10 September 2024

THE PROPERTY FRANCHISE GROUP PLC

("TPFG", the "Company" or the "Group")

Interim Results for the six months ended 30 June 2024

Transformational period for the Company, doubling the size of the business and increasing interim dividend by 30%

The Property Franchise Group PLC, the UK's largest multi-brand property franchisor, is pleased to announce its interim results for the period ended 30 June 2024.

The last six months has seen the commencement of another transformational period for the Group following the merger with the Belvoir Group PLC ("**Belvoir**") and the acquisition of GPEA Limited ("**GPEA**"), owner of The Guild of Property Professionals and Fine & Country. Group revenue more than doubled compared to the prior period with significant increases in franchising and financial services, along with the addition of a new licensing revenue stream.

Financial Highlights:

- Group revenue increased 104% to £26.9m (H1 2023: £13.2m)
    - 3% like for like increase to £13.6m[1]
- Management Service Fees ("MSF") increased 60% to £12.3m (H1 2023: £7.7m)
    - 8% like for like increase to £8.3m[1]
- Adjusted EDITDA[2] increased 65% to £9.6m (H1 2023: £5.8m)
- Adjusted Profit before tax[2] increased by 71% to £9.1m (H1 2023: £5.3m)
  Profit before tax increased by 15% to £4.8m (H1 2023: £4.2m)
- Adjusted basic earnings per share[2] increased 12% to 15.5p (H1 2023: 13.9p)
- Net debt of £14.3m after borrowing £20m to fund the acquisition of GPEA (H1 2023: net cash of £0.7m)
- Cash generated from operations increased to £3.7m (H1 2023: £3.6m) after the payment of the majority of the acquisition costs in H1 2024
- Increased interim dividend by 30% to 6.0p (H1 2023: 4.6p)

[1]*Like for like comparison excluding the impact of the acquisition of Belvoir Group on 7 March 2024, and GPEA on 31 May 2024*
[2]*Before share-based payments charge, exceptional items and amortisation arising on consolidation.*

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Operational Highlights:

- Merger with Belvoir in March 2024 and acquisition of GPEA in May 2024
- Sales agreed pipeline increased 67% to £47.5m (H1 2023: £28.4m)
    - 16% like for like increase to £32.8m[1]
- Managing 152,500 rental properties (H1 2023: 77,000)
    - 2% like for like increase to 78,000[1]
- EweMove sold 22 new territories (H1 2023: 17)
- Financial services commissions increased 756% to £7.7m (H1 2023: £0.9m), with all of the increase being driven by contribution from Belvoir
- Senior leadership team restructured and objectives agreed as part of the integration process

Chief Executive Officer, Gareth Samples, commented: *"I am delighted to be reporting record results following an exciting and transformational period where revenue doubled through the merger with Belvoir. We have continued to benefit from the strong demand in the lettings market and to achieve growth in sales and financial services despite sales completions being slower than anticipated at a national level which is testament to the excellence across the Group. Furthermore, the acquisition of GPEA at the period end adds significant further scale and opportunities to grow shareholder value.*

With activity levels increasing and revenue generation typically higher in the second half of the financial year, combined with our confidence in delivering further profitability in 2024, I am pleased to announce a 30% increase in the interim dividend to 6p (H1 2023: 4.6p).

With our highest ever sales agreed pipeline of £47.5m and at least one interest rate reduction behind us, the Board is confident that trading remains at least in line with market expectations for the full year."

For further information, please contact:

The Property Franchise Group PLC Gareth Samples, Chief Executive Officer David Raggett, Chief Financial Officer	01202 405 549
Canaccord Genuity Limited (Nominated Adviser and Joint Broker) Max Hartley Harry Rees	020 7523 8000
Singer Capital Markets (Joint Broker) Rick Thompson James Fischer	020 7496 3000
Alma Strategic Communications Justine James Joe Pederzolli Kinvara Verdon	020 3405 0209 propertyfranchise@almastrategic.com

About The Property Franchise Group PLC:

The Property Franchise Group PLC (AIM: TPFG) is the UK's largest multi-brand property franchisor, with a network of over 1,946 outlets delivering high quality services to residential clients, combined with an established Financial Services business.

The Company was founded in 1986 and has since strategically grown to a diverse portfolio of 18 brands operating throughout the UK, comprising longstanding high-street focused brands and two hybrid brands. The Property Franchise Group is also a member of two leading mortgage networks through its mortgage brokers, Brook Financial (MAB) and The Mortgage Genie (Primis).

TPFG's brands are: Belvoir, CJ Hole, Country Properties, Ellis & Co, EweMove, Fine & Country, Hunters, Lovelle, Martin & Co, Mr and Mrs Clarke, Mullucks, Newton Fallowell, Nicholas Humphreys, Northwood, Parkers, The Guild of Property Professionals and Whitegates.

Headquartered in Bournemouth, the Company was listed on AIM on the London Stock Exchange in 2013 and entered the AIM 100 in July 2024.

