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Franchise Brands PLC
20 June 2024

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FRANCHISE BRANDS PLC
("Franchise Brands", the "Group" or the "Company")

Final results for the year ended 31 December 2023

Acquisition of Pirtek doubled the size of the Group and integration progressing well

Franchise Brands plc (AIM: FRAN), an international multi-brand franchise business, is pleased to announce its audited results for the year ended 31 December 2023.

Financial highlights

- System sales increased by 88% to £350.1m (2022: £186.4m).
- Statutory revenue increased by 74% to £121.3m (2022: £69.8m*).
- Adjusted EBITDA** increased by 97% to £30.1m (2022: £15.3m*).
- Adjusted profit before tax increased 55% to £19.7m (2022: £12.7m*).
- Adjusted EPS*** increased by 1% to 8.42p (2022: 8.34p*).
- Adjusted net debt**** of £74.7m at 31 December 2023 (31 December 2022: net cash of £9.8m), 2.48x Adjusted EBITDA.
- Cash conversion rate increased to 100% (2022: 90%) demonstrating the strong cashflow performance of the Group's franchise businesses.
- Final dividend for FY23 of 1.2p per share proposed (2022: 1.1p), giving a 10% increase in the total dividend for the year of 10% to 2.2p per share (2022: 2.0p), 3.9 times covered by Adjusted profits after tax (2022: 4.2 times).

*The results include a number of prior year adjustments which are set out in Note 1 to the Accounts in the Annual Report & Accounts. The overall impact of the adjustments in 2022 is a reduction in statutory revenue of £29.3m and no change in Adjusted EBITDA as explained further below.

Operational highlights
Another year of momentous change for the business with the acquisition of Pirtek Europe Ltd for £210.8m*****, funded by £100m of bank debt and £114.3m of equity, which has again doubled the size of the Group.

- The enlarged Group performed strongly in the period generating both the profitability and the cashflow required to service and reduce the debt taken on to fund the Pirtek acquisition.
- During just over eight months of ownership in 2023, Pirtek traded at record levels, contributing as expected to the Group's results.
- The integration of Pirtek is progressing well, with an immediate focus on optimising the effectiveness of the business through utilising shared resources, in particular technology.
- In the newly named Water & Waste Services division, system sales grew by 18.2% to £106.7m, with Metro Rod and Metro Plumb being the main drivers of this increase.
- Creation of new centralised international IT function that will manage every aspect of the digital landscape for the whole business.

Outlook

- The resilient underlying demand for the Group's essential reactive services means that the business continues to perform well and grow. The Group's key divisions all achieved record results in 2023, despite some softening in demand in the second half of the year in the construction and hire-fleet customer sectors which has continued into the current year.
- The fall in the price for used oil in the US also impacted profits in 2023, and whilst volumes continue to grow, the price continues to soften which will impact our income in 2024.
- The change in the accounting treatment of sale of franchise territories income from taking revenue upfront to spreading it over the life of the franchise agreement may also impact profit in 2024.
- The short-term operational focus is continuing the integration of all the Group's businesses and repaying the Pirtek acquisition debt, which is progressing well.
- The centralised international IT function will accelerate growth and new developments that can positively impact the Group although it will increase our IT expenditure in the short term.
- Capital allocation decisions will balance debt reduction, a progressive dividend policy and organic investment in the Group. The Board does not expect to make any further acquisitions of scale until the acquisition debt is substantially repaid.

Stephen Hemsley, Executive Chairman, commented:

"The Group has delivered Adjusted EBITDA at the top end of the range of market expectations in a year when we once again doubled the size of the Group with the acquisition of Pirtek, having doubled in size in 2022 as a

We once again doubled the size of the Group with the acquisition of Pirtek, having doubled in size in 2022 as a result of the acquisition of Filta. The Group now operates seven brands in ten countries in the UK, Continental Europe and North America, giving it a more diversified international footprint and range of resilient business services.

"The resilient underlying demand for the Group's essential reactive services enabled all of its key divisions to achieve record results in 2023, despite some softening in demand in the construction and hire-fleet customer sectors and in used oil prices which has continued into the current year. We see significant growth potential for our principal franchise brands of Pirtek, Metro Rod and Filta, which have small shares of large markets, as we extend their range of services, geographical penetration and cross-selling to our larger customer base. This growth potential is supported by our Maximum Potential Model which we use to estimate the potential size of our markets.

"We are progressing well with integrating the Group's businesses and beginning to share resources internationally, enabled by technology, which will accelerate operational gearing for both us and our franchisees in the coming years. This progress will support our medium-term ambitions of growing system sales to c.£600m and Adjusted EBITDA of c.£60m in 2027, and given the Group is highly cash-generative, we will continue to de-gear as previously guided, giving me great confidence in the tremendous opportunity ahead."

*** 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.*

*****Adjusted net debt is the key debt measure used for testing bank covenants and excludes debt of £7.6m on right-of-use assets.*

******Less the cash acquired, net of share issue costs*

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About Franchise Brands plc

Franchise Brands is an international, multi-brand franchisor focused on B2B van-based service with 7 franchise brands and a presence in 10 countries across the UK, North America and Europe. The Group is focused on building market-leading businesses primarily via a franchise model and has a combined network of over 625 franchisees.

The Company owns several market-leading brands with long trading histories, including Pirtek in Europe, Filta, Metro Rod and Metro Plumb, all of which benefit from the Group's central support services, particularly technology, marketing, and finance. At the heart of Franchise Brands' business-building strategy is helping its franchisees grow their businesses: "if they grow, we grow".

Franchise Brands employs c700 people across the Group.

For further information, visit www.franchisebrands.co.uk

CHAIRMAN'S STATEMENT

Introduction
2023 has been another year of momentous change for the business with the acquisition of Pirtek, which has again doubled the size of the Group, following the doubling in size in 2022 as a result of the acquisition of Filta Group Holdings plc. The expanded Group now operates seven brands in ten countries in the UK, Continental Europe and North America, giving it a more diversified international footprint and a broader range of resilient business services. The Group generated System sales of £350m in 2023 (statutory revenue: £121.3m).

The enlarged Group performed strongly in the period, generating both the anticipated profitability and the cashflow required to service and reduce the debt taken on to fund the Pirtek acquisition. The Group will use cashflow required to service and reduce the debt taken on to fund the Pirtek acquisition. The Group will use the cash flow from its highly cash-generative, mainly franchised businesses to de-gear and anticipates being in a net cash position in 2027, with this enhanced value accruing to shareholders.

Pirtek Europe
On 20 April 2023, we acquired the entire share capital of Hydraulic Authority I Limited and its subsidiaries, (together "Pirtek"). Pirtek is an established provider of on-site hydraulic hose replacement and associated services. The service is provided via 73 franchises that operate through 217 service centres with over 850 mobile service units ("MSUs"). Its revenues are primarily derived from franchising.

Pirtek operates in eight European countries: the UK, Germany, the Netherlands, Belgium, France, Sweden, Austria and the Republic of Ireland. In the UK, Germany, the Netherlands, Belgium and the Republic of Ireland, the business is mostly franchised, whereas the operations in the start-up markets of France and Sweden are corporately operated. 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. However, our priority is to achieve profitability in all existing countries before venturing into new markets.

The Pirtek division generated total System sales of £126.0m (statutory revenue: £42.0m). The more developed franchise markets have national coverage and are highly profitable, whereas the start-up corporate markets in France and Sweden and the small Austrian operation have yet to reach scale and only make a small profit.

The resilient underlying demand for Pirtek's essential reactive services resulted in the division trading at record levels during our eight months of ownership in 2023, despite some softening in demand in the second half of the year in the construction and hire-fleet customer sectors that particularly impacted Pirtek in the UK and Germany. These sectors have remained subdued in the year to date, but other Pirtek customer sectors are growing strongly, including waste management, logistics and rail.

Following the completion of the acquisition, we reviewed Pirtek's management structure and concluded that the previous holding company management structure, which was needed as an independent private equity-owned business, was unnecessary as part of a larger group. The objective was to integrate the Pirtek business into Franchise Brands and share as many resources as possible. This integration is being led by Chris Stuckey, previously Managing Director of Pirtek UK, who was promoted to CEO of Pirtek Europe.

An area of particular focus is IT, where Pirtek has a variety of both works management and financial systems, and we have the objective of unifying these, and other systems around the Group, onto common platforms.

With only a modest amount of adaptation, our in-house works management system, Vision, will be an ideal replacement for the Pirtek works management system, and thereby save third party licensing costs. This will result in improved functionality, cost savings and sharing of information for both the franchisees and at corporate level.

We are also working on the closer integration of the Pirtek businesses in the various countries, which, under previous private equity ownership, have historically operated on a more stand-alone basis. We also see a significant opportunity for co-operation with the Metro Rod and Filta businesses at both the franchisee and corporate levels. By sharing resources, knowledge and particularly customers, we believe that growth in System sales for the whole group will be accelerated and overhead costs reduced.

The Pirtek business has a significant opportunity to continue growing in its existing more developed markets through the expansion of its reactive business and by extending the range of services offered. The earlier-stage markets of France, Sweden, and Austria also have huge potential to reach scale and national coverage, particularly where the competition is fragmented. In addition, Pirtek has the opportunity to expand into eight more European markets, which will be developed when the existing early-stage markets become more mature and profitable.

Water & Waste Services division
As most of the group's businesses now operate in the B2B environment, we have renamed the B2B division the Water & Waste Services division, which more accurately describes its activities.

This division includes the UK-based businesses Metro Rod, Metro Plumb, Kemac, Willow Pumps, the Filta UK direct labour operations ("DLO") and the Filta Environmental franchise network. The Filta businesses are included for the full 12 months in this period compared with ten months in 2022 following the acquisition in March 2022. Overall, System sales grew by 18.2% to £106.7m (statutory revenue: £48.9m), with Metro Rod and Metro Plumb being the main drivers of this increase.

Metro Rod, Metro Plumb and Kemac
Metro Rod and Metro Plumb delivered continued strong momentum, with System sales growing by 19.7% in the period to £71.6m (statutory revenue: £15.2m). The rate of growth, however, slowed in H2 to 16% compared with 24% in H1. This resulted from a planned reduction in our dependency on fixed price, high volume, emergency work that provides no potential upside for further work. The valuable labour resources that have been freed up are driving our average order value, which increased by 12% during the year on a 7% increase in jobs completed.

This growth was spread throughout almost the entire network, with 86% of our 42 Metro Rod franchisees growing their businesses in the period (2022: 91%) and 48% growing by more than 20% year-on-year (2022: 61%).

Metro Plumb continued to expand with 18 stand-alone and 19 combined Metro Plumb/Metro Rod franchisees, and six territories operated by Kemac. This results from seven new stand-alone franchisees and two leavers over the previous 12 months. Metro Plumb System sales grew by 22% and now represent 9.6% of total Metro Rod and Metro Plumb System sales in 2023. We continue to focus on increasing the number of stand-alone franchisees and broadening the customer base in both the commercial and domestic plumbing sectors.

Kemac, the London-based DLO plumbing business that operates Metro Plumb corporate franchises and provides specialist services to several water utilities increased its revenues by 10.5% in 2023.

Willow Pumps
Willow Pumps revenue grew by 2.7% to £18.7m (2022: £18.2m), following a significant slowdown in H2. However, this can be attributed to the new management team, which assumed control of the business towards the end of H1, and shifted it away from activities that produced significant sales but little profit, such as above-ground installations and adoptable pump stations. A "special projects" division was also launched during the year focused on work that would be beyond the scope of the Metro Rod franchise network. We expect this new activity to make a significant contribution in future years.

The Metro Rod corporate franchises in Kent & Sussex operated by Willow Pumps were successfully split up and sold to two neighbouring Metro Rod franchisees in H2.

Filta UK
Filta UK has undergone a period of considerable change since being acquired in March 2022. Following the initial management reorganisation, which returned the business to profitability, we have continued to review how best to deliver the wide range of services offered by this business, which was made up of the original and much-neglected Filta Environmental franchise network and two acquisitions that had not been effectively integrated. Some of these services duplicated Metro Rod and Willow Pumps services or could be more efficiently serviced by a re-invigorated Filta Environmental franchise network.
As a result of our review, the following further actions have been taken:

- The servicing of Grease Recovery Units ("GRUs") previously undertaken by direct labour has been largely transferred to the Filta Environmental franchise network. This has significantly improved the economics of these franchisees' businesses and has allowed us to begin expanding this network. This transfer has reduced our corporate sales and profits but will allow us to build a more robust and sustainable long-term business model, which can be expanded nationally on a franchise basis.
- The previous distribution arrangement for the supply of the Cyclone GRU has been terminated, and we have acquired the intellectual property rights associated with this unit. We have sub-contracted manufacturing, and now have a reliable supply chain of one of the best-performing GRUs on the market. This will help ensure a consistent supply to our existing customers. It also provides us with the ability to push ahead with marketing to new customers in this rapidly growing market where the treatment of waste water to reduce fats, oil and grease being discharged into the public sewerage system has become a legal requirement.
- The FiltaSeal business, which provides a cost-effective service replacing fridge and freezer seals on-site for a wide range of customers, is being expanded as a DLO by recruiting more technicians and by additional marketing to the Group's expanded customer base.
- Overall, Filta UK System sales increased by 35.0% to £12.3m (2022 ten months: £9.1m) and on a like-for-like basis by 13% despite the transfer of servicing business to the franchisees. Now that most of the necessary structural changes have been implemented, we expect further significant progress in 2024.

Filta International
Filta North America System sales increased 34% to $108.2m (statutory revenue: $33.0m) and by 12% on a like-for-like basis. In sterling, System sales increased by 30% to £87.0m (2022 ten months: £66.7m) and by 8% on a like-for-like basis. The management team in North America continued to develop the FiltaMax strategic growth initiatives based on the Maximum Potential Model and experienced robust activity across all key customer sectors. Our focus is now on over 50 metro areas where franchisees can build businesses of scale.

Used oil volumes, sold for recycling into biodiesel, increased by 25% to 6.2m gallons, and to accommodate this, more franchisees have been installing 6,000 gallon tanks. However, in local currency, this was more than offset by a fall in the average weighted selling price of 21% compared with 2022, resulting in a 1% year-on-year reduction in revenue. In sterling term, a decline in the average weighted price of 22% resulted in a decline in revenue of 3%. At the start of 2024, the price of used oil continued to decline but has now stabilised at a lower level, impacting revenue and margin in the current year for both us and our franchisees.

