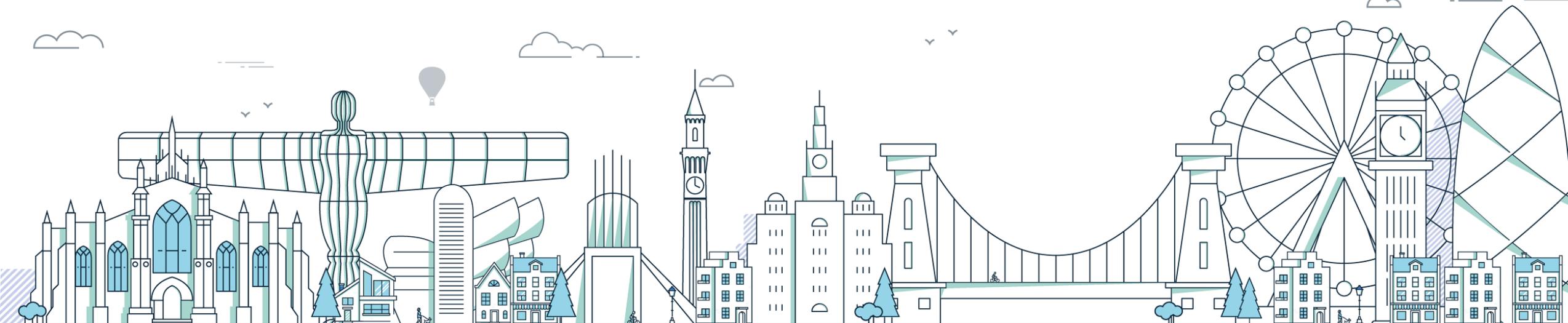


# Interim Results 2021

**The UK's largest property franchisor**

*Strong rebound in activity post-lockdown easing*



# TPFG: The UK's largest property franchisor



## Nine brands



## Significant scale

438

trading branches (Excl EweMove)

152

EweMove territories

Over 73,000

tenanted managed properties

Over 20,000

properties sold per annum

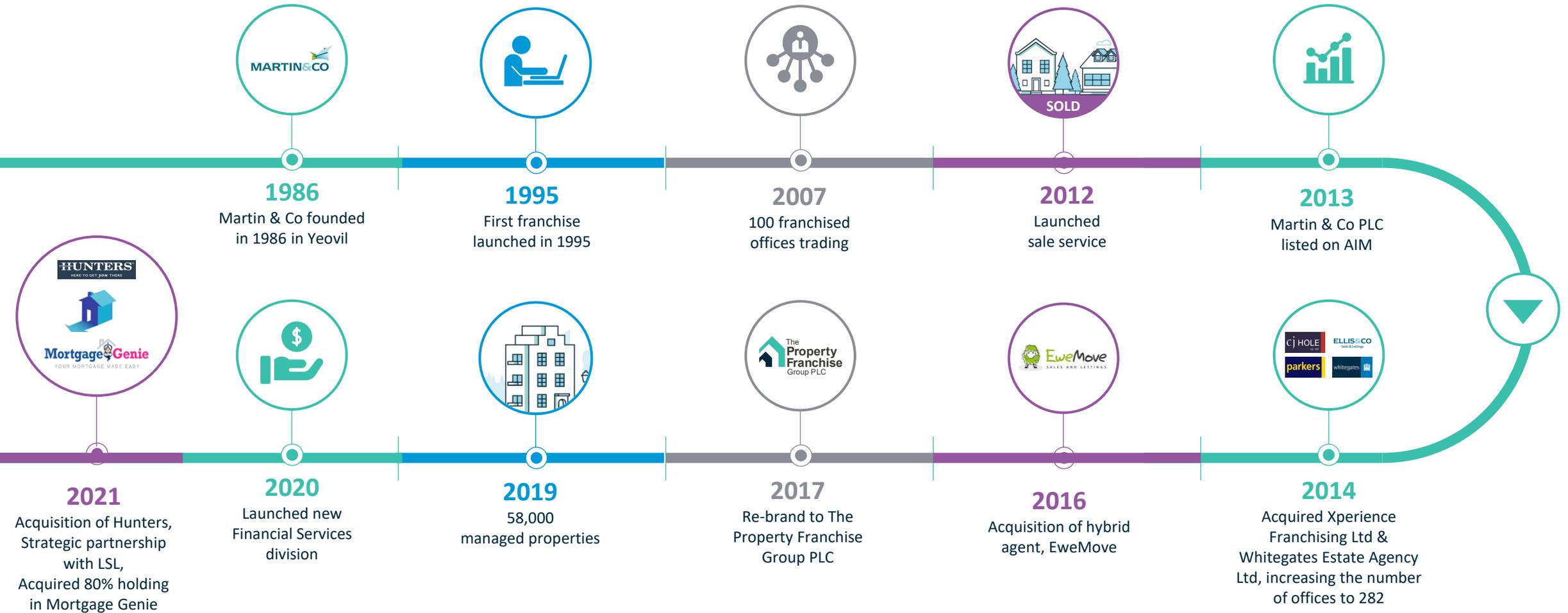


## The Vision

To achieve an increasing UK market share of lettings, estate agency transactions and property-related financial services, using a proven franchise model with multiple and clearly differentiated property brands