More information is available at www.propertyfranchise.co.uk

Chief Executive Officer's Statement

Introduction

We have doubled our revenue in the period through the merger with Belvoir in March 2024 and we will grow revenue further through the additional contribution of GPEA in the second half of the year. I am more enthused than ever about the significant opportunities that our Group has ahead of it.

This is the second transformational period I have overseen since joining the Group in 2020. What differentiates this period from the last, is the significantly increased scale we now have, with 1,900 franchisees/licensees in the UK together with 300 mortgage advisors.

Scale affords us the opportunity to develop a fuller service offering to our franchisees/licensees and their customers. We are investing in technology that we believe will enhance the customer experience, deliver more leads and enhance our UK footprint.

As part of the integration process, we have recently restructured our senior leadership team into a single team, leveraging our expanded internal talent. This is a key step in our journey and will support our primary focus of supporting our network to achieve further growth.

I am incredibly excited and energised by the potential we have created. Working alongside our talented franchisees/licensees, driven by the commitment of our newly appointed senior leadership team, supported by our key supply partners, my aim is for the Group to become the UK market leader in our core services.

Results

I am delighted to be reporting record results following an exciting and transformational period where revenue doubled through the merger with Belvoir. We have continued to benefit from the strong demand in the lettings market and to achieve growth in sales and financial services despite sales completions being slower than anticipated at a national level which is testament to the excellence across the Group. Furthermore, the acquisition of GPEA at the period end adds significant further scale and opportunities to grow shareholder value.

The ability with which we are able to take advantage of the market conditions whether favourable or less so is testament to our strategy, the strength of our network, our business owners' determination, the models they operate within and the investment we have committed to our management team. Our mission remains the same, to support our network business owners in building bigger and more profitable businesses. It's the combination of these factors which has meant we have been able to report ever increasing organic revenues and profitability.

We delivered Group revenue of £26.9m in the period, representing a 104% increase on the same period last year. Furthermore, we increased profit before tax by 15% in the period to £4.8m and the underlying profits, as represented by adjusted profit before tax, by 71% to £9.1m.

I am pleased to confirm that the Group has never been in a stronger position having completed two earnings accretive acquisitions in the period. Whilst some uncertainty still surrounds the broader market, there are clear indications that demand is set to increase for two of our main revenue streams and remain at current levels for lettings. Moreover, we remain as ambitious as ever to execute on our strategic growth plans.

Operational review

We have split the Group into three distinct business segments, Property Franchising, Financial Services and Licensing to ensure clarity and focus. The first two existed before the merger with Belvoir although the scale of our financial services division has increased very significantly since the merger. Licensing is new following the acquisition of GPEA. All segments have increased significantly due to the merger with Belvoir and acquisition of GPEA. Our growth rates will become more meaningful as we settle into this structure and realise the synergies.

Out of total revenues of £26.9m in the period, Property Franchising accounted for 67%, Financial Services for 29% and Licensing for 4%, reflecting the relative contributions in the period.

Management Service Fees ("MSF"), the royalties earned from our brands and the activities of our franchisees, were the major source of revenue during the first half in Property Franchising. Lettings activities generated 68% of MSF and sales activities generated 32% of MSF. MSF from the franchised network increased by 60% to £12.3m.

Removing the impact of the merger with Belvoir, Lettings MSF grew by 8%, in line with the ONS Private Sector Index which showed a similar annual rental inflation to June 2024. With continued strong demand, Lettings continues to be an important driver of the Group's revenue growth.

Similarly, Sales MSF increased by 7%, against a market where adjusted UK property transactions for January to June were flat on the same period in the prior year. The Group's sales agreed pipeline at 30 June 2024 was 16% higher on a like for like basis than 30 June 2023 which bodes well for H2 trading despite completion times remaining high.

Revenues from financial services are now dominated by the contribution from Belvoir and its network of 300 advisors. Total financial services revenues increased by 18%, with the acquisitions made by Belvoir in 2023 contributing approximately half of this increase.

Board Changes

Further to the separate announcement released today, the Board is pleased to confirm that following a thorough process, it is delighted to announce the appointment of Ben Dodds to succeed David Raggett as Chief Financial Officer on 1 January 2025. Ben will join the Company in October 2024 as CFO designate which will allow time for an orderly handover process.

Current Trading and Outlook

We expect the strong demand in the lettings market to continue at similar levels to the first half for the remainder of this year and probably into 2025 with the rate of rental inflation then beginning to trend towards wage inflation.

Our growth in sales revenues is anticipated to improve further in H2 given the increasing level of activity with Zoopla reporting growth in listings of 15% over the prior year and Rightmove reporting growth in sales agreed of 16% over the prior year, as the period ended. Both measures encouraging us to believe that 2025 could see an increase on the 1.1m sales completions we forecast for the market this year. Our network also has its highest ever sales-agreed pipeline going into H2 of £47.5m, the vast majority of which should be realised as fees by our network in H2.

Similarly, our financial services revenues are growing as the sales market improves and, with the Bank of England reporting the highest number of mortgage applications in July 2024 since September 2022 together with the first interest rate cut, we expect more growth in H2 and this to continue into 2025 as remortgage activity improves.