Excluding the revenue from used oil sales and on a like-for-like basis, System sales in North America increased by 19% in local currency and 12% in sterling. To reduce our reliance on used oil sales and to better align us with our franchisees we are transitioning towards an income model based on management service fee ("MSF"). This will be introduced as fast as possible but in some cases may have to wait until the renewal of the franchise agreement, which could be as long as nine years.

The range of services offered to our commercial kitchen customer base is also being expanded with the addition of new bulk virgin oil sales and a kitchen cleaning service, on which MSF will be immediately payable. The delivery of virgin oil (FiltaGold) has been developed with the roll-out of bulk oil handling equipment to franchisees. This will enable them to buy virgin oil in bulk, dispense it into reusable 17-litre "jugs", and profitably supply it to customers at a competitive price. An additional attraction to our customers is the ESG benefits arising from the reduction in the waste they generate from the use of reusable jugs, which will be reported to them in the monthly Environmental Statement that Filta provides.

We have also strengthened the management team of the North American business by recruiting John Michals as Chief Operating Officer. John joined Filta as the franchisee for New Jersey just before the COVID lockdowns but has subsequently led one of the fastest-growing franchises in the network. He is well respected by his fellow franchisees, having previously been President of the Filta Franchise Association. We look forward to working with John and using his valuable experience to accelerate the growth of the Filta system in North America.

Filta's European markets are at an earlier stage and require more work to develop a compelling corporate and franchise model. A number of different strategies are being considered at present to grow this business and eliminate its small losses, including merging the overhead with the established Pirtek business in Europe.

Filta is an almost unique business, with virtually no direct competition and a huge potential market in the US, where customers can benefit from both the cost savings resulting from oil filtration and the environmental benefits arising from the responsible recycling of used oil and fats, oils and grease ("FOG") management. This business has real traction in the US and is poised for significantly accelerated expansion with the strengthening of the management team.

B2C division
The B2C division comprises the ChipsAway, Ovenclean and Barking Mad franchise businesses. The franchise recruitment and retention environment in the UK continues to be challenging. Record employment levels, high wages, high interest rates, and elevated inflation have made people more risk-averse and less attracted to self-employment, even in the relative safety of a franchise model.

Notwithstanding this backdrop, franchise recruitment in 2023 matched that for 2022, with 39 new franchisees joining our B2C brands, and the number of leavers declined from 69 to 59. Overall, we closed the year with 327 franchisees compared to 347 at the end of 2022. In a difficult market, we consider this to be a creditable performance.

In early 2023, we announced that we intended to seek a buyer for the B2C division. While offers were received, these did not meet our expectations, so we decided to suspend marketing activity until further notice. This remains the current position.

Digital transformation

Digital transformation
In my 2020 statement, I announced a three-year journey to further develop our IT systems so that jobs could eventually be booked online, deployed to an engineer, reported to our customer, and billed with minimum human intervention. I anticipated that efficiency gains and enhanced sales opportunities would cover the additional cost of the more extensive digitisation of the business and thereby have very little effect on short-term profitability.

Most of the 2020 technical objectives have been met and are being rolled out across the business. The recent acquisitions of Filta and Pirtek have given us the opportunity to implement these developments on an international basis and further enhance them with the new tools available through AI. As an international group that is now more visible, we also need to be ever-more vigilant in cyber security.

We are now taking a further strategic step by creating a centralised international IT function. This function will manage every aspect of the digital landscape for the whole business, ensuring efficient day-to-day IT operations and accelerating new developments that can positively impact the group. This move builds on the expertise we acquired with Azura, enhancing our systems and platforms. Our aim is to migrate most of our UK and European businesses onto a uniform platform based on our "Vision" works management system and a new accounting system, further streamlining our operations.

This will once again increase our IT expenditure in the short term, but as we replace third-party systems, on which we pay licence fees, with our own internally developed systems, the additional costs of the roll-out will decline.

Azura, already a SaaS supplier to around 30 non-group franchise businesses, is also growing as its work for the group enhances its software platforms, making them more attractive to larger third-party users. I anticipate this business becoming a more significant contributor to group profits over the coming years.

Corporate governance
In line with the expansion of the Group and our ambitions for the future, we have developed our corporate governance by introducing a two-tier Board structure. The plc Board now comprises two Executive Directors and three Non-executive Directors, two of whom are independent. I am pleased to welcome to the plc Board Mark Fryer, who joined us as Chief Financial Officer in August, and Peter Kear, who joined us as our Senior Independent Non-executive Director in October. I am also pleased to welcome Rob Bellhouse, previously an independent Non-executive Director, as Company Secretary.

The Management Board is made up of the Chairman, the Chief Financial Officer, the divisional CEOs, the Directors of the central support functions, and the Company Secretary. It is responsible for the day-to-day operational and financial management of the business and the delivery of the Group's strategic plan.

Corporate development and capital allocation
Following the acquisition of Filta and, more recently, Pirtek, our strategic focus is on integrating these businesses into the Group and repaying the acquisition debt facilities.

We will also seek to organically grow System sales by cross-selling all group services into our enlarged customer base, and expanding the range of services offered to deepen and widen this customer base. We will also seek to use our shared central services of finance, IT, and marketing to enhance the effectiveness of all our businesses while looking to reduce costs by sharing resources.

Capital allocation decisions will balance debt reduction, a progressive dividend policy and organic investment in the Group. The Board does not expect to make any further acquisitions of scale until the Pirtek acquisition debt is substantially repaid.

Outlook
The acquisitions of Filta and Pirtek have significantly advanced our ambition of building a market-leading international B2B multi-brand franchisor that generates its income equally from the UK, North America and Continental Europe. The resilient underlying demand for the Group's essential reactive services means that the business continues to perform well and grow. Its key divisions all achieved record results in 2023, despite some softening in demand in the second half of the year in the construction and hire-fleet customer sectors which has continued into the current year.

The reduced pricing being received for used oil in the US also impacted profits in 2023, and whilst volumes continue to grow, the price continues to soften which will impact our income in 2024. The change in the accounting treatment of franchise recruitment income from taking revenue upfront to spreading it over the life of the franchise agreement may also impact profit in 2024.

Our short-term operational focus is integrating all the Group's businesses and repaying the Pirtek acquisition debt, which is progressing well. We are beginning to share resources internationally, particularly in IT, which will accelerate our operational gearing for both us and our franchisees in the coming years.

The Maximum Potential Model, which we use to estimate the size of the markets in which we operate, demonstrates the significant opportunity we have for all our B2B businesses. The Group's System sales in 2023 were £350m, but we estimate the maximum market potential for Metro Rod, Filta International, and Pirtek, based on just the existing range of services we offer, to be £1.8bn.

We have incorporated this methodology into a medium-term strategic model that we set out at our Capital Markets Day on 20 February 2024. The strategic model underscores the Group's medium-term ambitions of growing System sales at a compound rate of 11-12% to achieve c.£600m in 2027. Operational gearing, enabled by technology, will also be a significant driver of Adjusted EBITDA growth. Our operational gearing KPI is the ratio of Adjusted EBITDA to System sales which in 2023 was 8.6%. We aim to improve this by 30 basis points per annum, which, if achieved, would result in an Adjusted EBITDA of c.£60m in 2027.

As a franchised business, the Group is highly cash-generative, and we will use this cash flow to de-gear, with the modelling indicating that we will be in a net cash position by the end of 2027. Whilst this is not a forecast, it demonstrates the tremendous opportunity we have and gives me great confidence in our future prospects.

Conclusion
2023 has been another busy year as we build a Group with a truly international reach.
I would like to welcome our new colleagues at Pirtek and look forward to working with them for many years to come. 2024 is bringing a changed focus as we work on integrating the recent acquisition and repaying our debt, but I am not expecting this to be any less exciting for the excellent corporate team we are building.

Of course, none of this would have been possible without our dedicated franchisees, so I would also like to thank them for their continued hard work and commitment to building our great business. We truly believe that if our franchisees grow, we grow.

that if our franchisees grow, we grow.

Stephen Hemsley
Executive Chairman
19 June 2024

FINANCIAL REVIEW

At close of business on 20 April 2023, we acquired the entire share capital of Hydraulic Authority 1 Limited and its subsidiaries (together "Pirtek" or "Pirtek Europe"). The acquisition was announced to the Stock Exchange on 21 April 2023. The Group's results for the year ended 31 December 2023 therefore include a maiden contribution, for just over eight months, from Pirtek; the first full-year contribution from Filta, which was acquired in March 2022, and the B2C division, which is included as a continuing operation as it is no longer being actively marketed for sale.

Systems sales, which comprise the underlying sales of our franchisees and the statutory revenue of our Direct Labour Operations ("DLO"), increased by 88% to £350.1m in the period (2022: £186.4m). 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. Statutory revenue comprises many different types of revenue, including the MSF, which is now recorded on a net basis, as well as the statutory revenue of our DLOs. Statutory revenue increased by 74% to £121.3m (2022: £69.8m) after the prior year adjustments referred to below.

A strong trading performance and continued efficiency gains combined with cost savings from integrating Filta and Pirtek have enabled the Group to increase Adjusted EBITDA by 97% to a record £30.1m (2022: £15.3m). Adjusted EBITDA, although an alternate performance measure, is the most important KPI used in managing the business. Overall Adjusted EBITDA / System sales for 2023 has grown to 8.6% (2022: 8.2%), demonstrating the operational gearing arising from the integration of the acquisitions and the continuing digitisation of the business.

Another important KPI of the business, which drives organic investment, debt repayment and dividends, is cash conversion (cash from operations / Adjusted EBITDA). Excluding the acquisition and re-organisation costs for Pirtek in 2023 and Filta in 2022, the cash conversion rate increased to 100% (2022: 90%) demonstrating the strong cashflow performance of the Group's franchise businesses.

Prior Year Adjustments
Following the Group's recent material acquisition and subsequent increase in market capitalisation, the Group has become an Other Entity of Public Interest ("OPIE") and as such the audit of its accounts is now in scope for the purposes of the Financial Reporting Council's audit quality review processes. Following challenges from our auditors, BDO LLP as part of the audit process on the application of accounting standards, we have extensively reviewed our existing accounting policies to ensure they comply with the latest accounting standards and are consistent across the enlarged Group. This has caused a significant delay in publishing this year's results. We are confident this will not re-occur in future years.

As a result of this extensive review, several prior year adjustments are incorporated into the 2023 statements to reflect corrections needed in the 2022 Annual Report. The adjustments are laid out in greater detail in Note 1 on pages 127 to 128 of the Annual Report. The overall impact of the adjustments in 2022 is a reduction in statutory revenue of £29.3m and a reduction in adjusted EBITDA of £0.0m. The principal adjustments are:

- We have identified that certain transactions in the Group's Metro Rod Limited, The Filta Group Limited, Filta Deutschland GmbH and ChipsAway International subsidiaries had been incorrectly treated in respect of IFRS 15. National account revenue has historically been treated gross, with these subsidiaries being the principal. We are now treating this revenue net, as following consideration of the underlying contracts, facts and circumstances, we consider these subsidiaries to be acting as a commission agent for their franchisees.
- The businesses only have 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 2022 by £29.3m, with an equivalent reduction in cost of sales; there is no profit impact of this change.
- We have identified further transactions in the Metro Rod Limited subsidiary that have been treated incorrectly in respect of IFRS 15. National account revenue has historically been recognised at the point of invoice, as we considered this to be our performance obligation. We now consider our performance obligation to be the passing of the work order to the franchisee, having considered the underlying contracts, facts and circumstances. Therefore, revenue is now recognised at this point. The impact of this is to increase revenue and profit before tax in the year ended 31 December 2022 by £0.2m. In the Consolidated Statement of Financial Position this adjustment increases Trade and Other Receivables for Accrued Income by £3.5m (2021: £2.6m), increases Trade and Other Payables for Accruals by £2.7m (2021: £2.1m) and increases Retained Earnings by £0.7m (2021: £0.6m). In the Consolidated Statement of Cashflows the impact is an increase in profit of £0.2m, a £0.8m reduction in cash flows from trade and other receivables and a £0.7m reduction in cash flows to trade and other payables.
- We have identified that certain transactions in the Group had been incorrectly treated in respect of IFRS 15 in regard to the timing of recognising franchise sales and related training fees. Within Metro Rod Limited, ChipsAway International Limited, Ovenclean Limited and Barking Mad Limited in the past we have recognised the initial franchise fee when we have delivered the training for the new franchises to operate in line with the necessary standards on completion of the franchise sale (at a point in time). This is however considered a pre-opening activity necessary for the franchisee to operate and not a distinct performance obligation in the franchisee contracts of these subsidiaries. We are now recognising this revenue over the life of the franchise agreement on a straight line basis, as our obligation is to provide a license for the franchise to operate, which extends over the life of the agreement. The impact of this is to reduce revenue and profit before tax in the year ended 31 December 2022 by £0.2m. At 31 December 2022 this also created current deferred income of £0.1m (2021: £0.3m) and non-current deferred income of £0.1m (2021: £0.5m), increased liabilities held for sale by £0.8m (2021: nil), decreased assets held for sale by £0.1m (2021: nil), reversed previously held other debtors of nil (2021: £0.1m) and decreased Retained Earnings by £1.1m (2021: £0.9m) in the Consolidated Statement of Financial Position. In the Consolidated statement of Cashflows this decreased profit by £0.2m, increased cashflows from receivables £0.0m and decreased cashflows to payables £0.2m.
- Franchise Brands plc acquired Filta Group Holdings plc in March 2022. A valuation exercise was completed in the prior year as part of the purchase price allocation exercise as required by IFRS 3. Corrections required were identified, including incorrect rates and unsuitable valuation models for certain intangibles. Another valuation was completed to correct these points subsequent to the 12-

month measurement period.