# The Property Franchise Group: Timeline of our Milestones



# Strategic growth initiatives



Lettings growth

**Continue to grow the portfolio of tenanted properties**



Expanding residential sales activity and footprint

**Provision of additional support and training**



EweMove recruitment

**Aim to double EweMove territories to 230 by the end of 2022**



Financial Services growth

**Aim to create a pool of 100 financial advisers by end of 2021**



Acquisitions at franchisee and franchisor level

**Assisted acquisitions programme & acquisition of franchise brands**



Digital Marketing

**Maintaining a best in class capability**

# Summary of the period

Record financial performance driven by a very active residential sales market

Significant progress against strategic priorities

Acquired Hunters in March 2021, with integration progressing very well

Confident outlook underpinned by strategic growth initiatives



# Financial overview

Network income up 118% to **£89.4m** (H1 2020: £41.0m)

Group revenue<sup>1</sup> up 117% to **£11.1m** (H1 2020: £5.1m)

Management Service Fees up 73% to **£7.3m** (H1 2020: £4.2m)

Adjusted EBITDA<sup>2</sup> up 108% to **£5.2m** (H1 2020: £2.5m)

Adjusted operating margin<sup>2</sup> of **47%** (H1 2020: 45%)

Profit before tax up 57% to **£3.1m** (H1 2020: £2.0m)

Net debt position<sup>1</sup> of **£5.4m** (H1 2020: £nil) after borrowing £12.5m to fund the acquisition of Hunters

Interim dividend up 81% to **3.8p** per share (H1 2020: 2.1p)

aEPS<sup>3</sup> (diluted) up 99% to **14.9p** (H1 2020: 7.5p)

<sup>1</sup>Excludes Auxilium Partnership Ltd

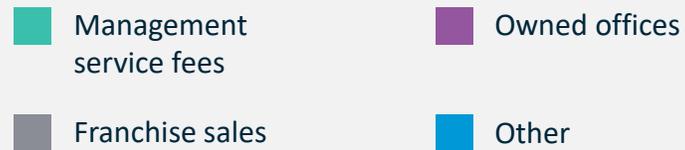
<sup>2</sup>Before share based payments charges, exceptional items, amortisation arising on consolidation

<sup>3</sup>Earnings adjusted to add back amortisation on intangibles, share based payments charge, exceptional costs and Auxilium impairment