Our focus for the remainder of the year will be pushing ahead with the integration of our new businesses, continuing to move ahead with realising the synergies and progressing our strategic priorities.

With a record pipeline and at least one interest rate reduction behind us, the Board is confident that trading remains at least in line with market expectations for the full year.

Financial Review for FY24 Interim Results

Revenue

Revenue for the six months ended 30 June 2024 increased 104% to £26.9m (H1 2023: £13.2m). The revenue contribution from Belvoir was £12.3 million and GPEA £1.0m with the remaining £13.6m derived from underlying TPFG. Like for like growth of the underlying TPFG business over the period was 3%.

In the CEO's report, Gareth has highlighted that we have split the Group into three distinct business segments, Property Franchising, Financial Services and Licensing. Out of total revenues of £26.9m in the period, Property Franchising accounted for £18.2m (67%), Financial Services for £7.7m (29%) and Licensing for £1.0m (4%). In June 2024, the first full month of trading in every business segment, the mix of revenue was: Property Franchising 53%, Financial Service 29% and Licensing 18%.

	Unaudited *6 Months Ended* **30.06.24** **£**	**Unaudited** *6 Months Ended* **30.06.23** **£**	**Audited 12 Months Ended 31.12.23** **£**
Property Franchising			
Management Service Fees	12,276	7,696	16,099
Owned offices' revenue	3,172	2,239	4,902
Franchise sales	352	232	458
Franchisee support and similar services	2,352	2,119	4,317
	18,152	12,286	25,776
Financial Services			
Financial services commissions	7,672	896	1,502
Licensing			
Income from licensees	1,029	-	-
	26,853	13,182	27,278

The recurring revenue as a percentage of total revenue in June 2024 was 55%. In H1 FY23, our recurring revenue as a percentage of total revenue was 65%. The expected reduction in the percentage of recurring revenue arises from the merger with Belvoir and its significant financial services division. However, this will be countered by the acquisition of GPEA with its licensing revenues.

Property Franchising Segment

Management Service Fees ("MSF")

MSF from our franchised network increased by 60% to £12.3m (H1 2023: £7.7m). The increase of £4.6m resulted from a like for like increase of £0.6m (8%) over H1 FY23 and a contribution from Belvoir of £4.0m.

H1 FY24	Total Growth	Like for Like Growth	Total Result	Like for Like Result	Total Mix	Like for like Mix
Lettings MSF	78%	8%	£8.4m	£5.2m	68%	63%
Sales MSF	31%	7%	£3.9m	£3.1m	32%	37%

Lettings MSF continued to perform strongly with overall growth in H1 of 78% and like for like growth of 8%, in line with reported annual rental inflation. The mix of lettings in like for like MSF was 63% (H1 2023: 61%).

Sales MSF increased overall by 31%. Like for like sales MSF increased by 7%, slightly lower than our own expectations for H1 but much higher than seasonally adjusted UK property transactions for January 24 to June 24 which were flat on the same period in the prior year. The mix of sales in like for like MSF was 37% (H1 2023: 38%).

Owned Offices

We operated nine branches under our Hunters brand prior to the merger with Belvoir. The merger has resulted in three further branches being operated in the Group as at 30 June 2024, one for each of the following brands; Belvoir, Newton Fallowell and Nicholas Humphries. A fourth branch, Belvoir Grantham, was franchised out shortly after the merger.

The revenue from owned offices increased by 42% to £3.2m (H1 2023: £2.2m) with the mix being; Lettings 67%, Sales 32%, Other 1%. Like for like revenue increased by 6% to £2.3m (H1 FY23 £2.2m) with the mix being; Lettings 65%, Sales 34%, Other 1%.

Franchise Sales

Franchise sales revenue increased by 52% to £0.4m (H1 2023: £0.2m) and like for like revenue increased by 26% to £0.3m (H1 2023: £0.2m). The latter was generated almost equally from resales of high-street led franchises and new territory sales by EweMove. There has been an increase in applicants in EweMove and this was reflected in an increase of 29% in H1 sales to 22 (H1 2023: 17).

Franchisee Support and Similar Services

The revenue from franchisee support and similar services consists of two main elements; support with the management of landlord's properties and the provision of operating software together with front line support to our franchisees.

Franchisee support and similar services revenue increased by 11% to £2.3m (H1 2023: £2.1m) and like for like revenue was £2.1m (H1 2023: £2.1m).

Financial Services Segment

This segment generates its revenue from the broking of mortgages and the sale of life assurance policies to retail customers through its network of advisors which totalled 300 at the end of the period.

The revenue from the financial services segment increased by 756% to £7.7m (H1 2023: £0.9m) with a like for like reduction of £0.4m and a contribution from Belvoir of £7.2m.

Belvoir's financial services for the first 6 months of FY24 generated revenue of £9.9m, an increase of 18% over the prior period with approximately half of that increase being generated by the business acquired in FY23.