- The review occurred outside the permitted time period, and as such requires correction as a prior year adjustment, not as a fair value adjustment. The revaluation decreased the fair value of intangibles acquired by £1.0m (reduced software acquired by £2.7m, reduced indefinite life brands by £0.1m, patent technology by £0.4m and customer relations by £0.6m; however, increased franchise agreements by £2.8m) and reduced the deferred tax liability by £0.3m at recognition with the corresponding impact being a £0.7m increase in goodwill. The impact on the Consolidated Statement of Income is a £0.2m increase in amortisation of acquired intangibles and a £0.0m increase in relation to the deferred tax credit. The impact on the Consolidated Statement of Financial Position is a £0.4m reduction in intangible assets and a £0.3m decrease in deferred tax liability. The impact on the Consolidated Statement of Cash Flows is a £0.1m reduction in profit, a £0.2m increase in the adjustment for amortisation of acquired intangibles and a £0.0m decrease in the adjustment for income tax with nil impact to operating cash flows.
- In previous periods cash transferred to the Employee Benefit Trust (EBT) was included as part of the EBT reserve. As this cash is held on our behalf, it is now accounted for in cash and cash equivalents. This has increased cash at 31 December 2022 by £0.1m and increased cash at 31 December 2021 by £0.0m in the Consolidated and Company Statement of Financial Position with the corresponding decrease in the EBT reserve. In both the Consolidated and Company Statement of Cashflows this has decreased the purchase of shares by the EBT £0.1m, increased cash at the beginning of the period by £0.0m and increased cash at the end of the period by £0.1m.
- Cash outflows of £1.7m for the year ended 31 December 2022 with regards to deferred consideration were incorrectly presented as operating cash outflows. As the deferred consideration was related to the purchase of Willow Pumps Limited, these should be recorded as investing activities. As a result, these have been reclassified in the Consolidated and Company Statement of Cash Flows for the year ended 31 December 2022, increasing cash flows from operations by £1.7m and increasing cash outflows from investing activities by £1.7m, with no overall impact on cash flows.
- The company incurred costs of £1.0m in the acquisition of Filta Group Holdings, expensed as non-recurring costs. Of this, £0.9m were directly attributable costs therefore the treatment of this was incorrect, in accordance with IAS 27 that requires measurement of investment in subsidiaries at cost for the Company. The correction removes these non-recurring costs and increases the investment in group companies. This change is reversed on consolidation in line with IFRS 3 and so has no impact on the Consolidated Statement of Comprehensive Income. In the Company Statement of Comprehensive Income it decreases non-recurring costs by £0.9m and increases profit £0.9m. In the Company Statement of Financial Position, it increases investment in subsidiaries by £0.9m; and in the Company Statement of Cash Flows there is a £0.9m increase in cash flows used in the acquisition of subsidiaries.
- We have identified that corrections were required in recording intercompany debtors in the company, as they had been incorrectly netted off against creditors in the prior periods. These were originally shown within Trade and Other Payables, so adjustments to the Company Statement of Financial Position were required to increase both Trade and Other Receivables and Trade and Other Payables by £0.6m (2021: £0.3m). There is no change to profit or reserves. The adjustments had no overall impact on cashflows. In the Company Statement of Cashflows it decreased cash flows from trade and other receivables by £0.3m, with an equivalent decrease in cash flows to trade and other payables.
- We have identified that corrections were required in relation to the treatment of trade debtors recognised in Metro Rod Limited for Local Account sales. In such transactions, the work is sourced by the Franchisee but billed by Metro Rod Limited. The Group is obtaining MSF Royalty income only on the transaction and does not have the credit risk for the full amount. Trade debtors should, therefore, reflect only the amounts due to the Group being the MSF Royalty income. If advanced payments are made to the franchisee before receipt of the full payment from the customer, this should be recorded as a franchisee loan debtor. Given that this is a contractual obligation to the franchisee, the Group has recorded the open commitments at year-end in Note 22. When payment is collected from the customer the assets recorded are de-recognised and a trade payable recorded for the amounts due to the Franchisee. The impact to the Consolidated Statement of Financial Position is a £0.1m (2021: £0.4m) reduction in trade and other receivables and a reduction of £0.1m (2021: £0.4m) in trade and other payables. There is no impact on the Consolidated Statement of Cash Flows. The impact on the Consolidated Statement of Cash Flows is 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.

The following restatements have been made to improve disclosures:

- Within Note 7 of the financial statements, prior year revenue has been disaggregated further to better understand the Group's revenue streams to ensure compliance with the requirements of IFRS 15.
- Within Note 14 of the financial statements prior year, intangible assets with indefinite useful lives have been disaggregated further to show Filta International and Filta UK as separate CGUs in line with the conclusions reached by Group management in the prior year. There is no impact on intangibles. The note now also includes the recoverable amount for all CGUs as required by IFRS.
- In Note 5 of the financial statements, the segment reporting note has been restated to show the assets arising from the consolidation as unallocated assets rather than assets from another segment.
- Within Note 6 of the financial statements additional disclosures have been made within the Filta Group Holdings section regarding the primary reasons for the business combination, and the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for 2022 as required by IFRS 3.
- Within Note 4 of the financial statements we have restated trade and other payables within the categories of financial instruments table, as it previously included deferred income, which is not defined as a financial instrument.

Summary statement of income

	2023 **£'000**	2022 (restated) £'000	Change £'000	Change %
System sales	**350,053**	**186,353**	**163,700**	**88%**
Statutory revenue	**121,265**	**69,839**	**51,426**	**74%**
Cost of sales	(50,060)	(33,898)	(16,162)	48%
Gross profit	**71,205**	**35,941**	**35,264**	**98%**
Administrative expenses	(41,104)	(20,684)	(20,420)	99%
Adjusted EBITDA	**30,101**	**15,257**	**14,844**	**97%**
Depreciation & amortisation of software	(4,417)	(2,281)	(2,136)	94%
Finance expense	(5,711)	(235)	(5,476)	2330%

Impairment loss	(96)	-	(96)	100%
Foreign Exchange	(146)	-	(146)	100%
Adjusted profit before tax	**19,731**	**12,741**	**6,990**	**55%**
Tax expense	(5,153)	(2,560)	(2,593)	101%
Adjusted profit after tax	**14,578**	**10,181**	**4,397**	**43%**
Amortisation of acquired intangibles	(7,718)	(1,693)	(6,025)	
Share-based payment expense	(838)	(535)	(303)	
Non-recurring items	(6,159)	(1,708)	(4,451)	
Other gains and losses	-	1,232	(1,232)	
Tax on adjusting items	3,174	649	2,525	
Statutory profit	**3,037**	**8,126**	**(5,089)**	**(63%)**

Divisional trading results
Following the acquisition of Pirtek, the decision was taken to rename the B2B Division as Water & Waste Services division to better distinguish the Group trading activities. The divisional trading results may be analysed as follows:

	Pirtek £'000	Water & Waste Services £'000	Filta International £'000	B2C £'000	Azura £'000	Inter-company £'000	2023 £'000
System sales	**125,976**	**106,661**	**90,482**	**26,189**	**745**	**-**	**350,053**
Statutory revenue	**41,947**	**48,880**	**27,117**	**6,106**	**745**	**(3,530)**	**121,265**
Cost of sales	(11,408)	(23,284)	(17,349)	(1,207)	(0)	3,188	(50,060)
Gross profit	**30,539**	**25,596**	**9,768**	**4,899**	**745**	**(342)**	**71,205**
GP%	73%	52%	36%	80%	100%	10%	59%
Administrative expenses	(17,221)	(14,689)	(3,671)	(2,583)	(531)	342	(38,353)
Divisional EBITDA	**13,318**	**10,907**	**6,097**	**2,316**	**214**	**-**	**32,852**
Group overheads	-	-	-	-	-	-	(2,751)
Adjusted EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**30,101**

	Pirtek £'000	Water & Waste Services (restated) £'000	Filta International £'000	B2C (restated) £'000	Azura £'000	Inter-company £'000	2022 (restated) £'000
System sales	**-**	**90,223**	**69,560**	**25,773**	**797**	**-**	**186,353**
Statutory revenue	**-**	**42,473**	**23,750**	**6,138**	**797**	**(3,319)**	**69,839**
Cost of sales	-	(20,111)	(15,659)	(1,063)	(1)	2,936	(33,898)
Gross profit	**-**	**22,362**	**8,091**	**5,075**	**796**	**(383)**	**35,941**
GP%		53%	34%	83%	100%	12%	51%
Administrative expenses	-	(13,112)	(2,877)	(2,618)	(625)	383	(18,849)
Divisional EBITDA	**-**	**9,250**	**5,214**	**2,457**	**171**	**-**	**17,092**
Group overheads	-	-	-	-	-	-	(1,835)
Adjusted EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**15,257**

On consolidation, certain inter-company revenues and costs are eliminated to reconcile the Group's statutory revenues, gross profit, and administrative expenses to the underlying entities. These include the work undertaken by Metro Rod on behalf of Willow Pumps and the IT development work undertaken by Azura on behalf of various Group subsidiaries. The net effect on Adjusted EBITDA is zero.

Pirtek Europe

Pirtek Europe operates through a network of depots providing on-site hydraulic hose replacement in eight European countries. It was acquired in April 2023, and therefore, the trading results summarised below comprise just over eight months of
post-acquisition contribution.

	Franchise £'000	DLO £'000	Central Costs £'000	**2023 £'000**
System sales	**118,687**	**7,289**	**-**	**125,976**
Statutory revenue	**34,771**	**7,292**	**(116)**	**41,947**
Cost of sales	(9,954)	(1,570)	116	**(11,408)**
Gross profit	**24,817**	**5,722**	**0**	**30,539**
GP%	71%	78%	0%	**73%**
Administrative expenses	(11,178)	(5,305)	(738)	**(17,221)**
Adjusted EBITDA	**13,639**	**417**	**(738)**	**13,318**

Like other businesses in the Group, System sales comprise the sales made to third parties by franchisees; franchise territories operated corporately in each country; and by the DLO operations in the corporate markets of France and Sweden. 94% of System sales were generated by franchisees and 6% by DLOs.

Statutory revenue is made up of MSF and other fee income generated from franchisees (46%), the sale of materials used in the core hose replacement business (25%), and the sales revenue generated by the corporate operations (28%). The business also generates some revenue from the sale and resale of franchise territories, but as the business has national coverage in its largest markets of the UK, Germany and the Netherlands, this is less than 1% of revenue.

When the Pirtek business in Europe was first established in 1998, the franchise model was set up as it had been in other countries, with franchisees paying a low percentage MSF but being tied in under the franchise agreement to purchase all their materials from the franchisor at a mark-up. This structure required constant policing to ensure compliance. In 2017, the company began transitioning to the current model whereby materials are supplied at cost, and a higher MSF Royalty income is received in exchange. This better aligns the interests of the franchisee and franchisor in growing the business, particularly where the service has a high labour, as opposed to material element in the sale, such as with total hose management. The transition was completed in the UK, the Republic of Ireland ("RoI"), Germany, and Austria before the acquisition. It was finally completed in the Netherlands and Belgium by the end of 2023.

The UK and the RoI are the most developed markets, generating £55.8m or 44% of Pirtek Europe's System sales and £6.8m or 51% of its Adjusted EBITDA. RoI, which is operated from the UK facility, was started in 1994 and generates 8% of territory System sales. Both the UK and ROI are almost entirely franchised, with only two corporate franchises in York and Aberdeen. Materials supplied to franchisees make up 27% of the division's Statutory revenue, but these are sold at a small margin, with almost all gross profit arising from the MSF on System sales and other small fees that franchisees pay for training and other add-on services.

Germany & Austria are the next most developed markets, with Germany having been established in 1996. Austria, which was started in 2014 and is operated from the German facility, generates 4% of territory System sales. The combined business generated £46.5m or 37% of Pirtek Europe's System sales and £4.2m or 32% of its Adjusted EBITDA. Like the UK, materials are supplied to the franchisees at cost, and it only has one corporate franchise in Graz, Austria, so once again, the vast majority of income is generated from MSF and other fee income from franchisees.

Benelux, which comprises the operations in the Netherlands and Belgium, were started in 1997 and 1998, respectively. Belgium, which operates from the Netherlands facility, generates 19% of territory System sales. The combined business generated £16.4m or 13% of Pirtek Europe's System sales and £2.6m or 19% of its Adjusted EBITDA. Benelux operates six of the 24 depots as corporate franchises, contributing 24% of System sales in these territories. As mentioned above, Benelux only completed the MSF transition at the end of 2023, so gross profit was generated from both the margin on materials supplied to franchisees and MSF on System sales.

The DLO operations in France and Sweden contributed £7.3m or 6% of the division's System sales and £0.4m or 3% of its Adjusted EBITDA. These early-stage operations do not have national coverage, making the acquisition of national customers more challenging. Whilst they are currently sub-scale, we intend to continue to invest in growing the footprint of depots and service vans and expect them to make a more meaningful contribution over the coming years. Like most franchise businesses, it is necessary to establish the business model's viability in new territories before promoting the opportunity to franchisees, which we may do in the future.

The central costs mostly represent the cost of the Pirtek Europe senior management team based in Acton, London.

Water & Waste Services division

The Water & Waste Services division comprises Metro Rod, Metro Plumb, Filta UK's franchise activities and the DLO operations of Willow Pumps, Filta UK and Kemac. The organisation of these activities within this division reflects both management responsibilities and our internal KPIs. The results of the Water & Waste Services division may be summarised as follows:

	Metro Rod £'000	**Willow Pumps £'000**	**Filta UK £'000**	**2023 £'000**	**Metro Rod (restated) £'000**	Willow Pumps £'000	Filta UK (restated) £'000	2022 (restated) £'000	Change £'000	Change %
System sales	**75,671**	**18,659**	**12,331**	**106,661**	**62,916**	**18,175**	**9,132**	**90,223**	**16,438**	**18%**
Statutory revenue	**19,203**	**18,659**	**11,018**	**48,880**	**15,641**	**18,175**	**8,657**	**42,473**	**6,407**	**15%**
Cost of sales	**(4,020)**	**(12,399)**	**(6,865)**	**(23,284)**	**(2,747)**	(12,196)	(5,168)	(20,111)	(3,173)	16%
Gross profit	**15,183**	**6,260**	**4,153**	**25,596**	**12,894**	**5,979**	**3,489**	**22,362**	**3,234**	**14%**
GP%	**79%**	**34%**	**38%**	**52%**	**82%**	33%	40%	53%	(0%)	(1%)
Administrative expenses	**(7,595)**	**(4,406)**	**(2,688)**	**(14,689)**	**(6,556)**	(4,134)	(2,422)	(13,112)	(1,577)	12%
Adjusted EBITDA	**7,588**	**1,854**	**1,465**	**10,907**	**6,338**	**1,845**	**1,067**	**9,250**	**1,657**	**18%**

Metro Rod

Metro Rod comprises the franchise and direct labour activities of Metro Rod and Metro Plumb and Kemac. The results may be summarised as follows:

	2023 £'000	2022 (restated) £'000	Change £'000	Change %
System sales	**75,671**	**62,916**	**12,755**	**20%**
Statutory revenue	**19,203**	**15,641**	**3,562**	**23%**
Cost of sales	**(4,020)**	(2,747)	(1,273)	46%
Gross profit	**15,183**	**12,894**	**2,289**	**18%**
GP%	**79%**	82%	(3%)	(4%)
Administrative expenses	**(7,595)**	(6,556)	(1,039)	16%
Adjusted EBITDA	**7,588**	**6,338**	**1,250**	**20%**

Overall, System sales at Metro Rod and Metro Plumb increased by 20% to a record £71.6m (2022: £59.8m), compared to a 21% increase in MSF. We continue to support Metro Rod's franchisees with initiatives to widen and deepen the range of services offered, particularly those with a high average order value, such as pump service, which increased by 21%, and tankering, which increased by 23% during the year. These activities have an average order value of over three times that of drainage.

