence per share is proposed.

Shares held by the Employee Benefit Trust have a dividend waiver applied to them; as such they are exempt from receiving a dividend, resulting in a difference between the total dividend calculated above and the dividend cash paid in Note 1.

Notes forming part of the Financial Statements continued
For the year ended 31 December 2024

29 Employee benefits

	2024	2023
Country	**France**	France
Valuation date	**31 December 2024**	31 December 2023
Fiscal year	**31 December 2024**	31 December 2023
Currency	**Euro (€)**	Euro (€)
Plan	**Pension**	Pension
Actuarial methodology	**OCI**	OCI

Key assumptions		
Discount rate	**3.38%**	3.17%
Measurement date	**31 December 2024**	31 December 2023
Salary increase rate	**2.50%**	2.50%
Mortality table	**Insee 2022**	Insee 2022

	2024 £'000	2023 £'000
Movement in defined benefit obligation		
At 1 January	**507**	–
Additions in year	**–**	514
Current service cost	**(18)**	50
Interest expense on DBO	**16**	12
Actuarial gain – financial assumption charges	**(12)**	(6)
Actuarial gain – demographic changes	**–**	(57)
Foreign exchange movements	**(22)**	(6)
At 31 December	**471**	507

	2024 £'000	2023 £'000
Funded status		
Defined benefit obligation at end of year	**471**	507
Funded status liability	**–**	–
Net pension liability	**471**	507

Net liability reconciliation	2024 £'000	2023 £'000
Balance sheet reconciliation		
At 1 January	**507**	–
Additions in year	**–**	514
Expense recognised in consolidated statement of income	**(2)**	62
Remeasurement amounts recognised in OCI	**(12)**	(63)
Foreign exchange movements	**(22)**	(6)
At 31 December	**471**	507

	2024 £'000	2023 £'000
Expense		
Current service costs	**(18)**	50
Interest costs	**16**	12
Total expenses recognised	**(2)**	62

The Group assumed defined benefit retirement schemes for all qualifying employees in France as part of the acquisition of Pirtek Europe. The scheme is an unfunded plan, therefore there are no separately identifiable assets associated with the scheme. The Group recorded a reduction in expenses of £2k (2023: an increase of £62k) in the consolidated income statement for the year. That expense represents contributions payable to the trust fund for this scheme by the Group at rates specified in the rules of the scheme. The unfunded benefit obligation for this scheme reflected on the consolidated statement of financial position as at 31 December 2024 is £471k (2023: £507k).

Pirtek France operates a post- employment bonus scheme which is as required by French law. Under this national scheme, employees accrue a bonus based on years of service and a bonus is paid out at retirement. The scheme is an unfunded plan, therefore there are no separately identifiable assets associated with the scheme. The following sensitivities have been modelled by the Group actuaries: 1% change in the discount rate has a potential impact of £86k (2023: £56k), a 1.5% change in salary inflation £107k (2023: £59k) and a 2% change in social contribution £10k (2023: £11k).

Five Year Financial Summary (Unaudited)

For the year ended 31 December 2024

Five year financial summary	2024 £'000	2023 Restated £'000	2022 £'000	2021 £'000	2020 £'000
System sales	**418,458**	**350,053**	**186,353**	**93,571**	**75,849**
Statutory revenue	**139,206**	**121,019**	**69,839**	**34,133**	**30,454**
Adjusted EBITDA	**35,121**	**30,153**	**15,257**	**8,474**	**6,640**
Depreciation & Amortisation of software	**(6,072)**	(4,598)	(2,281)	(1,716)	(1,357)
Finance expense	**(7,764)**	(5,880)	(235)	(292)	(446)
Adjusted profit before tax	**21,285**	**19,675**	**12,741**	**6,465**	**4,836**
Tax expense	**(4,743)**	(5,147)	(2,560)	(1,154)	(899)
Adjusted profit after tax	**16,542**	**14,528**	**10,181**	**5,311**	**3,937**
Amortisation of acquired intangibles	**(10,156)**	(7,718)	(1,693)	(393)	(393)
Other gains & losses	**–**	–	1,232	223	151
Share-based payment	**(1,480)**	(838)	(535)	(334)	(205)
Non-recurring items	**(444)**	(6,159)	(1,707)	(187)	(707)
Tax on adjusting items	**2,822**	3,174	648	(387)	9
Statutory profit	**7,284**	**2,987**	**8,126**	**4,233**	**2,793**
Basic EPS	**3.78p**	1.75p	6.65p	4.42p	3.09p
Adjusted basic EPS	**8.59p**	8.42p	8.34p	5.55p	4.34p
Dividend	**2.40p**	2.20p	2.00p	1.50p	1.10p