Licensing Segment

This segment generates its income from the licence fees and subscriptions paid by its members together with property related services that it sells to its members such as marketing in both print and digital format.

The revenue generated in its first month of trading was £1.0m of which licence fees contributed £0.8m. GPEAs revenue for the first 6 months of FY24 was 2% lower than the prior period at £6.6m.

Cost of Sales

Cost of sales increased by 226% to £8.9m (H1 2023: £2.7m). The increase of £6.2m resulted from a contribution from Belvoir of £5.9m and a contribution from GPEA of £0.4m. Like for like cost of sales decreased slightly by £0.1m.

Administrative expenses

Administrative expenses before exceptional items increased by 87% to £10.5m (H1 2023: £5.6m). The increase of £4.9m resulted from an increase in amortisation arising on consolidation of £1.1m, a contribution from Belvoir of £2.8m (owned offices costs being moved to cost of sales) and a contribution from GPEA of £0.5m. Like for like administrative expenses increased by 9% to £6.1m with the additional Board member costs of £0.2m and an increase in the bad debt provision of £0.2m being the main reasons.

EBITDA

The Group's EBITDA increased 34% to £7.1m (H1 2023: £5.3m). The increase resulted from a contribution from Belvoir of £3.7m, a contribution from GPEA of £0.2m, exceptional costs of £2.2m and a reduction in the share-based payment charge of £0.1m.

There were exceptional costs of £2.2m in the period relating to the acquisition of Belvoir and GPEA. Adding back these exceptional costs to EBITDA along with the share-based payments charge of £0.3m results in an adjusted EBITDA which increased 65% to £9.6m (H1 2023: £5.8m).

Operating profit

Operating profit increased by 12% to £4.9m (H1 2023: £4.4m) and operating margin was 18% (H1 2023: 33%). The reduction in operating margin was caused by additional amortisation arising on consolidation of £1.1m, and the exceptional costs of £2.2mand a like for like reduction in the underlying TPFG of £0.1m. Offsetting this reduction was a fall in the share-based payment charge of £0.1m, a contribution from Belvoir of £3.6m, a contribution from GPEA of £0.2m

Adding back the share-based payment charge, exceptional costs and the amortisation arising on consolidation, the adjusted operating margin was 34% (H1 2023: 42%).

Profit before tax

Profit before tax increased 15% to £4.8m (H1 2023: £4.2m). The increase of £0.6m resulted from exceptional costs of £2.2m, additional amortisation on consolidation of £1.1m, a contribution by Belvoir of £3.7m and a contribution by GPEA of £0.2m.

Adding back amortisation arising on consolidation of £1.8m, exceptional costs of £2.2m, and a share-based payment charge of £0.3m derives adjusted profit before tax which increased 71% to £9.1m (H1 2023: £5.3m).

At a segmental level, total profit before tax increased by 52% to £8.7m. Property Franchising increased its profit before tax by 38% to £7.4m (H1 2023 £5.3m) and Financial Services increased its profit before tax by 184% to £1.1m (H1 2023: £0.4m). In its first month of trading, Licensing generated a profit before tax of £0.2m.

Taxation

The income tax expense increased by 32% to £1.2m (H1 2023: £0.9m) with £0.1m arising from the increase in the corporation tax rate in April 23 to 25%. The remainder arises from the increase in taxable profits and the release from deferred tax.

Profit and Total Comprehensive Income

Statutory profit after income tax expenses attributable to the owners of the parent increased by 11% to £3.7m (H1 2023: £3.3m).

Earnings per share

Basic earnings per share decreased by 30% to 7.2p (H1 2023: 10.3p) based on a weighted average number of shares in issue in the period of 51,422,733 (H1 2023: 32,041,966). Similarly, diluted earnings per share decreased by 32% to 7.0p (H1 2023: 10.3p) based on an estimate of diluted shares in issue of 52,842,604 (H1 2023: 32,141,574). Both measures are impacted by the shares issued in March 2024 in connection with the merger with Belvoir, the costs of the acquisitions of Belvoir and GPEA of £2.2m (shown as exceptional administrative expenses on the face of the consolidated statement of comprehensive income) and the increase in the amortisation arising on consolidation in the period following these transactions of £1.1m (costs which are included within administrative expenses before exceptional items).

Adjusted basic earnings per share, the result of dividing adjusted earnings by the weighted average number of shares in issue in the period of 51,422,733 (H1 2023: 32,041,966), increased by 12% to 15.5p (H1 2023: 13.9p). Similarly, adjusted diluted earnings per share, the result of dividing adjusted earnings by the weighted average number of shares in issue in the period of 52,842,604 (H1 2023: 32,141,574), increased by 9% to 15.1p (H1 2023: 13.9p).

Dividends

The Board has pursued a progressive dividend policy to generate an attractive return for shareholders and, given the Group's strong financial standing, it will continue to do so. At the same time, the Board will continue to pursue corporate acquisitions as and when they arise and to fulfil the other elements of its strategic plan.