Statutory revenue of £19m includes MSF; other fee income from franchise sales & resale and training; DLO customers' revenue from corporate franchises and Kemac; and the revenue generated from the National Advertising Fund ("NAF"). As MSF is the key driver of Adjusted EBITDA, it is re-analysed and compared to

System sales as follows:

	2023 £'000	2022 (restated) £'000	Change £'000	Change %
System sales	**71,616**	59,814	11,802	20%
MSF income	**13,404**	11,085	2,319	21%
Effective MSF %	**18.7%**	18.5%	-	0.2%
Other gross profit	**1,779**	1,809	(30)	(2%)
Gross profit	**15,183**	12,894	2,289	18%

MSF represented 69% (2022: 71%) of Statutory revenue and increased marginally to 18.7% from 18.5% of System sales in 2023. We continue to use MSF incentives to encourage franchisees to grow System sales, offering a lower rate in activities where we are targeting growth. Therefore, the overall rate for the year depends on the mix of sales and the level of allowable costs that may be deducted from sales when calculating the MSF payable, which in turn depends on the type of work undertaken. We anticipate the MSF percentage will decline over time as System sales increase, driven partly by these incentives.

Other gross profit includes the gross profit generated by Kemac and the corporate franchise in North Scotland and the gross profit on franchise sales and resales. It also includes the costs incurred by the national advertising fund, which is a non-profit generating and is run on behalf of the franchisees.

Administration expenses grew by 16%, less than the 20% growth in System sales, due to the operational gearing inherent in a franchise business, accelerated by the continuing investment in the Group's digital transformation. As a result of this operational gearing, Adjusted EBITDA grew by 20% to £7.6m (2022: £6.3m).

Willow Pumps

Willow Pumps comprises the core DLO pump & business and the Metro Rod corporate franchises in Exeter and Kent & Sussex (which was sold in the second half of 2023).

The results for the division may be summarised as follows:

	2023 £'000	2022 £'000	Change £'000	Change %
Statutory revenue	**18,659**	**18,175**	**484**	**3%**
Cost of sales	(12,399)	(12,196)	(203)	2%
Gross profit	**6,260**	**5,979**	**281**	**5%**
GP%	34%	33%	1%	2%
Administrative expenses	(4,406)	(4,134)	(272)	7%
Adjusted EBITDA	**1,854**	**1,845**	**9**	**0%**

Willow Pumps' core business has historically had two distinct revenue streams: Service revenue and Supply and install revenue ("S&I"). A third revenue stream was launched in Q2 2023 with the establishment of a Special Project Division.

S&I revenue is generated from the design, supply, and installation of pump stations, which historically have been large projects performed in discrete phases over several accounting periods. Service revenue is generated from the routine service and maintenance of above and below-ground pumps and drains. The new management team at Willow is migrating the business away from high-revenue, low gross margin business in pump station design & installation and above-ground pump work to higher margin work that can be completed in shorter time frames. This is now being complimented by a newly recruited team that runs the Special Projects Division. This work will include more significant, longer-term work, but much of the risk and cash-flow challenges will be mitigated by the use of subcontractors. We expect this new activity to start contributing H2 2024.

Off-setting, to some extent, the move to higher-margin work is the increasing amount of work that is being subcontracted to Metro Rod, which, whilst still reflected in Willow Pumps revenue (before consolidation eliminations), is at a far lower margin than would have been the case had it undertaken the work itself. This is more efficient for the Group as it leverages Metro Rod's national coverage in drainage and gives the Metro Rod engineers practical experience in pump work following their training.

As a result of this business's changing focus, revenue has only increased by 3% during the period, but the gross margin contribution has increased by 5% as the gross margin percentage increased to 34% from 33% in 2022. Overheads increased by 7% as a result of the recruitment of the new team for the Special Project Division. Overall, Adjusted EBITDA grew very marginally.

Filta UK

Filta UK comprises the DLO services of fridge & freezer seal replacement; the supply, installation and maintenance of Grease Recovery Units ("GRUs"); extraction vent cleaning & servicing; pump & drainage repair and maintenance; and the Filta Environmental network of 25 franchisees.

The results for 2023 and the comparative ten months from the acquisition in March 2022 may be summarised as follows:

	2023 £'000	2022 (restated) £'000	Change £'000	Change %
System sales	**12,331**	**9,132**	**3,199**	**35%**
Statutory revenue	**11,018**	**8,657**	**2,361**	**27%**
Cost of sales	(6,865)	(5,168)	(1,697)	33%
Gross profit	**4,153**	**3,489**	**664**	**19%**
GP%	38%	40%	(2%)	(6%)
Administrative expenses	**(2,688)**	**(2,422)**	**(266)**	**11%**
Adjusted EBITDA	1,465	1,067	398	37%

System sales increased by 35% to £12.3m from £9.1m and on a like-for-like basis by 13%. FiltaSeal grew strongly during this period as more technicians were recruited, allowing us to service a larger range of national accounts more efficiently on an increasingly country-wide basis. The revenue generated from the installation of GRUs was impacted by a dispute with our supplier that held up the delivery of these units. This has now been resolved through the acquisition of intellectual property, and we expect strong growth in this area in 2024 and beyond. The cost of resolving this matter was £0.8m, which has been considered exceptional.

Statutory Revenue increased by 27% to £11.0m from £8.7m and has increased by 6% on a like-for-like basis. Administrative expenses were well controlled and declined by 7% on a like-for-like basis, resulting from the annualisation of overhead savings made following the acquisition in 2022 and further savings made possible by subcontracting the GRU servicing work to franchisees.

Adjusted EBITDA increased by 37% to £1.5m from £1.1m and by 14% on a like-for-like basis on System sales, up by 13% on a similar basis. This is considered a creditable result as a significant margin is being transferred to franchisees to improve their viability so that we can grow this franchise system robustly and sustainably in the future.

Filta International
Filta International operates a franchise network that comprises Filta's franchise activities in North America and mainland Continental Europe. The results for 2023 and the comparative ten months from acquisition in March 2022 may be summarised as follows:

	North America £'000	**Europe £'000**	**2023 £'000**	North America £'000	Europe £'000	2022 £'000	Change £'000	Change %
System sales	**87,004**	**3,478**	**90,482**	**66,700**	**2,860**	**69,560**	**20,922**	**30%**
Statutory revenue	**26,506**	**611**	**27,117**	**23,273**	**477**	**23,750**	**3,367**	**14%**
Cost of sales	(17,011)	(338)	(17,349)	(15,398)	(261)	(15,659)	(1,690)	11%
Gross profit	**9,495**	**273**	**9,768**	**7,875**	**216**	**8,091**	**1,677**	**21%**
GP%	36%	29%	36%	34%	36%	34%	2%	6%
Administrative expenses	(3,171)	(500)	(3,671)	(2,516)	(361)	(2,877)	(794)	28%
Adjusted EBITDA	**6,324**	**(227)**	**6,097**	**5,359**	**(145)**	**5,214**	**883**	**17%**

System sales increased 30% to £90.5m (2022 ten months: £69.6m), a like-for-like increase of 8%. The like-for-like increase in North America was 9% and 1% in Europe. System sales in North America comprise MSF income; used oil sales; equipment and supplies sales; the fees generated from the sale and resale of franchise territories; and national corporate accounts ("NCA"), marketing and IT revenues.

MSF revenue in North America currently mainly consists of the fixed monthly fee paid by the franchisees for each mobile filtration unit ("MFU") in operation. The high price of used oil in 2022 and the early months of 2023 encouraged the franchises to expand their capacity by purchasing additional MFUs. This drove MSF in 2023, which increased by 38% to £3.1m (2022: £2.3m) and, on a like-for-like basis, by 13%. Our strategy is changing to one where MSF will be based on System sales so that our interests are aligned with franchisees and not focused principally on selling more MFUs. We hope to negotiate this transition with each franchise as soon as possible.

Used oil revenues, all of which is generated in in North America, are derived from the sale of used cooking oil for biodiesel production. Filta administers the programme through national agreements with biodiesel companies, which involves the franchisees collecting and storing the oil before local pick-up via tankers organised centrally. On a like-for-like basis, volumes in 2023 increased by 25% over 2022 to 6.2m gallons, however, this was offset by a 21% decline in the average dollar price. Used oil sales are accounted for on a gross basis, with the margin reflected as gross profit. Filta's margin in 2023 averaged 17% (2022: 18%). Whilst reported revenue from used oil sales increased by 8% to £17.6m from £16.3m and gross profit by 3% to £3.0 from £2.9m, on a like-for-like basis, revenue and gross margin (in sterling) declined by 10% and 14% respectively.

Equipment & Supply revenue in North America consists of revenue from selling new and replacement MFUs, spare parts, and supplies to franchisees. In 2023, revenue increased by 14%, but on a like-for-like basis, it fell by 4%, reflecting the franchisees' reduction in cashflow from the sale of used oil.

Area Sales revenue in North America is derived from the sale and resale of franchise territories. Many new franchisees are introduced by external brokers who are paid a 5-10% commission. The commission payable is recognised when the transaction is completed. Six new franchises and seven resales were completed during the period.

The NCA, marketing, and IT revenues in North America are the additional fees charged to franchisees for generating and administering the national accounts and providing marketing and IT systems. Revenue from these high-margin activities increased by 49% in 2023 or 24% on a like-for-like basis, reflecting the strong growth in the core franchise business. The NCA revenues will eventually be absorbed in the percentage MSF as this is rolled out.

Overall, Adjusted EBITDA in North America, including oil sales, increased by 18% to £6.3m (2022: £5.4m). If the gross margin on oil sales is excluded and without any reapportionment of central overheads, Adjusted EBITDA from the core franchise business grew by 37% to £3.3m (2022: £2.4m) or 14% on a like-for-like basis.

System sales in Europe are generated from fryer management, seal replacement and GRU installations. Overall, System sales grew by 22% and on a like-for-like basis by only 1%, although gross profit grew on a like-for-like basis by 5%, reflecting the sales mix. The slow recovery of this sub-scale business from the effects of the COVID-19 shutdowns continues. This has been compounded by hold-ups in rolling out the GRU due to the supply problems that also impacted Filta in the UK, referred to above. In 2022, additional sales people were recruited in an attempt to accelerate growth, but this has not been successful, and the additional costs have resulted in an increased, albeit relatively small, loss of £0.2m in the period.

B2C Division
The B2C division comprises the ChipsAway, Ovenclean and Barking Mad franchise businesses. The results of the division may be summarised as follows:

	2023 £'000	2022 (restated) £'000	Change £'000	Change %
System sales	**26,189**	**25,773**	**416**	**2%**
Statutory revenue	**6,106**	**6,138**	**(32)**	**(1%)**
Cost of sales	(1,207)	(1,063)	(144)	14%
Gross profit	**4,899**	**5,075**	**(176)**	**(3%)**
GP%	80%	83%	(2%)	(3%)
Administrative expenses	(2,583)	(2,618)	35	(1%)
Adjusted EBITDA	**2,316**	**2,457**	**(141)**	**(6%)**

Adjusted EBITDA	2,316	2,457	(141)	(6%)

Overall, System sales of the B2C division grew by 2% in 2023. This was driven by a 10% increase in the average order values at ChipsAway which represents 72% of divisional System sales. The key Statutory revenue streams are MSF and Area Sales income. MSF income is primarily made up of fixed monthly fees, as this remains the most effective method of generating income given the large number of franchisees with a lower level of individual sales. MSF income overall was flat as whilst the fixed monthly fee was increased, the number of franchisees over the period reduced to 327 at 31 December 2023 (31 December 2022: 349). Notwithstanding the challenging franchise recruitment and retention environment, ChipsAway performed robustly, recruiting 25 new franchisees (2022: 20) with 30 leavers (2022: 40). Overall, 39 new franchisees were recruited (2022: 39) and 59 (2022: 69) left the system.

Prudent cost control resulted in administrative expenses declining slightly during the period. Adjusted EBITDA declined by 6% to £2.3m (2022: £2.5m), but if the one-off £0.1m income from the sale of the MyHome domain name were excluded from 2022, profits were flat year-on-year.

Azura
Azura is a SaaS supplier of franchise management software to the Group and 30 other franchise businesses. The 2023 results may be summarised as follows:

	2023 £'000	2022 £'000	Change £'000
Statutory revenue	**745**	**797**	**(52)**
Cost of sales	**(0)**	(1)	1
Gross profit	**745**	**796**	**(51)**
GP%	**100%**	100%	0%
Administrative expenses	**(531)**	(625)	94
Adjusted EBITDA	**214**	**171**	**43**

Statutory revenue is comprised of third-party income of £0.4m (2022: £0.4m) and charges to Group companies of £0.3m (2022: £0.4m), which are eliminated on consolidation. Azura continues to develop its software solution with £0.2m capitalised in 2023, which will be amortised over a 5-year period. The enhanced platform is now being targeted at larger international multi-site franchisors rather than its traditional market of smaller domestic franchise businesses. It has also been building its internal resources to support the further digital enablement of the Group's businesses by improving the functionality of the Vision works-management platform and developing this for a roll-out to the Pirtek businesses in the UK and continental Europe.