Glossary of key terms

Term	Definition
CRM	Customer Relationship Management
DLO	Direct Labour Organisation
FOG	Fats, Oil and Grease
GRU	Grease Recovery Unit
MFU	Mobile Filtration Unit
MSU	Mobile Service Unit
MST	Mobile Service Technician
NAF	National Advertising Funds
THM	Total Hose Management

Company Information

Directors and Company Secretary

Stephen Hemsley	Executive Chairman
Peter Molloy	Chief Executive Officer
Andrew Mallows	Chief Financial Officer
Pete Kear	Senior Independent Non-executive Director
Andy Brattesani	Independent Non-executive Director
Louise George	Independent Non-executive Director
Nigel Wray	Non-executive Director
Rob Bellhouse	Company Secretary

Management Board

Peter Molloy	Chief Executive Officer
Andrew Mallows	Chief Financial Officer
Robin Auld	Group Marketing Director
Rob Bellhouse	Company Secretary
Mark Boxall	Chief Operating Officer
Adam Burrows	Managing Director, Pirtek UK & Ireland
Steve Chambers	COO, Metro Rod
Julia Choudhury	Corporate Development Director
Tom Dunn	CEO, Filta US & Canada
Tim Harris	Managing Director, B2C Division
John Michals	COO, Filta US & Canada
Torsten Moldenhauer	Managing Director, Pirtek Germany & Austria
Harald Overwater	Managing Director, Pirtek Benelux
Beth Peace	Group Finance Director
Jason Sayers	Chairman, Filta International

Registered office and principal place of business

Ashwood Court
Springwood Close
Tytherington Business Park
Macclesfield
SK10 2XF

Auditor

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD

Nominated adviser and joint broker

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Joint brokers

Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

Dowgate Capital Limited
15 Fetter Lane
London
EC4A 1BW

Legal advisor

Gateley Plc
One Eleven Edmund Street
Birmingham
B3 2HJ

Registrars

Neville Registrars
Neville House
Steelpark Road
Halesowen
B62 8HD

Financial public relations advisers

MHP Group
6 Agar Street
London
WC2N 4HN

Principal bankers

HSBC Bank
8 Canada Square
London
E14 5HQ

Other syndicate banks

National Westminster Bank
(Syndicate bank agent)
250 Bishopsgate
London
EC2M 4AA

Citibank
Citigroup Centre
33 Canada Square
Canary Wharf
London
E14 5LB

Bank of Ireland
26 Cross Street
Manchester
M2 7AF

Warning to shareholders – investment fraud

We are aware that shareholders in UK companies sometimes receive unsolicited telephone calls or correspondence offering to buy or sell their shares on very favourable terms. The callers can be extremely persistent and very persuasive and often have professional-looking websites and telephone numbers to support their activities. These callers will sometimes imply a connection to the company and provide incorrect or misleading information. This type of call should be treated as an investment scam – the safest thing to do is hang up and ignore any written communications.

You should always check that any firm calling you about potential investment opportunities is properly authorised and regulated by the FCA. If you deal with an unauthorised firm, you will not be eligible for compensation under the Financial Services Compensation Scheme. You can find out more about protecting yourself from investment scams by visiting the FCA's website www.fca.org.uk/consumers, or by calling the FCA's helpline on 0800 111 6768.

If you have already paid money to share fraudsters contact Action Fraud immediately on 0300 123 2040 or through their website, www.actionfraud.police.uk.

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Certain statements contained in this document relate to the future and constitute ‘forward-looking statements’. These forward-looking statements include all matters that are not historical facts. In some case, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will”, “could”, “shall”, “risk”, “aims”, “predicts”, “continues”, “assumes”, “positioned” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the directors, Franchise Brands or the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of Franchise Brands and the industry sectors in which it operates.

By their nature, forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the Group’s control, and which may cause the Group’s actual results of operations, financial condition, liquidity, dividend policy and the development of the industry and business sectors in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Group’s actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation or assurance that trends or activities underlying past performance will continue in the future. Accordingly, readers of this documents are cautioned not to place undue reliance on these forward-looking statements.

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Franchise Brands plc
Ashwood Court
Springwood Close,
Tytherington Business Park
Macclesfield
Cheshire
SK10 2XF