The Group has made significant progress with its strategic objectives and continues to deliver strong cash generation from its significantly enlarged operations. As a result, the Board is pleased to announce an increased interim dividend of 6.0p (H1 2023: 4.6p). It will be paid on 4 October 2024 to all shareholders on the register on 20 September 2024. Our shares will be marked ex-dividend on 19 September 2024.

Balance Sheet

Due to the acquisitions this year, there have been significant changes to three lines in the balance sheet over year-end and H1 FY23. The process of determining the final acquisition values is ongoing and so what follows is based on the Board's best estimates available at this time.

Intangible assets increased by £138.9m to £183.4m (H1 2023: £44.5m) with the acquisitions contributing £141m: Belvoir £117.0m and GPEA £24.0m. The difference being the amortisation charged in the consolidated statement of comprehensive income since 30 June 2023.

The consideration for Belvoir involved a share for share exchange of £103.5m which increased the merger reserve to £117m.

Deferred tax increased by £18.0m to £22.7m (H1 2023: £4.7m) due to the intangible assets acquired with Belvoir contributing £15.0m and GPEA contributing £4.0m. The difference being the release to the consolidated statement of comprehensive income since 30 June 2023.

The Group has improved its balance sheet strength since 30 June 2023 with equity attributable to the owners increasing 276% to £144.0m (H1 2023: £38.2m).

Cashflow

At an operational level, the Group remains highly cash generative. Cash generated from operations increased to £3.7m (H1 2023: £3.6m). That represented a 52% (H1 2023: 68%) conversion of EBITDA into cash generated from operations. We expect the full year conversion rate to improve as the sums due from partners are paid and working capital normalises. The Group generated £11.3m of cash from operations in FY23, 100% conversion of EBITDA, of which £3.6m was generated in H1 2023.

After the payment of bank interest and corporation tax, net cash generated from operations reduced by £0.5m to £1.9m (H1 2023: £2.4m).

On 7 March 2024 the Group acquired the entire issued and to be issued share capital of Belvoir for a net cash consideration of £1.7m. The outflow being the net of the cash held by Belvoir on completion less the settlement of Belvoir's outstanding options.

On 31 May 2024 the Group acquired GPEA Limited for £20.0m subject to any revisions resulting from the completion accounts process. Cash of £15.0m was paid on completion which after cash acquired netted to £14.3m, as shown in the consolidated statement of cash flows.

To fund the acquisition of GPEA Ltd and support future growth, the Group entered into a new debt facility with Barclays Bank Plc for up to £27.0m (term loan £14.0m; revolving credit facility £8.0m, accordion £5.0m) of which £15m (term loan of £14.0m repayable over 3 years with extension options to 5 years plus RCF of £1.0m) was drawn to fund the initial consideration and £5.0m as short-term support for the integration. At the period end £20.0m remained drawn.

As a result of agreeing new bank facilities, the remaining £2.5m (H1 2023: £2.5m) due under the expiring facility was repaid to Barclays.

A special dividend of 2.0pfor FY23 and a final dividend for FY23 of 7.4p were paid in the period amounting to £5.3m (H1 2023: £4.3m).

Overall, the cash balances of the Group increased by £2.5m to £5.7m (H1 2022: £3.2m).

Liquidity

The Group had a net debt balance of £14.3m at the end of the period (H1 2023: net cash £0.7m) which would equate to a multiple of 1.0 times annualised H1 2024 adjusted EBITDA.

THE PROPERTY FRANCHISE GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited *6 Months Ended* 30.06.24 £'000	Unaudited *6 Months Ended* 30.06.23 £'000	Audited *12 Months* Ended 31.12.23 £'000
Revenue		26,853	13,182	27,278
Cost of sales		(8,880)	(2,726)	(5,400)
GROSS PROFIT		17,973	10,456	21,878
Administrative expenses before exceptional items		(10,540)	(5,646)	(11,831)
Exceptional administrative expenses	4	(2,245)	-	-
Share-based payments charge		(284)	(416)	(783)
OPERATING PROFIT		4,904	4,394	9,264
Finance income		126	3	20
Finance costs		(195)	(200)	(357)
Other gains and losses		-	-	87
PROFIT BEFORE INCOME TAX EXPENSE		4,835	4,197	9,014
Income tax expense	5	(1,167)	(886)	(1,644)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,668	3,311	7,370
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the parent		3,681	3,314	7,395
Non-controlling minority interest		(13)	(3)	(25)
		3,668	3,311	7,370
Earnings per share attributable to owners of the parent	6	7.2p	10.3p	23.0p
Diluted earnings per share attributable to owners of the parent	6	7.0p	10.3p	22.0p
Adjusted:				
Earnings per share attributable to owners of the parent	6	15.5p	13.9p	29.7p
Diluted earnings per share attributable to owners of the parent	6	15.1p	13.9p	28.4p