Adjusted & statutory profit

	2023 £'000	2022 (restated) £'000	Change £'000	Change %
Adjusted EBITDA	**30,101**	**15,257**	**14,844**	**97%**
Depreciation & amortisation of software	**(4,417)**	(2,281)	(2,136)	94%
Finance expense	**(5,807)**	(235)	(5,572)	2371%
Foreign exchange	**(146)**	-	(146)	100%
Adjusted profit before tax	**19,731**	**12,741**	**6,990**	**55%**
Tax expense	**(5,153)**	(2,560)	(2,593)	101%
Adjusted profit after tax	**14,578**	**10,181**	**4,397**	**43%**
Amortisation of acquired intangibles	**(7,718)**	(1,693)	(6,025)	
Share-based payment expense	**(838)**	(535)	(303)	
Non-recurring costs	**(6,159)**	(1,708)	(4,451)	
Other gains and losses	**-**	1,232	(1,232)	
Tax on adjusting items	**3,174**	649	2,525	
Statutory profit	**3,037**	**8,126**	**(5,089)**	**(63%)**

Software depreciation and amortisation increased 94% to £4.4m (2022: £2.1m), primarily due to the acquisitions of Pirtek and the full twelve-month impact of the Filta acquisition. The finance expense reflects the additional interest cost of the debt taken to acquire Pirtek combined with the increasing base rate over the year.

The overall effective tax rate of the Group has increased from 20% to 26% as a result of the increase in the UK tax rate to 25%, a full-year charge in respect of Filta North America, where the combined state and federal corporate tax rate is 27%, and the acquisition of Pirtek, where tax rates can be higher than in the UK. For example, the combined state, local, and trade taxes are 30% in Germany.

The non-recurring costs of £6.2m (2022: £1.7m) reflect the Pirtek acquisition costs of £3.6m and the subsequent one-off re-organisation costs of £1.5m, the one-off costs of the Filta Cyclone GRU dispute of £0.5m, software written off as a result of the adjustments referred to above of £0.3m, and other costs of £0.3m. The tax on adjusting items reflects the tax relief available on some of these exceptional costs. The exceptional item in 2022 is mainly related to the acquisition and subsequent reorganisation costs of the Filta acquisition.

The increase in the amortisation of acquired intangibles reflects the additional intangible assets acquired with the Pirtek acquisition and the full twelve-month impact of the Filta acquisition. See Note 6.

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 the year.

As a result of the costs incurred in acquiring Pirtek, statutory profit after tax reduced by 63% to £3.0m (2022: £8.1m).

Earnings per share
The adjusted and basic EPS is shown in table:

	2023 £'000	EPS p	2022 (restated) £'000	EPS p

Adjusted profit after tax / Adjusted EPS	**14,578**	8.42	10,181	8.34
Amortisation of acquired intangibles	**(7,718)**	(4.46)	(1,693)	(1.39)
Share-based payment expense	**(838)**	(0.48)	(535)	(0.44)
Non-recurring costs	**(6,159)**	(3.56)	(1,708)	(1.40)
Other gains and losses	**-**	-	1,232	1.01
Tax on adjusting items	**3,174**	1.83	649	0.53
Statutory profit after tax / Basic EPS	**3,037**	1.75	8,126	6.65

During the year, the Group issued 63,472,968 new ordinary shares of 0.5p each ("ordinary shares") in consideration for the acquisition of Pirtek. This increased the total number of ordinary shares in issue to 193,784,080 at the year-end (31 December 2022: 130,311,112).

The Employee Benefit Trust ("EBT") started the year holding 1,770,683 ordinary shares, purchased 18,420 ordinary shares during the year at an average price of £2.00, disposed of 226,418 ordinary shares in respect of the exercise of employee shares options, and therefore ended the year holding 1,562,685 ordinary shares. On 31 December 2023, there were 10,347,231 shares under option, of which 2,480,394 were vested and capable of exercise.

The total number of ordinary shares in issue on 31 December 2023, net of the EBT holding, was 192,221,395 (31 December 2022: 128,540,429), and a basic weighted average number of ordinary shares in issue of 173,090,691 (2022: 122,126,350).

Adjusted basic EPS increased by 1% to 8.42p (2022: 8.34p as restated), and basic earnings per share decreased by 74% to 1.75p (2022: 6.65p as restated).

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

	2023 £'000	2022 (restated) £'000
Adjusted EBITDA	**30,101**	15,257
Acquisition and reorganisation costs	**(6,159)**	(1,708)
Working capital movements	**(61)**	(1,512)
Cash generated from operations	**23,881**	12,037
Taxes paid	**(4,498)**	(2,629)
Purchases of property, plant and equipment	**(986)**	(422)
Purchase of software	**(1,350)**	(1,088)
Purchase of IP	**(522)**	-
Acquisition of subsidiaries net of cash	**(48,894)**	4,320
Acquired debt repaid	**(136,747)**	-
Deferred consideration	**-**	(1,680)
Funds raised via debt	**100,012**	-
Funds raised via equity	**94,106**	-
Bank loans repaid	**(13,000)**	(2,953)
Interest Paid	**(5,374)**	-
Lease payments	**(2,687)**	(1,156)
Funds supplied to EBT	**192**	(2,370)
Dividends paid	**(3,371)**	(2,339)
Other net movements	**859**	(41)
Net cash movement	**1,621**	1,679
Net cash at beginning of year	**10,935**	9,057
Exchange differences on cash and cash equivalents	**(278)**	199
Net cash at end of year	**12,278**	10,935

The Group generated cash from operating activities of £23.9m (2021: £12.0m), resulting in a cash conversion rate of 79% (2022: 79%). However, if the cost of the Pirtek and Filta acquisitions and reorganisation is added back, the rate of cash conversion in 2023 was 100% (2022: 90%).

Taxes paid increased as profits increased, and the Group moved to quarterly advance payments. Purchases of property, plant, and equipment increased due to the addition of the Pirtek DLO operation. The purchase of IP relates to the purchase of the Cyclone GRU IP.

The acquisition of subsidiaries represents the acquisition of Pirtek for £210.8m, which was financed with bank debt of £100m, £93.5m from the issue of new shares (after costs), and £17.6m new shares given as consideration shares. Immediately after the acquisition Franchise Brands settled Pirtek's preference shares and loans and borrowings in order to consolidate Group borrowings. The total value of this post-acquisition settlement was £137.3m, comprising £78.2m loans and borrowings, £0.6m acquisition costs, £21.7m interest on preference shares and £36.8m in relation to the nominal value of the preference shares. Cash acquired of £7.0m is deducted to result in an acquisition of subsidiaries in the Consolidated Statement of Cash Flows of £48.9m. In 2022, Filta was acquired in an all-shares transaction, so it did not involve cash movement.

Bank loans repaid represent the repayment of the loans taken out in April 2023 to finance the acquisition of Pirtek. Dividends paid in 2023 represent the combined cash cost of the 2022 final and the 2023 interim dividends.

After these outflows, the Group finished the period with cash of £12.3m (31 December 2022: £10.9m) and gross debt, including hire purchase debt of £87.0m. Lease debt of £7.6m (2022: £1.6m) increased considerably due to the acquisition of Pirtek, which funds the vans used in its DLO operation using lease finance.

	31 Dec 2023	31 Dec 2022 (restated)	Change
	£'000	£'000	£'000
Cash	**12,278**	10,935	1,343
Term loan	**(50,000)**	-	(50,000)

Term loan	[illegible]		[illegible]
RCF	**(36,908)**	-	(36,908)
Loan fee	**749**	-	749
Hire purchase debt	**(837)**	(1,132)	295
Adjusted (net debt)/net cash	**(74,718)**	**9,803**	**(84,521)**
Other lease debt	**(7,567)**	(1,624)	(5,943)
(Net Debt) / Net cash	**(82,285)**	**8,179**	**(90,464)**

The Group had headroom of £23.0m on its bank facilities (total facility including accordion option of £110.0m less £87.0m in use) at 31 December 2023.

The Group's adjusted net debt, as used to test the bank covenants, was £74.7m at 31 December 2023, which represents 2.48x Adjusted 2023 EBITDA. Thus, the Group has comfortable headroom on all its bank covenants.

Dividend

The Board is pleased to propose a final dividend of 1.2 pence per share (2022: 1.1 pence per share). This takes the total dividend for the year to 2.2 pence per share (2022: 2.0 pence per share), an increase of 10%. The dividend is 3.9 times covered by Adjusted profits after tax (2022: 4.2 times).

Subject to shareholder approval at the AGM, the final dividend will be paid to those shareholders on the register on 28 June 2024, at the close of business on 25 July 2024.

Mark Fryer
Chief Financial Officer
19 June 2024

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023 Total £'000	Restated* 2022 Total £'000
Revenue	5	**121,265**	69,839
Cost of sales		**(50,060)**	(33,898)
Gross profit		**71,205**	35,941
Adjusted earnings before interest, tax, depreciation, amortisation, share-based payments, impairment loss & non-recurring items ("Adjusted EBITDA")		**30,101**	15,257
Depreciation	6	**(3,492)**	(1,781)
Amortisation of software	6	**(925)**	(500)
Amortisation of acquired intangibles		**(7,718)**	(1,693)
Impairment loss		**(96)**	-
Share-based payment expense		**(838)**	(535)
Non-recurring items	6	**(6,159)**	(475)
Total administrative expenses		**(60,332)**	(25,668)
Operating profit		**10,873**	10,273
Foreign exchange losses		**(146)**	-
Finance expense		**(5,711)**	(235)
Profit before tax		**5,016**	10,038
Tax expense		**(1,979)**	(1,912)
Profit for the year attributable to equity holders of the Parent Company		**3,037**	8,126
Other comprehensive (expense)/income			
Actuarial gains		**63**	-
Exchange differences on translation of foreign operations		**(131)**	28
Total comprehensive (expense)/income attributable to equity holders of the Parent Company		**(68)**	28
Total Profit and other comprehensive income for the year attributable to equity holders of the Parent Company		**2,969**	8,154
Earnings per share			
Basic	7	**1.75**	6.65
Diluted	7	**1.73**	6.54

Consolidated Statement of Financial Position
For the year ended 31 December 2023

	Note	2023 £'000	Restated* 2022 £'000	Restated* 2021 £'000
Assets				
Non-current assets				
Intangible assets		**305,328**	84,664	35,278
Property, plant and equipment		**4,418**	3,208	2,609
Right-of-use assets		**8,404**	2,568	2,723
Contract acquisition costs		**427**	402	-
Trade and other receivables		**641**	811	182
Total non-current assets		**319,218**	91,653	40,792
Assets in disposal groups classified as held for sale		**-**	5,455	-
Current assets				

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
Inventories		**7,062**	1,989	908
Trade and other receivables		**42,701**	24,991	18,685
Contract acquisition costs		**79**	92	-
Current tax asset		**1,104**	220	-
Cash and cash equivalents		**12,278**	10,935	9,057
Total current assets		**63,224**	38,227	28,650
Total assets		**382,442**	135,335	69,442
Liabilities				
Current liabilities				
Trade and other payables		**34,746**	20,778	13,882
Loans and borrowings		**9,251**	-	-
Obligations under leases		**2,617**	831	754
Deferred income		**1,318**	873	302
Current tax liability		**603**	-	213
Contingent consideration		**-**	-	345
Total current liabilities		**48,535**	22,482	15,496
Liabilities directly associated with assets in Disposal groups classified as held for sale		**-**	2,561	-
Non-current liabilities				
Loans and borrowings		**76,908**	-	-
Obligations under leases		**5,787**	1,626	1,780
Deferred income		**2,894**	1,848	460
Contingent consideration		**-**	-	2,567
Deferred tax liability		**33,925**	4,134	2,139
Total non-current liabilities		**119,514**	7,608	6,946
Total liabilities		**168,049**	32,651	22,442
Total net assets		**214,393**	102,684	46,999
Issued capital and reserves attributable to owners of the Company				
Share capital		**969**	652	480
Share premium		**131,131**	37,293	36,966
Share-based payment reserve		**1,936**	1,217	789
Merger reserve		**69,754**	52,212	1,390
Translation reserve		**24**	155	-
EBT reserve		**(2,679)**	(2,871)	(501)
Retained earnings		**13,258**	14,026	7,875
Total equity attributable to equity holders		**214,393**	102,684	46,999

* See Note 1 for details.

Company Statement of Financial Position
At 31 December 2023

	Note	2023 £'000	Restated* 2022 £'000	Restated* 2021 £'000
Assets				
Non-current assets				
Investment in Group companies		**207,830**	92,514	42,823
Total non-current assets		**207,830**	92,514	42,823
Assets in disposal groups classified as held for sale		**-**	2,564	-
Current assets				
Trade and other receivables		**103,177**	1,876	1,158
Cash and cash equivalents		**875**	3,418	3,961
Total current assets		**104,052**	5,294	5,119
Total assets		**311,882**	100,372	47,942
Liabilities				
Current liabilities				
Trade and other payables		**16,311**	5,139	1,480
Loans and borrowings		**9,251**	-	-
Contingent consideration		**-**	-	344
Total current liabilities		**25,562**	5,139	1,824

	Note	2023 £'000	Restated* 2022 £'000	Restated* 2021 £'000
Total current liabilities		**25,562**	5,139	1,824
Non-current liabilities				
Loans and borrowings		**76,908**	-	-
Contingent consideration		**-**	-	2,568
Total non-current liabilities		**76,908**	-	2,568
Total liabilities		**102,470**	5,139	4,392
Net assets		**209,412**	95,233	43,550
Issued capital and reserves attributable to owners of the Company				
Share capital		**969**	652	480
Share premium		**131,131**	37,293	36,966
Share-based payment reserve		**1,936**	1,217	789
Merger reserve		**69,634**	52,092	1,270
Translation reserve		**-**	-	-
EBT reserve		**(2,679)**	(2,871)	(501)
Retained earnings		**8,421**	6,850	4,546
Total equity attributable to equity holders		**209,412**	95,233	43,550

* See Note 1 for details.