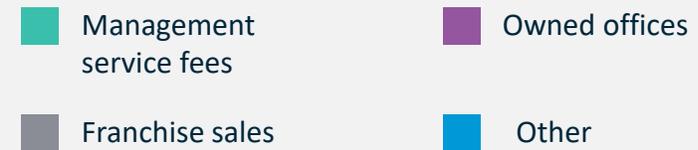


# Revenue

Revenue H121: £11.1m



Revenue H120: £5.1m



# Group MSF split

MSF H121: £7.3m



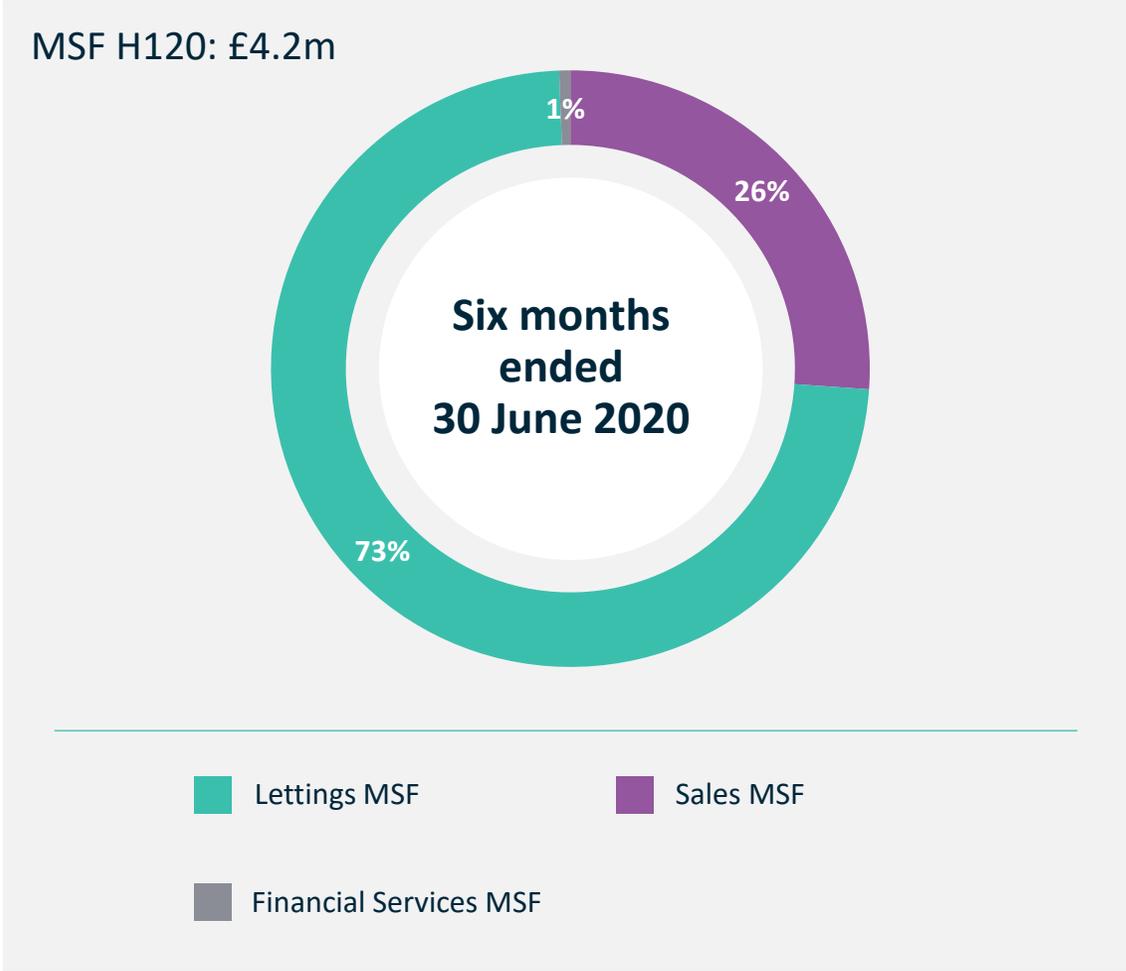
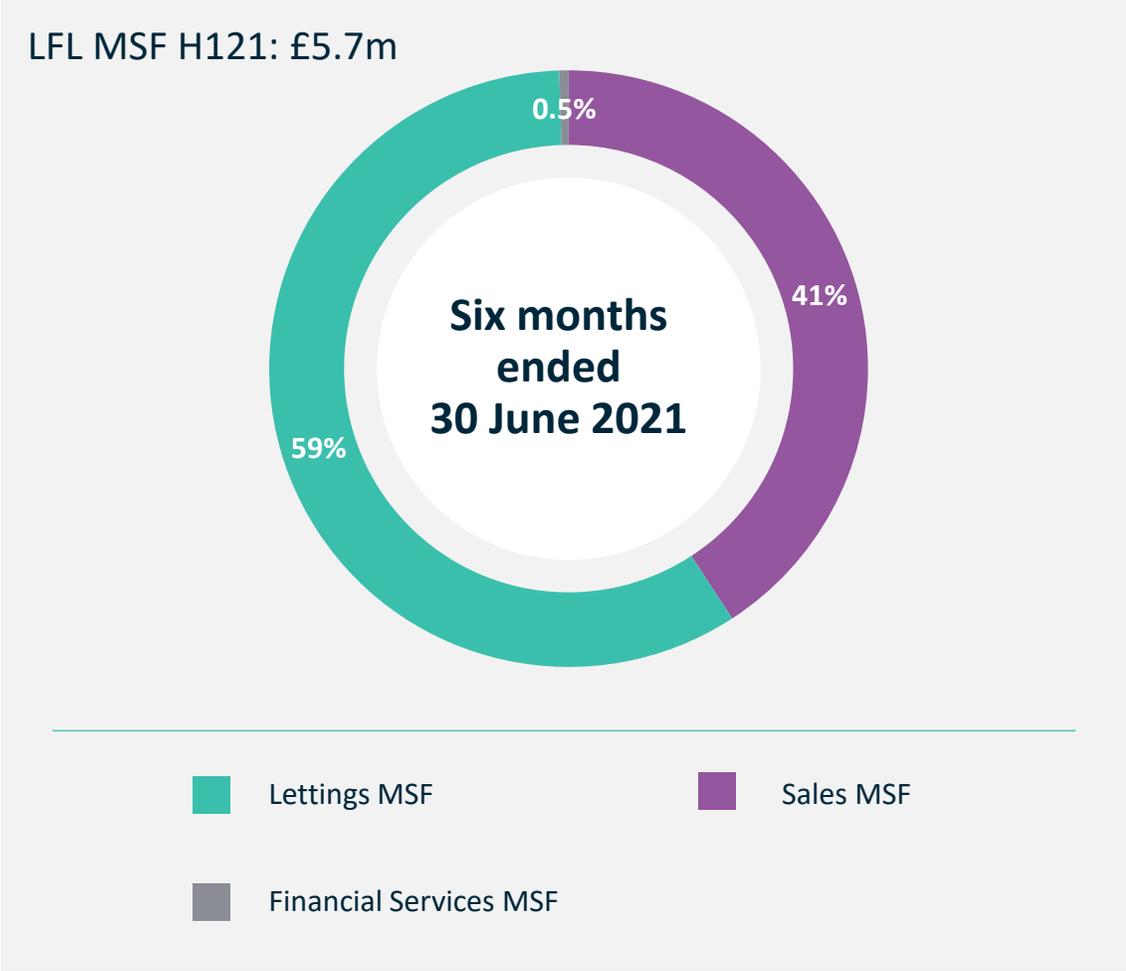
- Lettings MSF
- Sales MSF
- Financial Services MSF