THE PROPERTY FRANCHISE GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		Unaudited As at 30.06.24 £'000	Unaudited As at 30.06.23 £'000	Audited As at 31.12.23 £'000
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	10	183,407	44,462	43,757
Property, plant and equipment		802	229	181
Investments		-	137	-
Right of use assets		2,278	1,456	1,525
Prepaid assisted acquisitions support		238	266	230
Other Receivables	11	3,135	220	210
		189,860	46,770	45,903
CURRENT ASSETS				
Trade and other receivables		12,682	4,521	4,134
Cash and cash equivalents		5,698	3,224	7,642
		18,380	7,745	11,776
TOTAL ASSETS		208,240	54,515	57,679
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF PARENT				
Share capital		623	320	323
Share premium		4,129	4,129	4,129
Merger reserve		117,497	14,345	14,345
Own share reserve		(420)	(348)	(420)
Retained earnings		19,194	17,906	20,765
Other reserves		2,965	1,851	1,673
		143,988	38,203	40,815
NON-CONTROLLING INTEREST		(16)	19	(3)
TOTAL EQUITY		143,972	38,222	40,812
LIABILITIES				
NON-CURRENT LIABILITIES				
Borrowings	8	17,667	-	-
Lease liabilities		2,167	1,626	1,647
Provisions		154	181	181
Deferred tax	9	22,689	4,744	4,394
		42,677	6,551	6,222
CURRENT LIABILITIES				
Borrowings	8	2,333	2,500	2,500
Trade and other payables		16,878	5,432	6,319
Lease liabilities		639	495	395
Tax payable		1,741	1,315	1,431
		21,591	9,742	10,645
TOTAL LIABILITIES		64,268	16,293	16,867
TOTAL EQUITY AND LIABILITIES		208,240	54,515	57,679

THE PROPERTY FRANCHISE GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2023 (audited)	**320**	**17,399**	**4,129**	**(348)**	**14,345**	**1,316**	**37,161**	**22**	**37,183**
Profit and total comprehensive income	-	3,314	-	-	-	-	3,314	(3)	3,311
Share-based payments charge	-	-	-	-	-	416	416	-	416
Deferred tax on share-based payments	-	-	-	-	-	119	119	-	119
Dividends	-	(2,807)	-	-	-	-	(2,807)	-	(2,807)
Total transactions with owners	-	(2,807)	-	-	-	535	(2,272)	-	(2,272)
Balance at 30 June 2023 (unaudited)	**320**	**17,906**	**4,129**	**(348)**	**14,345**	**1,851**	**38,203**	**19**	**38,222**
Profit and total comprehensive income	-	4,081	-	-	-	-	4,081	(22)	4,059
Share-based payments charge	-	-	-	-	-	367	367	-	367
Shares issued – share option exercises	3	254	-	-	-	(524)	(267)	-	(267)
Purchase of shares by Employee Benefit Trust	-	-	-	(72)	-	-	(72)	-	(72)
Deferred tax on share-based payments	-	-	-	-	-	(21)	(21)	-	(21)
Dividends	-	(1,476)	-	-	-	-	(1,476)	-	(1,476)
Total transactions with owners	3	(1,222)	-	(72)	-	(178)	(1,469)	-	(1,469)
Balance at 31 December 2023 (audited)	**323**	**20,765**	**4,129**	**(420)**	**14,345**	**1,673**	**40,815**	**(3)**	**40,812**
Profit and total comprehensive income	-	3,681	-	-	-	-	3,681	(13)	3,668
Share-based payments charge	-	-	-	-	-	284	284	-	284
Shares issued – acquisition of Belvoir	300	-	-	-	103,152	-	103,452	-	103,452
Deferred tax on share-based payments	-	-	-	-	-	1,008	1,008	-	1,008
Dividends	-	(5,252)	-	-	-	-	(5,252)	-	(5,252)
Total transactions with owners	300	(5,252)	-	-	103,152	1,292	99,492	-	99,492
Balance at 30 June 2024 (unaudited)	**623**	**19,194**	**4,129**	**(420)**	**117,497**	**2,965**	**143,988**	**(16)**	**143,972**