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 £'000	Restated* 2022 £'000
Cash flows from operating activities			
Profit for the year		**3,037**	8,154
Adjustments for:			
Depreciation of property, plant and equipment		**1,066**	756
Depreciation of right-of-use assets		**2,427**	1,025
Amortisation of software & other intangibles		**925**	500
Amortisation of acquired intangibles		**7,718**	1,693
Non-recurring costs		**786**	-
Share-based payment expense		**838**	535
Willow Pumps contingent consideration		**-**	(1,232)
Gain on disposal of property, plant and equipment		**(54)**	-
Finance expense		**5,711**	235
Exchange differences on translation of foreign operations		**76**	(28)
Tax expense		**1,979**	1,912
Operating cash flow before movements in working capital		**24,509**	13,550
(Increase) in trade and other receivables		**(3,767)**	(3,062)
(Increase)/decrease in inventories		**338**	(401)
Increase in trade and other payables		**3,368**	1,950
Cash generated from operations		**24,448**	12,037
Corporation taxes paid		**(4,498)**	(2,629)
Net cash generated from operating activities		**19,950**	9,408
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,183)**	(422)
Proceeds from the sale of property, plant and equipment		**251**	259
Purchase of software		**(1,350)**	(1,088)
Purchase of Intellectual Property		**(522)**	-
Loans to franchisees		**(149)**	(1,062)
Loans to franchisees repaid		**412**	548
Deferred consideration		**-**	(1,680)
Acquisition of subsidiaries including costs, net of cash acquired	4	**(48,894)**	4,320
Net cash used in investing activities		**(51,435)**	875
Cash flows from financing activities			
Bank loans - received		**100,012**	-
Bank loans - repaid		**(62,097)**	(2,953)
Loan notes - repaid		**(29,155)**	-
Preference shares - repaid		**(58,520)**	-
Capital element of lease liability repaid		**(2,362)**	(1,037)
Interest paid - bank and other loan		**(5,374)**	(116)

	Note	2023 £'000	Restated* 2022 £'000
Interest paid - leases		**(325)**	(119)
Proceed from issue of shares		**94,106**	330
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust		**192**	(2,370)
Dividends paid	8	**(3,371)**	(2,339)
Net cash generated/(absorbed) from financing activities		**33,106**	(8,604)
Net increase/(decreased) in cash and cash equivalents		**1,621**	1,679
Cash and cash equivalents at beginning of year		**10,935**	9,057
Exchange differences on cash and cash equivalents		**(278)**	199
Cash and cash equivalents at end of year		**12,278**	10,935

* See Note 1 for details.

Reconciliation of cash flow to the Group net debt position

Group	Term Loan £'000	Revolving credit facility £'000	Loans & borrowings £'000	Preference shares £'000	Lease liabilities £'000	Total liabilities from financing activities £'000	*Restated Cash £'000	*Restated Total net cash/(net debt) £'000
At 1 January 2022	-	-	-	-	(2,534)	(2,534)	9,057	6,523
Financing cash flows	(2,953)	-	-	-	1,155	(1,798)	-	(1,798)
Other cash flows*	-	-	-	-	-	-	1,679	1,679
Other changes	2,953	-	-	-	(1,377)	1,576	199	1,775
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	2,687	152,434	-	152,434
Leases interest expense	-	-	-	-	(325)	(325)	-	(325)
Other cash flows	-	-	-	-	-	-	(5,421)	(5,421)
Acquired through business combination	-	-	(78,227)	(58,520)	(6,127)	(142,874)	7,042	(135,832)
Amortised loan fees	749	-	-	-	-	749	-	749
Foreign exchange movements	-	104	-	-	(53)	51	(278)	(227)
New leases	-	-	-	-	(1,925)	(1,925)	-	(1,925)
Disposals	-	-	-	-	95	95	-	95
At 31 December 2023	**(49,251)**	**(36,908)**	**-**	**-**	**(8,404)**	**(94,563)**	**12,278**	**(82,285)**

* See Note 1 for details.

Company Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 £'000	Restated* 2022 £'000
Cash flows from operating activities			
Profit for the year		**5,000**	4,639
Adjustments for:			
Non-recurring costs		**130**	-
Management charges		**(2,834)**	-
Finance expenses		**5,384**	40
Willow Pumps contingent consideration		**-**	(1,232)
Tax expense		**(1,377)**	(108)
Exchange differences on translation of foreign operations		**(105)**	-
Share-based payment expense		**211**	90
Operating cash flow before movements in working capital		**6,409**	3,429
(Increase) in trade and other receivables		**3,373**	(311)
Increase in trade and other payables		**11,071**	4,292
Cash (absorbed)/generated from operations		**20,853**	7,410
Corporation taxes paid		**(1,345)**	(930)
Net cash generated from operating activities		**19,508**	6,480
Cash flows from investing activities			
Deferred consideration		**-**	(1,680)
Investment in subsidiary		**(36,826)**	-
Loan to subsidiary		**(99,925)**	-
Acquisition of subsidiaries including costs		**(57,855)**	(924)
Net cash used in investing activities		**(194,606)**	(2,604)
Cash flows from financing activities			
Bank loans - received		**100,012**	-
Bank loans - repaid		**(13,000)**	-
Interest paid - bank and other loans		**(5,384)**	(40)

Proceed from issue of shares (net of costs)		**94,106**	330
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust		**192**	(2,370)
Dividends paid	8	**(3,371)**	(2,339)
Net cash flows (used)/generated by financing activities		**172,555**	(4,419)
Net (decrease) in cash and cash equivalents		**(2,543)**	(543)
Cash and cash equivalents at beginning of year		**3,418**	3,961
Cash and cash equivalents at end of year		**875**	3,418

Reconciliation of cash flow to the Company net debt position

Group	Term Loan £'000	Revolving credit facility £'000	Total liabilities from financing activities £'000	*Restated cash £'000	*Restated Total net cash (net debt) £'000
At 1 January 2022	-	-	-	3,961	3,961
Financing cash flows	-	-	-	-	-
Other cash flows*	-	-	-	(543)	(543)
Other changes	-	-	-	-	-
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)**
Amortised loan fees	**749**	**-**	**749**	**-**	**749**
Foreign exchange movements	**-**	**104**	**104**	**-**	**104**
At 31 December 2023	**(49,251)**	**(36,908)**	**(86,159)**	**875**	**(85,284)**

* See Note 1 for details.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Group	Share capital £'000	Share premium account £'000	Share-based payment £'000	Merger reserve £'000	Translation reserve £'000	*Restated EBT reserve £'000	*Restated Retained earnings £'000	Total £'000
At 1 January 2022	480	36,966	789	1,390	-	(504)	8,205	47,325
Correction of Errors	-	-	-	-	-	3	(329)	(326)
***Restated At 1 January 2022**	480	36,966	789	1,390	-	(501)	7,875	46,999
Profit for the year	-	-	-	-	-	-	8,154	8,154
Foreign exchange translation differences	-	-	-	-	155	-	-	155
Profit for the year and total comprehensive income	-	-	-	-	155	-	8,154	8,309
Contributions by and distributions to owners								
Shares issued	169	-	-	50,822	-	-	-	50,991
Dividend paid	-	-	-	-	-	-	(2,339)	(2,339)
Contributions to Employee Benefit Trust	3	327	-	-	-	(2,370)	-	(2,040)
Share-based payment	-	-	428	-	-	-	335	763
At 1 January 2023	**652**	**37,293**	**1,217**	**52,212**	**155**	**(2,871)**	**14,026**	**102,684**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**3,037**	**3,037**
Actuarial gain	**-**	**-**	**-**	**-**	**-**	**-**	**63**	**63**
Foreign exchange translation differences	**-**	**-**	**-**	**-**	**(131)**	**-**	**-**	**(131)**
Profit for the year and total comprehensive income	**-**	**-**	**-**	**-**	**(131)**	**-**	**3,100**	**2,969**
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								

Share-based payment								
Tax on share-based payment expense	-	-	-	-	-	-	(496)	(496)
At 31 December 2023	**969**	**131,131**	**1,936**	**69,754**	**24**	**(2,679)**	**13,258**	**214,393**

* See Note 1 for details.

Company Statement of Changes in Equity

For the year ended 31 December 2023

Company	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Merger reserve £'000	*Restated EBT reserve £'000	*Restated Retained earnings £'000	*Restated Total £'000
At 1 January 2022	480	36,966	789	1,270	(504)	4,546	43,547
Correction of Errors	-	-	-	-	3	-	3
***Restated At 1 January 2022**	480	36,966	789	1,270	(501)	4,546	43,550
*Restated Profit for the year and total comprehensive income	-	-	-	-	-	4,639	4,639
Contributions by and distributions to owners							
Shares issued	169	-	-	50,822	-	-	50,991
Dividend paid	-	-	-	-	-	(2,339)	(2,339)
Contributions to Employee Benefit Trust	3	327	-	-	(2,370)	-	(2,040)
Share-based payment	-	-	428	-	-	4	432
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							
Tax on share-based payment expense	-	-	-	-	-	(58)	(58)
At 31 December 2023	**969**	**131,131**	**1,936**	**69,634**	**(2,679)**	**8,421**	**209,412**

* See Note 1 for details.

Notes forming part of the Financial Statements

For the year ended 31 December 2023

1 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 2023. 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.

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 inter-company transactions and balances between Group entities are eliminated upon consolidation.

2 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, The Filta Group Limited, Filta Deutschland GmbH and ChipsAway International Limited subsidiaries had been incorrectly treated in respect of IFRS 15. National account revenue has historically been treated gross, with Metro Rod, The Filta Group, Filta Deutschland GmbH and ChipsAway being the principal. We are now treating this revenue net, as following consideration of the underlying contracts, facts and circumstances, we consider these subsidiaries to be acting as a commission agent for their franchisees. The businesses only have 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 2022 by £29.3m, with an equivalent reduction in cost of sales; there is no profit impact of this change. This affects Note 1a.
2. We have identified further transactions in the Metro Rod Limited subsidiary that have been treated incorrectly in respect of IFRS 15. National account revenue has historically been recognised at the point of invoice, as we considered this to be our performance obligation. We now consider our performance obligation to be the passing of the work order to the franchisee, having considered the underlying contracts, facts and circumstances. Therefore, revenue is now recognised at this point. The impact of this is to increase revenue and profit before tax in the year ended 31 December 2022 by £0.2m. In the Consolidated Statement of Financial Position this adjustment increases Trade and Other Receivables for Accrued Income by £3.5m (2021: £2.6m), increases Trade and Other Payables for Accruals by £2.7m

(2021: £2.1m) and increases Retained Earnings by £0.7m (2021: £0.6m). In the Consolidated Statement of Cashflows the impact is an increase in profit of £0.2m, a £0.8m reduction in cash flows from trade and other receivables and a £0.7m reduction in cash flows to trade and other payables. This affects Note 1a, 1b and 1d.

3. We have identified errors that certain transactions in the Group had been incorrectly treated in respect of IFRS 15 in regard to the timing of recognising franchise sales and related training fees. Within Metro Rod Limited, ChipsAway International Limited, Ovenclean Limited and Barking Mad Limited in the past we have recognised the initial franchise fee when we have delivered the training for the new franchises to operate in line with the necessary standards on completion of the franchise sale (at a point in time). This is however considered a pre-opening activity necessary for the franchisee to operate and not a distinct performance obligation in the franchisee contracts of these subsidiaries. We are now recognising this revenue over the life of the franchise agreement on a straight line basis, as our obligation is to provide a licence for the franchise to operate, which extends over the life of the agreement. The impact of this is to reduce revenue and profit before tax in the year ended 31 December 2022 by £0.2m. At 31 December 2022 this also created current deferred income of £0.1m (2021: £0.3m) and non-current deferred income of £0.1m (2021: £0.5m), increased liabilities held for sale by £0.8m (2021: nil), decreased assets held for sale by £0.1m (2021: nil), reversed previously held other debtors of nil (2021: £0.1m) and decreased Retained Earnings by £1.1m (2021: £0.9m) in the Consolidated Statement of Financial Position. In the Consolidated statement of Cashflows this decreased profit by £0.2m, increased cashflows from receivables by £0.0m and decreased cashflows to payables by £0.2m. This affects Notes 1a, 1b and 1d.
4. Franchise Brands plc acquired Filta Group Holdings plc in March 2022. A valuation exercise was completed in the prior year as part of the purchase price allocation exercise as required by IFRS 3. Errors were identified in this valuation including incorrect rates being applied and unsuitable valuation models being used for certain intangibles.
Another valuation was completed to correct these errors subsequent to the 12 month measurement period. The review occurred outside the permitted time period, and as such this is an error in the prior year accounts and requires amendment as a prior year adjustment not as fair value adjustment. The revaluation decreased the fair value of intangibles acquired by £1.0m (reduced software acquired by £2.7m, reduced indefinite life brands by £0.1m, patent technology by £0.4m and customer relations by £0.6m; however increased franchise agreements by £2.8m) and reduced the deferred tax liability by £0.3m at recognition with the corresponding impact being a £0.7m increase in goodwill. The impact on the Consolidated Statement of Income is a £0.2m increase in amortisation of acquired intangibles and a £0.0m increase in relation to the deferred tax credit. The impact on the Consolidated Statement of Financial Position is a £0.4m reduction in intangible assets, a £0.3m decrease in deferred tax liability and a £0.1m reduction in Retained Earnings. The impact on the Consolidated Statement of Cash Flows is a £0.1m reduction in profit, a £0.2m increase in the adjustment for amortisation of acquired intangibles and a £0.0m decrease in the adjustment for income tax with nil impact to operating cash flows. This affects Notes 1a, 1b and 1d.
5. In previous periods cash transferred to the Employee Benefit Trust ("EBT") which is under the control of the Group, was assumed to be used immediately, and therefore part of the EBT reserve. However, some of this cash is held on our behalf, and as we have immediate access to this cash, it is now accounted for in cash and cash equivalents. This has increased cash at 31 December 2022 by £0.1m and increased cash at 31 December 2021 by £0.0m in the Consolidated and Company Statement of Financial Position with the corresponding decrease in the EBT reserve. In both the Consolidated and Company Statement of Cash Flows this has decreased the purchase of shares by the EBT by £0.1m, increased cash at the beginning of the period by £0.0m and increased cash at the end of the period by £0.1m. This affects Notes 1b, 1c, 1d, 1e and the reconciliation of cash flow to the net debt position of the Group and the Company.
6. Cash outflows of £1.7m for the year ended 31 December 2022 with regards to deferred consideration were incorrectly presented as operating cash outflows. As the deferred consideration was related to the purchase of Willow Pumps Limited these should be recorded as investing activities. As a result these have been reclassified in the Consolidated and Company Statement of Cash Flows for the year ended 31 December 2022 decreasing cash flows to trade and other payables by £1.7m and increasing cash outflows for deferred consideration by £1.7m with no overall impact on cash flows. This affects Notes 1d and 1e.
7. The Company incurred costs of £1.0m in the acquisition of Filta Group Holdings, expensed as non-recurring costs. However, of this £0.9m were directly attributable costs therefore the treatment of this was incorrect, in accordance with IAS 27 that requires measurement of investment in subsidiaries at cost for the Company. The correction removes these non-recurring costs and increases the investment in Group companies. This change is reversed on consolidation in line with IFRS 3 and therefore has no impact on the Consolidated Statement of Comprehensive Income. In the Company Statement of Comprehensive Income it decreases non-recurring costs by £0.9m and increases profit by £0.9m. In the Company Statement of Financial Position, it increases investment in subsidiaries by £0.9m and retained earnings by £0.9m. The impact on the Company Statement of Cash Flows is a £0.9m increase in cash flows used in the acquisition of subsidiaries with an increase in profit for the year of £0.9m. This affects Notes 1c and 1e.
8. It was identified that an error had been made recording intercompany debtors in the Company, whereby they had been incorrectly netted off against creditors in the prior periods. These were originally shown within Trade and Other Payables, so adjustments to the Company Statement of Financial Position were required to increase both Trade and Other Receivables and Trade and Other Payables by £0.6m (2021: £0.3m). There is no change to profit or reserves. The adjustments had no overall impact on cash flows. In the Company Statement of Cash Flows it decreased cash flows from trade and other receivables by £0.3m, with an equivalent decrease in cash flows to trade and other payables. This affects Notes 1c and 1e.
9. We have identified errors in relation to the treatment of trade debtors recognised in Metro Rod Limited for local account sales. In such transactions, the work is sourced by the franchisee but billed by Metro Rod Limited. The Group is obtaining royalty income only on the transaction and does not have the credit risk for the full amount. Trade debtors should therefore reflect only the amounts due to the Group being the royalty fee. If advanced payments are made to the franchisee before receipt of the full payment from the customer, this should be recorded as a franchisee loan debtor. Given this is a contractual obligation to the franchisee, the Group has recorded the open commitments at year end in Note 22. When payment is collected from the customer the assets recorded are de-recognised and a trade payable recorded for the amounts due to the franchisee. The total impact to the Consolidated Statement of Financial Position is a £0.1m (2021: £0.4m) reduction in trade and other receivables and a reduction of £0.1m (2021: £0.4m) in trade and other payables. This is broken down as a reduction in trade receivables of £2.4m (2021: £2.1m), and increase in other debtors of £2.3m (2021: £1.7m); an increase in trade payables of £0.1m (2021: a reduction of £0.1m), an increase in other creditors of £1.4m (2021: £1.1m), a reduction in accruals of £1.4m (2021: £1.2m) and a reduction in social security and other taxes of £0.2m (2021: £0.1m). The impact on the Consolidated Statement of Cash Flows is 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 1b and 1d.

Restatements have been made to the following notes to improve disclosures:

1. Within Note 7 of the financial statements prior year revenue has been disaggregated further to give a greater understanding of the Group's revenue streams to ensure compliance with the requirements of IFRS 15. There is no impact on revenue.
2. Within Note 14 of the financial statements prior year intangible assets with indefinite useful lives have been disaggregated further, to show Filta International and Filta UK as separate CGUs in line with the conclusions reached by Group management in the prior year. There is no impact on intangibles. The note now also includes the recoverable amount for all CGUs as required by IFRS (UK).
3. Within Note 5 of the financial statements, we have restated the segment reporting note to show the assets arising from consolidation as unallocated assets as opposed to within the other segment.
4. Within Note 6 of the financial statements additional disclosures have been made within the Filta Group Holdings

section regarding the primary reasons for the business combination, and the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the Consolidated Statement of Comprehensive Income for 2022 as required by IFRS 3.

5. Within Note 4 of the financial statements we have restated trade and other payables within the categories of financial instruments table, as it previously included deferred income, which is not defined as a financial instrument.

2a Consolidated Statement of Comprehensive Income (restated)
For the year ended 31 December 2022

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	(Restated) 31 December 2022 £'000
Revenue	1, 2, 3	**99,152**	(29,313)	69,839
Cost of sales	1	**(63,187)**	29,289	(33,898)
Gross profit		**35,965**	(24)	35,941
Adjusted earnings before interest, tax, depreciation, amortisation, share-based payments & non-recurring items ("Adjusted EBITDA")		**15,281**	(24)	15,257
Depreciation		**(1,781)**	-	(1,781)
Amortisation of software		**(500)**	-	(500)
Amortisation of acquired intangibles	4	**(1,504)**	(189)	(1,693)
Share-based payment expense		**(535)**	-	(535)
Non-recurring items		**(475)**	-	(475)
Total administrative expenses		**(25,479)**	(189)	(25,668)
Operating profit		**10,486**	(213)	10,273
Finance expense		**(235)**	-	(235)
Profit before tax		**10,251**	(213)	10,038
Tax expense	4	**(1,961)**	49	(1,912)
Profit for the year attributable to equity holders of the Parent Company		**8,290**	(164)	8,126
Other comprehensive income				
Exchange differences on translation of foreign operations		**28**	-	28
Total comprehensive income attributable to equity holders of the Parent Company		**28**	-	28
Earnings per share				
Basic		**6.81**	(0.16)	6.65
Diluted		**6.70**	(0.16)	6.54

2b Consolidated Statement of Financial Position (restated)
As at 1 January 2022 and 31 December 2022

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	As at 31 December 2022 (restated) £'000	As previously reported 1 January 2022 £'000	Correction of errors £'000	As at 1 January 2022 (restated) £'000
Assets							
Non-current assets							
Intangible assets	4	85,113	(449)	84,664	35,278	-	35,278
Property, plant and equipment		3,208	-	3,208	2,609	-	2,609
Right-of-use assets		2,568	-	2,568	2,723	-	2,723
Contract acquisition costs		402	-	402	-	-	-
Trade and other receivables		811	-	811	182	-	182
Total non-current assets		92,102	(449)	91,653	40,792	-	40,792
Assets in disposal groups classified as held for sale	3	5,576	(121)	5,455	-	-	-
Current assets							
Inventories		1,989	-	1,989	908	-	908
Trade and other receivables	2, 3, 9	21,660	3,331	24,991	16,514	2,171	18,685
Contract acquisition costs		92	-	92	-	-	-
Current tax asset		220	-	220	-	-	-
Cash and cash equivalents	5	10,799	136	10,935	9,054	3	9,057
Total current assets		34,760	3,467	38,227	26,476	2,174	28,650
Total assets		132,438	2,897	135,335	67,268	2,174	69,442
Liabilities							
Current liabilities							
Trade and other payables	2, 9	18,160	2,618	20,778	12,144	1,738	13,882
Obligations under leases		831	-	831	754	-	754

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	As at 31 December 2022 (restated) £'000	As previously reported 1 January 2022 £'000	Correction of errors £'000	As at 1 January 2022 (restated) £'000
Obligations under leases		[illegible]		[illegible]	[illegible]		[illegible]
Deferred income	3	807	66	873	-	302	302
Current tax liability		-	-	-	213	-	213
Contingent consideration		-	-	-	345	-	345
Total current liabilities		19,798	2,684	22,482	13,456	2,040	15,496
Liabilities directly associated with assets in disposal groups classified as held for sale	3	1,786	775	2,561	-	-	-
Non-current liabilities							
Obligations under leases		1,626	-	1,626	1,780	-	1,780
Deferred income	3	1,744	104	1,848	-	460	460
Contingent consideration		-	-	-	2,567	-	2,567
Deferred tax liability	4	4,444	(310)	4,134	2,139	-	2,139
Total non-current liabilities		7,814	(206)	7,608	6,486	460	6,946
Total liabilities		29,398	3,253	32,651	19,942	2,500	22,442
Total net assets		103,040	(356)	102,684	47,325	(326)	46,999
Issued capital and reserves attributable to owners of the Company							
Share capital		652	-	652	480	-	480
Share premium		37,293	-	37,293	36,966	-	36,966
Share-based payment reserve		1,217	-	1,217	789	-	789
Merger reserve		52,212	-	52,212	1,390	-	1,390
Translation reserve		155	-	155	-	-	-
EBT reserve	5	(3,007)	136	(2,871)	(504)	3	(501)
Retained earnings	2, 3, 4	14,518	(492)	14,026	8,204	(329)	7,875
Total equity attributable to equity holders		103,040	(356)	102,684	47,325	(326)	46,999

2c Company Statement of Financial Position (restated)
As at 1 January 2022 and 31 December 2022

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	(Restated) 31 December 2022 £'000	As previously reported 31 December 2021 £'000	Correction of errors £'000	(Restated) 31 December 2021 £'000
Assets							
Non-current assets							
Investment in Group companies	7	91,590	924	92,514	42,823	-	42,823
Total non-current assets		91,590	924	92,514	42,823	-	42,823
Assets in disposal groups classified as held for sale		2,564	-	2,564	-	-	-
Current assets							
Trade and other receivables	8	1,268	608	1,876	859	299	1,158
Cash and cash equivalents	5	3,282	136	3,418	3,958	3	3,961
Total current assets		4,550	744	5,294	4,817	302	5,119
Total assets		98,704	1,668	100,372	47,640	302	47,942
Liabilities							
Current liabilities							
Trade and other payables	8	4,531	608	5,139	1,181	299	1,480
Contingent consideration		-	-	-	344	-	344
Total current liabilities		4,531	608	5,139	1,525	299	1,824
Non-current liabilities							
Contingent consideration		-	-	-	2,568	-	2,568
Total non-current liabilities		-	-	-	2,568	-	2,568
Total liabilities		4,531	608	5,139	4,093	299	4,392
Net assets		94,173	1,060	95,233	43,547	3	43,550
Issued capital and reserves attributable to owners of the Company							
Share capital		652	-	652	480	-	480
Share premium		37,293	-	37,293	36,966	-	36,966
Share-based payment reserve		1,217	-	1,217	789	-	789
Merger reserve		52,092	-	52,092	1,270	-	1,270
Translation reserve		-	-	-	-	-	-
EBT reserve	5	(3,007)	136	(2,871)	(504)	3	(501)
Retained earnings	7	5,926	924	6,850	4,546	-	4,546

Total equity attributable to equity holders	94,173	1,060	95,233	43,547	3	43,550

2d Consolidated Statement of Cash Flows (restated)
For the year ended 31 December 2022

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	(Restated) 31 December 2022 £'000
Cash flows from operating activities				
Profit for the year	2, 3, 4	8,318	(164)	8,154
Adjustments for:				
Depreciation of property, plant and equipment		756	-	756
Depreciation of right-of-use assets		1,025	-	1,025
Amortisation of software		500	-	500
Amortisation of acquired intangibles	4	1,504	189	1,693
Share-based payment expense		535	-	535
Willow Pumps contingent consideration		(1,232)	-	(1,232)
Finance expense		235	-	235
Exchange differences on translation of foreign operations		(28)	-	(28)
Tax expense	4	1,961	(49)	1,912
Operating cash flow before movements in working capital		13,574	(24)	13,550
(Increase)/decrease in trade and other receivables	2, 3, 9	(2,022)	(1,040)	(3,062)
(Increase) in inventories		(401)	-	(401)
Increase/(decrease) in trade and other payables	2, 3, 6, 9	(794)	2,744	1,950
Cash generated from operations		10,357	1,680	12,037
Corporation taxes paid		(2,629)	-	(2,629)
Net cash generated from operating activities		7,728	1,680	9,408
Cash flows from investing activities				
Purchases of property, plant and equipment		(422)	-	(422)
Proceeds from the sale of property, plant and equipment		259	-	259
Purchase of software		(1,088)	-	(1,088)
Loans to franchisees		(1,062)	-	(1,062)
Franchisee loans repaid		548	-	548
Deferred consideration	6	-	(1,680)	(1,680)
Acquisition of subsidiaries including costs, net of cash acquired		4,320	-	4,320
Net cash used in investing activities		2,555	(1,680)	875
Cash flows from financing activities				
Bank loans - repaid		(2,953)	-	(2,953)
Capital element of lease liability repaid		(1,037)	-	(1,037)
Interest paid - bank and other loan		(116)	-	(116)
Interest paid - leases		(119)	-	(119)
Proceed from issue of shares		330	-	330
Purchase of shares by the Employee Benefit Trust	5	(2,503)	133	(2,370)
Dividends paid		(2,339)	-	(2,339)
Net cash generated from financing activities		(8,737)	133	(8,604)
Net increase in cash and cash equivalents		1,546	133	1,679
Cash and cash equivalents at beginning of year	5	9,054	3	9,057
Exchange differences on cash and cash equivalents		199	-	199
Cash and cash equivalents at end of year		10,799	136	10,935

2e Company Statement of Cash Flows (restated)
For the year ended 31 December 2022

	Restatement number	As previously reported 31 December 2022 £'000	Correction of errors £'000	(Restated) 31 December 2022 £'000
Cash flows from operating activities				
Profit for the year	7	3,715	924	4,639
Adjustments for:			-	
Finance expenses		40	-	40
Willow Pumps contingent consideration		(1,232)	-	(1,232)
Tax expense		(108)	-	(108)
Share-based payment expense		90	-	90
Operating cash flow before movements in working capital		2,505	924	3,429
Decrease/(increase) in trade and other receivables	8	(2)	(309)	(311)
Increase/(decrease) in trade and other payables	6, 8	2,303	1,989	4,292
Cash generated from operations		4,806	2,604	7,410
Corporation taxes paid		(930)	-	(930)

Net cash generated from operating activities		3,876	2,604	6,480
Cash flows from investing activities				
Deferred consideration	6	-	(1,680)	(1,680)
Acquisition of subsidiaries including costs	7	-	(924)	(924)
Net cash used in investing activities		-	(2,604)	(2,604)
Cash flows from financing activities				
Interest paid - bank and other loans		(40)	-	(40)
Proceed from issue of shares		330	-	330
Purchase of shares by the Employee Benefit Trust	5	(2,503)	133	(2,370)
Dividends paid		(2,339)	-	(2,339)
Net cash flows (used)/generated by financing activities		(4,552)	133	(4,419)
Net (decrease)/increase in cash and cash equivalents		(676)	133	(543)
Cash and cash equivalents at beginning of year	5	3,958	3	3,961
Cash and cash equivalents at end of year		3,282	136	3,418

3. 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 Executive Chairman, 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
- Other operations including central administration costs and non-trading companies.

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.