THE PROPERTY FRANCHISE GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited *6 Months Ended* 30.06.24 £'000	Unaudited *6 Months Ended* 30.06.23 £'000	Audited 12 Months Ended 31.12.23 £'000
Cash flows from operating activities			
Profit before income tax	4,835	4,197	9,014
Depreciation and amortisation charges	2,237	1,036	2,043
Revaluation of investments in shares	-	-	(87)
Share-based payments charge	284	416	783
Profit on disposal of FDGs and rebrands	(46)	(95)	(89)
Finance costs	195	200	357
Finance income	(126)	(3)	(20)
Operating cash flow before changes in working capital	7,379	5,751	12,001
Increase in trade and other receivables	(1,402)	(783)	(319)
Increase / (Decrease) in trade and other payables	(2,273)	(1,348)	(358)
Cash generated from operations	3,704	3,620	11,324
Interest paid	(12)	(158)	(255)
Tax paid	(1,761)	(1,012)	(2,048)
Net cash generated from operations	1,931	2,450	9,021
Cash flows from investing activities			
Purchase of Belvoir net of cash acquired	(1,730)	(202)	-
Purchase of GPEA net of cash acquired	(14,321)	-	-
Disposal of investment in shares	-	-	81
The Mortgage Genie deferred consideration	-	-	(138)
Disposal of intangible assets – FDGs and rebrands	125	54	53
Disposal of intangible assets – Customer lists	-	-	(201)
Purchase of tangible assets	(8)	(106)	(114)
Payment of assisted acquisitions support	(95)	(67)	(115)
Interest received	126	3	20
Net cash used in investing activities	(15,903)	(318)	(414)
Cash flows from financing activities			
Issue of ordinary shares	-	-	3
Equity dividends paid (note 7)	(5,252)	(2,807)	(4,283)
Purchase of shares by Employee Benefit Trust	-	-	(72)
Net settlement of share options	-	-	(270)
Bank loans drawn	20,000	-	-
Bank loan repaid	(2,500)	(2,500)	(2,500)
Principal paid on lease liabilities	(164)	(236)	(431)
Interest paid on lease liabilities	(56)	(49)	(96)
Net cash used in financing activities	12,028	(5,592)	(7,649)
(Decrease) / Increase in cash and cash equivalents	(1,944)	(3,460)	958
Cash and cash equivalents at the beginning of the period	7,642	6,684	6,684
Cash and cash equivalents at end of the period	5,698	3,224	7,642

NOTES TO THE INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

The principal activity of The Property Franchise Group plc and its subsidiaries continues to be that of a UK residential property franchise business. The company is a public limited company incorporated and domiciled in the UK. The address of its head office and registered office is 2 St Stephen's Court, St Stephen's Road, Bournemouth, Dorset, BH2 6LA, UK.

2. BASIS OF PREPARATION

The consolidated interim financial information for the six months ended 30 June 2024 was approved by the Board and authorised for issue on 10 September 2024. The results for 30 June 2024 and 30 June 2023 are unaudited. The disclosed figures are not statutory accounts in terms of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 on which the auditors gave an audit report which was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies. The annual financial statements of the Group are prepared in accordance with 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.

This interim report has been prepared on a basis consistent with the accounting policies expected to be applied for the year ending 31 December 2024 and uses the same accounting policies and methods of computation applied for the year ended 31 December 2023.

Going concern

When assessing the foreseeable future, the directors have looked at a period of 12 months from the date of approval of the interim financial information. The directors have a reasonable expectation that the Group has adequate resources to continue to trade for the foreseeable future and, therefore, consider it appropriate to prepare the Group’s interim financial information on a going concern basis.

Significant accounting policies

The Group’s interim financial information includes those of the parent company and its subsidiaries, drawn up to 30 June 2024. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. SEGMENTAL REPORTING

The directors consider there to be three operating segments being Property Franchising, Financial Services and Licensing.

For the six months ended 30 June 2024:

Continuing	Property Franchising £'000	Financial Services £'000	Licensing £'000	Total £'000
Revenue	18,152	7,672	1,029	26,853
Segmental profit before tax	7,384	1,071	225	8,680
PLC central overheads				(1,247)
Exceptional administrative expenses				(2,245)
Share based payment charge				(284)
Finance costs and income				(69)
Profit before tax				4,835

For the six months ended 30 June 2023:

Continuing	Property Franchising £'000	Financial Services £'000	Licensing £'000	Total £'000
Revenue	12,286	896	-	13,182
Segmental profit before tax	5,343	377	-	5,720
PLC central overheads				(910)
Share based payment charge				(416)
Finance costs and income				(197)
Profit before tax				4,197

For the year ended 31 December 2023:

Continuing	Property Franchising £'000	Financial Services £'000	Licensing £'000	Total £'000
Revenue	25,776	1,502	-	27,278
Segmental profit before tax	11,880	352	-	12,232
PLC central overheads				(2,185)
Share based payment charge				(783)
Other gains and losses				87
Finance costs and income				(337)
Profit before tax				9,014

There was no inter-segment revenue in any period.

NOTES TO THE INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. EXCEPTIONAL COSTS

Exceptional costs relate to costs incurred on the acquisition of Belvoir Group plc and GPEA Limited.

5. TAXATION

The tax charge is based on the expected effective tax rate for the full year to December 2024. The tax charge is lower than the standard rate of corporation tax, the main reason for this is because it includes a credit arising on the exercise of share options in Belvoir.

6. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial period by the weighted average number of shares during the period.