2023	**Pirtek £'000**	**Water & Waste £'000**	**Filta International £'000**	**B2C £'000**	**Azura £'000**	**Unallocated assets £'000**	**Total £'000**
Revenue	41,947	48,880	27,117	6,106	745	(3,530)	121,265
Gross profit	30,539	25,597	9,768	4,899	745	(343)	71,205
Adjusted EBITDA*	**13,318**	**10,907**	**6,097**	**2,316**	**214**	**(2,751)**	**30,101**
Depreciation & amortisation of software	(1,808)	(2,147)	(222)	(178)	(89)	27	(4,417)
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	(403)	(54)	(93)	(12)	(2)	(5,389)	(5,953)
Other gains and losses	-	-	-	-	-	-	-
Profit before tax*	**3,485**	**7,188**	**5,563**	**2,082**	**76**	**(13,378)**	**5,016**
Tax expense	(1,042)	(1,315)	(1,605)	(409)	(20)	2,412	(1,979)
Profit after tax*	**2,443**	**5,873**	**3,958**	**1,673**	**56**	**(10,966)**	**3,037**
Additions to non-current assets	2,573	1,928	319	136	270	223,539	228,765
Reportable segment assets	88,141	49,315	8,013	3,836	545	232,592	382,442
Reportable segment liabilities	(115,533)	(30,165)	(6,910)	(2,322)	(206)	(12,913)	(168,049)

* Operating segments presented before inter-company management recharges which eliminate on consolidation.

2022 (restated)**	Pirtek £'000	Water & Waste £'000	Filta International £'000	B2C £'000	Azura £'000	Unallocated assets £'000	Total £'000
Revenue	-	42,473	23,749	6,138	797	(3,318)	69,839
Gross profit	-	22,362	8,090	5,076	796	(383)	35,941
Adjusted EBITDA*	-	9,250	5,214	2,457	171	(1,835)	15,257
Depreciation & amortisation of software	-	(1,998)	(180)	(188)	(32)	117	(2,281)
Amortisation of acquired intangibles	-	(4,620)	(30)	-	-	2,957	(1,693)
Share-based payment expense	-	(303)	(107)	(25)	(10)	(90)	(535)
Non-recurring costs	-	(363)	(11)	-	-	(101)	(475)
Finance expense	-	(210)	31	(14)	(2)	(40)	(235)
Other gains and losses	-	-	-	-	-	-	-

Profit before tax*	-	1,756	4,917	2,230	127	1,008	10,038
Tax expense	-	(75)	(1,203)	(405)	(16)	(213)	(1,912)
Profit after tax*	-	1,681	3,714	1,825	111	795	8,126
Additions to non-current assets	-	1,593	798	55	212	52,564	55,222
Reportable segment assets	-	34,866	9,189	5,456	328	85,496	135,335
Reportable segment liabilities	-	(16,397)	(4,871)	(2,562)	(9)	(8,812)	(32,651)

* Operating segments presented before inter-company management recharges which eliminate on consolidation.
** See Note 1.

4. Business combination

Acquisition of Pirtek
At close of business on 20 April 2023, the Company completed the acquisition of the entire share capital of Hydraulic Authority I Limited ("HAI") 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. The acquisition was announced to the Stock Exchange on 21 April 2023.

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 Europe'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 HAI), and £36.8m in relation to the nominal value of the preference shares (which were converted to ordinary shares in HAI); 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:

	Book value £'000	Adjustments £'000	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	6,127	-	6,127
Inventories	5,225	-	5,225
Trade and other receivables	14,577	-	14,577
Cash	7,042	-	7,042
Trade and other payables	(10,969)	152	(10,817)
Deferred income	(1,126)	-	(1,126)
Loans and borrowings	(78,227)	-	(78,227)
Lease liability	(6,127)	-	(6,127)
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

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 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 cash flows), 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 (acquired by Franchise Brands) owns 51% of the ordinary shares. This gives rise to an immaterial non-controlling interest which has not been disclosed within these accounts.

Acquisition of Filta Group Holdings Plc

On 10 March 2022, the Company announced that its all-share offer for Filta Group Holdings Plc and its subsidiaries (together, "Filta") became unconditional. On 1 June 2022 the Company announced that the compulsory acquisition of the remaining Filta shares was completed. Accordingly, the Company owns 100% of the entire issued share capital of Filta.

Filta was purchased to buy a high growth complementary B2B franchisee business, in a niche market with no direct competitor. Filta delivers cost savings to clients and distinct positive environmental outcomes. Filta has opportunity to grow complementary services, increase revenue per customer, upgrade existing franchisees and achieve operational leverage as it grows. It also increases the Group's presence in North America.

	£'000
Consideration shares	50,991
Fair value of consideration	**50,991**

The consideration paid was made up of £50,991,000 through the issue of 33,788,008 new ordinary shares of 0.5p each in the Company at 151 pence per share.

Acquisition costs relating to this transaction amounted to £1,011,000 and have been disclosed within the consolidated statement of comprehensive income in non-recurring items. The Company's financial statements have been amended for the period to capitalise £924,000 of directly attributable acquisition costs as investment in subsidiaries that were previously reported as non-recurring costs; this change has no impact on the Group financial statements.

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows:

	Book value £'000	*Restated Adjustments £'000	*Restated Fair value £'000
Intangible assets	6,701	9,594	16,295
Property, plant and equipment	1,191	(44)	1,147
Right-of-use assets	656	-	656
Inventories	1,466	-	1,466
Trade and other receivables	4,436	(250)	4,186
Cash	4,229	91	4,320
Trade and other payables	(7,507)	33	(7,474)
Loans and borrowings	(2,953)	-	(2,953)
Deferred tax asset/(liability)	570	(3,458)	(2,888)
Total fair value of the identifiable assets and liabilities acquired	8,789	5,966	14,755
Fair value of consideration			50,991
Goodwill			36,236

* See Note 1 for further information.

On acquisition intangible assets were reviewed and adjusted by £10.6m to a deemed fair value. In 2023 we completed a further review of the fair value of intangible assets at acquisition and subsequently reduced this by £1.0m; this has reduced the deferred tax liability by £0.3m, and increased goodwill by £0.7m. There were no changes to the original forecasts used at acquisition date. The review reduced software acquired by £2.7m, reduced indefinite life brands by £0.1m, patent technology by £0.5m and customer relations by £0.5m; however it has increased franchise agreements by £2.8m. As this review was performed more than 12 months after the date of acquisition this adjustment has been processed as a prior period correction and further information can be seen in Note 1.

On acquisition adjustments were made to write off £0.25m of other receivables which management does not believe to be supported at the acquisition date; to cash and other payables for pre-acquisition share option exercises that were not reflected in the financial statements at acquisition; and to PPE to better reflect the fair value of assets acquired.

A deferred tax liability adjustment has been calculated on the fair value of intangible assets using a blended deferred tax rate of 26% followed by the deduction of the existing deferred tax liability relating to acquired intangibles.

The fair value of consideration was calculated as the present value of future expected free cash flows using a discount rate of 18.9%, slightly above our WACC of 16.6% at acquisition. The rationale behind this allowed for significant growth and performance enhancement in the future due to synergies 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 2022, Group revenue would have been £74.5m and Group profit before tax would have been £10.0m; the revenue for Filta would have been £37.1m and loss before tax would have been £0.0m.

As at 9 March 2022 the Company had received acceptances equal to 82% from the holders of Filta Group Holdings plc shares. As at 25 March 2022 this had risen to above 90%. This gave rise to an immaterial non-controlling interest which has not been disclosed within these accounts.

5. Revenue

	2023 £'000	2022 (*restated) £'000
Management service fee income - commission agent revenue	**7,393**	5,358
Management service fee income - royalty fee income	**32,827**	11,339
Franchise sales and resales - licence fees - recognised over time	**1,754**	1,209
Franchise sales and resales - termination fees and immediate sales - recognised at point in time	**1,030**	787
Product sales	**18,415**	3,605
Waste oil	**17,469**	16,139
Direct labour income	**39,165**	29,017
IT Contribution SAAS	**436**	433
National advertising funds	**1,632**	1,446
Central billing fee	**268**	-
Training facility income	**304**	41
Other income	**572**	465
	121,265	69,839

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	2023 £'000	2022 (*restated) £'000
North America	**26,507**	23,273
United Kingdom	**68,327**	46,089
Europe	**26,431**	477
	121,265	69,839

Non-current assets	2023 £'000	2022 (*restated) £'000
North America	**44,251**	44,985
United Kingdom	**167,989**	47,605
Europe	**107,414**	(937)
	319,654	91,653

Contract assets	2023 £'000	2022 £'000
At 1 January	**-**	53
Revenue recognised in the year	**-**	(53)
At 31 December	**-**	-

* See Note 1 for further information.

Contract assets are included within trade and other receivables. They have historically arisen from advance payments made to our franchisees.

6. Operating profit

Operating profit is stated after charging:	2023 £'000	2022 (*restated) £'000
Depreciation	**3,492**	1,781
Amortisation	**8,643**	2,193

Share-based payment expense	**838**	535
Auditors' remuneration:		
Fees for audit of the Company	**44**	24
Fees for the audit of the Group	**618**	249
Fees for non-audit services:		
Taxation services	**113**	80
Corporate finance services	**726**	106
Other services	**66**	10

* See Note 1 for further information.

Of the total fee for the audit of the Group, £662,000 (2022: £273,000) was paid to the Group statutory auditors 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.

	2023 £'000	2022 £'000
Acquisition-related costs	**3,514**	1,011
Reorganisation expense	**1,496**	686
Intellectual property dispute	**516**	-
Write-off software intangibles	**314**	-
Other exceptional costs	**319**	-
	6,159	1,697

A summary of the separately disclosed items for the current year is as follows:

Acquisition-related costs £3,514,000 (2022: £1,011,000).
At close of business on 20 April 2023, the Group acquired the entire share capital of Hydraulic Authority I Limited and its subsidiaries (together "Pirtek" or "Pirtek Europe"). The Group incurred total professional costs of £2,855,000 for the acquisition of Pirtek. These fees were primarily related to legal, financial and IT due diligence £763,000, Group legal fees including legal due diligence £756,000, stamp duty £659,000, Pirtek legal fees funded by the Group £343,000, legal fees paid by the Group on behalf of the four bank lending syndicate £201,000, legal fees paid by the Group on behalf of the Group brokers £77,000 that helped raise the equity to part fund the acquisition, debt advisory fees £435,000 for raising the debt to partially fund acquisition, underwriting and other debt costs fees £91,000, and other professional costs of £189,000 including the AIM stock exchange fee for listing the shares. In addition to these costs, which have been separately disclosed as non-recurring costs in the Consolidated Statement of Comprehensive Income additional costs of £2,554,000 have been charged to the share premium account as these costs directly related to the equity issuance on the acquisition of Pirtek. The 2022 acquisition related fees all relate to the acquisition of Filta Group Holdings PLC.

Reorganisation costs £1,496,000 (2022: £686,000)
Following the acquisition of Pirtek, a restructuring plan has been completed that has been the departure from the Group of several long-serving Directors of Pirtek including the Chief Executive, Chief Financial Officer, Financial Controller, IT Director and Operations Director. The total cost of this restructuring is £1,350,000 and the legal and other associated costs are £146,000. The 2022 restructuring costs of £686,000 were for redundancies £250,000, loss of office for the Chief Financial Officer £319,000 and other reorganisation costs of £117,000.

Intellectual property dispute £516,000 (2022: Nil)
The Group has been in a long-standing relationship with Fog Fellow Designs Limited ("FF") that manufactures the cyclone GRU used by Filta UK. The dispute arose over ownership of the intellectual property and loans to FF to enable the development of GRU. The total separately disclosed costs for this dispute were £516,000 broken down as loan written off to FF when this went into administration in the second half of 2023 £233,000, write-off of non-compliant GRU inventory £220,000, legal fees £23,000 and other associated costs £40,000.

Software costs £314,000 (2022: Nil)
The Group's accounting policy has historically been to capitalise all costs related to the configuration or customisation of software as intangible assets. Following the agenda decision of the International Financial Reporting Standards Interpretations Committee (IFRIC) certain previously recognised intangible assets have been treated as an expense.

Other costs £319,000 (2022: Nil)
Other exceptional costs are made up of costs such as relocation fees, redundancies and the abortive sale of B2C.

7. 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.

	2023 £'000	*Restated 2022 £'000
Profit attributable to owners of the Parent Company	**3,037**	8,126
Non-recurring costs (Note 8)	**6,159**	1,708
Amortisation of acquired intangibles (Note 14)	**7,718**	1,693
Change in the fair value of deferred consideration (Note 24)	**-**	(1,232)
Share-based payment expense (Note 10)	**838**	535
Tax on adjusting items	**(3,174)**	(649)
Adjusted profit attributable to owners of the Parent Company	**14,578**	10,181

	2023 Total Number	2022 Total Number
Basic weighted average number of shares	**173,090,691**	122,126,350
Dilutive effect of share options	**2,241,161**	2,042,848
Diluted weighted average number of shares	**175,331,852**	124,169,198

	Pence	*Restated Pence
Basic earnings per share	**1.75**	6.65
Diluted earnings per share	**1.73**	6.54
Adjusted earnings per share	**8.42**	8.34
Adjusted diluted earnings per share	**8.31**	8.20

* See Note 1 for further information.

8. Dividends

	2023 £'000	2022 £'000
Final 2022 dividend of 1.1p per ordinary share paid and declared (2022: Final 2021 dividend of 0.9p)	**1,433**	1,169
Interim dividend of 1.0p per ordinary share paid and declared (2022: 0.9p)	**1,938**	1,170
	3,371	2,339

A final dividend of 1.2 pence per ordinary share is proposed.

9. Annual Report & Accounts

The annual report and accounts for the year ended 31 December 2023 will be available on the Company's website at www.franchisebrands.co.uk/investor-relations from 21 June 2024, and copies will be sent to those shareholders who have elected to receive hard copy communications on 24 June.

10. Annual General Meeting

Under the Companies Act 2006 (the "Act"), the Company is required to convene its AGM by 30 June 2024 on at least 21 clear days' notice and the notice of AGM, which is on the Company's website, was sent to shareholders on 3 June to convene a meeting on 27 June 2024. The Act also requires that the annual report and accounts for the year ended 31 December 2023 ("Annual Report") is laid before shareholders at a general meeting and that the document must be posted at least 21 clear days before the meeting at which it is to be laid.

The Company intends to post the Annual Report to relevant shareholders on 24 June. Since that date is less than 21 clear days before the date of the AGM, the Company intends to immediately adjourn the AGM when it commences on 27 June 2024, with no formal business being transacted, and then resume the meeting on 18 July 2024. Full details of the business of the AGM, all of which will be considered on 18 July 2024, was set out in the letter to shareholders accompanying the notice of AGM published on 3 June.

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