	Unaudited *6 Months Ended* 30.06.24 £'000	Unaudited *6 Months Ended* 30.06.23 £'000	Audited 12 Months Ended 31.12.23 £'000
Profit for the period attributable to owners of parent	3,681	3,314	7,396
Amortisation on acquired intangibles	1,778	721	1,443
Share-based payments charge	284	416	783
Exceptional costs	2,245	-	-
Loss on revaluation of listed investments	-	-	(87)
Adjusted profit for the period	7,988	4,451	9,535

	Unaudited *6 Months Ended* 30.06.24	Unaudited *6 Months Ended* 30.06.23	Audited 12 Months Ended 31.12.23
Weighted average number of shares	51,422,733	32,041,966	32,142,942
Dilutive effect of share options on ordinary shares	1,419,871	99,608	1,418,547
	52,842,604	32,141,574	33,561,469

	Unaudited *6 Months Ended* 30.06.24	Unaudited *6 Months Ended* 30.06.23	Audited 12 Months Ended 31.12.23
Basic earnings per share	7.2p	10.3p	23.0p
Diluted earnings per share	7.0p	10.3p	22.0p
Adjusted basic earnings per share	15.5p	13.9p	29.7p
Adjusted diluted earnings per share	15.1p	13.9p	28.4p

7. DIVIDENDS

	Unaudited *As at* 30.06.24 £'000	Unaudited *As at* 30.06.23 £'000	Audited As at 31.12.23 £'000
Final dividend paid	4,611	2,807	2,807
Dividend per share paid	7.4p	8.8p	8.8p
Interim dividend paid	-	-	1,476
Dividend per share paid	-	-	4.6p
Special dividend paid	641	-	-
Dividend per share paid	2.0p	-	-
Total Dividends paid	5,252	2,807	4,283

An interim dividend for 2024 of 6.0p per share has been declared and will be paid on 4 October 2024 to all shareholders on the register on 20 September 2024. Our shares will be marked ex-dividend on 19 September 2024. The total amount payable is £3.8m.

8. BORROWINGS

	Unaudited *6 Months* *Ended* 30.06.24 £'000	Unaudited *6 Months* *Ended* 30.06.23 £'000	Audited 12 Months Ended 31.12.23 £'000
Repayable within one year:			
Bank loan (revolving credit facility)	-	2,500	2,500
Bank loan (term loan)	2,333	-	-
Repayable in more than one year:			
Bank loan (revolving credit facility)	6,000	-	-
Bank loan (term loan)	11,667	-	-

On 31 May 2024, the company agreed facilities with Barclays Bank Plc totalling £27.0m of which £5.0m is an accordion subject to conditions at the time of requesting its use. This loan facility comprised of a:

Term Loan - £14.0m term loan drawn down on 31 May 2024 and repayable over 3 years with extension options to 5 years. This is currently being repaid over 3 years with quarterly instalments of £777,777 due from 1 November 2024. The interest rate appliable to the term loan is 2.2% over SONIA

Revolving credit facility ("RCF") – £8.0m was immediately available of which £1.0m was drawn down on 31 May 2024 and £5.0m was drawn down on 6 June 2024, with £2.0m remaining unutilised. The interest rate applicable to the RCF is 2.5% over SONIA. There is a non-utilisation rate of 1% on undrawn amounts.

The loans are secured with a fixed and floating charge over the Group's assets and a cross guarantee over all companies in the Group.

The cash inflow for borrowings arising from financing activities during the period was £20m.

9. DEFERRED TAX

The movement in the deferred tax balance includes deferred tax arising on business combinations (see note 11 for details) and the release of deferred tax against the amortisation of acquired intangibles.

10. ACQUISITIONS

Acquisition of Belvoir Group plc

Effective 7 March 2024 the Group acquired the entire issued and to be issued share capital of Belvoir Group plc, a competitor property franchisor with a network of over 300 franchised offices across the UK. It operates under 6 brands and also has a significant financial services division comprising a network of over 300 mortgage advisors. Total consideration was £107.2m, being £103.5m in relation to a share for share exchange whereby each Belvoir shareholder was issued 0.806377 new shares in The Property Franchise Group plc and £3.7m in cash which was used to settle share option obligations.

An exercise is currently being undertaken to allocate the purchase price between the fair value of intangible assets acquired with the remainder being recognised as goodwill. The assets acquired are likely to be master franchise agreements, lettings books and brands.

The value of the intangible assets and goodwill acquired has been estimated at £117m. Amortisation of £1.0m has been included in these financial statements for the period from 7 March - 30 June 2024 based on the current estimate of intangibles acquired. The deferred tax arising on the intangibles acquired is estimated at £15m. Further details will be included in the year-end financial statements when the values will have been finalised.

Acquisition of GPEA Limited

On 31 May 2024 the Group acquired the entire issued and to be issued share capital of GPEA Limited and associated companies, trading as The Guild of Property Professionals and Fine & Country. Total consideration was £20.0m, of which £15.0m was paid in cash on acquisition and is subject to the finalisation of the completion accounts process. There is also deferred consideration of £5.0m payable on the first anniversary of the date of acquisition.

An exercise is currently being undertaken to allocate the purchase price between the fair value of intangible assets acquired with the remainder being recognised as goodwill. The assets acquired are likely to be master franchise agreements and brands.

The value of the intangible assets and goodwill acquired has been estimated at £24m. Amortisation of £0.1m has been included in these financial statements for the period from 31 May - 30 June 2024 based on the current estimate of intangibles acquired. The deferred tax arising on the intangibles acquired is estimated at £4m. Further details will be included in the year-end financial statements when the values will have been finalised.

11. OTHER RECEIVABLES

Other non-current receivables comprise outstanding loans advanced to franchisees.