MSF H120: £4.2m



- Lettings MSF
- Sales MSF
- Financial Services MSF

# Group MSF split – like for like\*



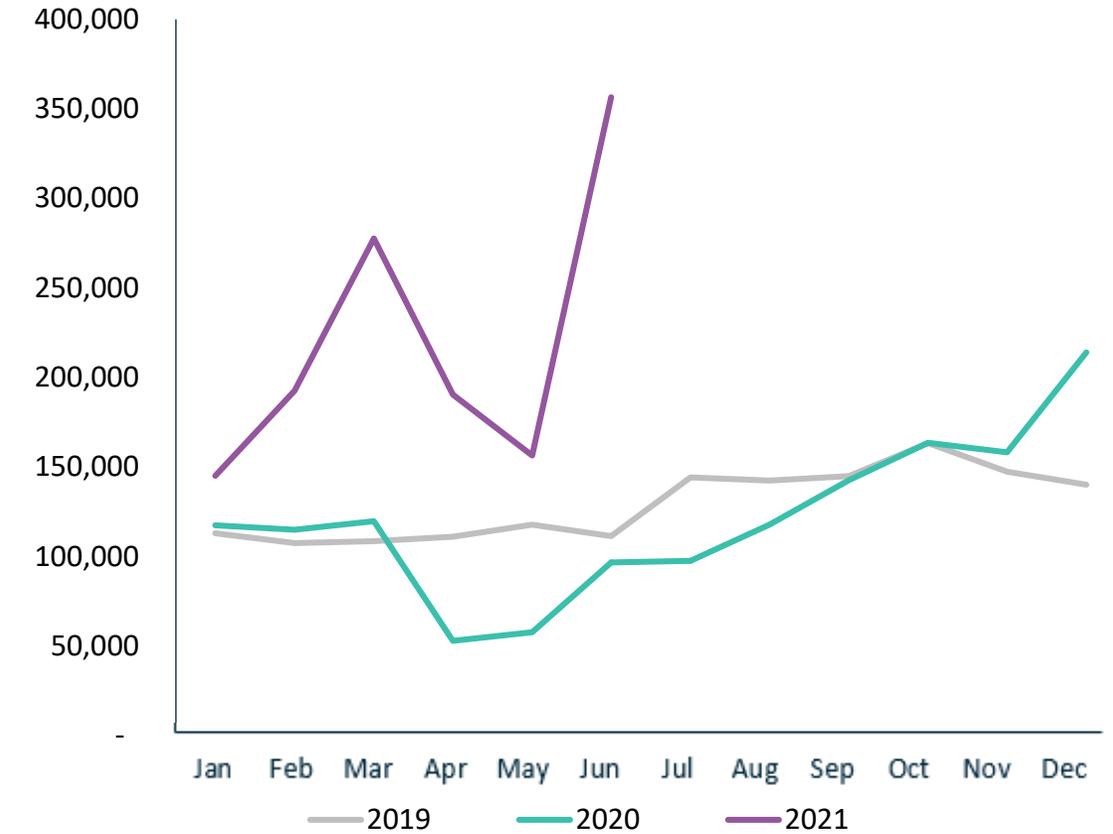
\* Like for like excludes Hunters

# High street-led brands (excluding Hunters)

## Lettings MSF (£)

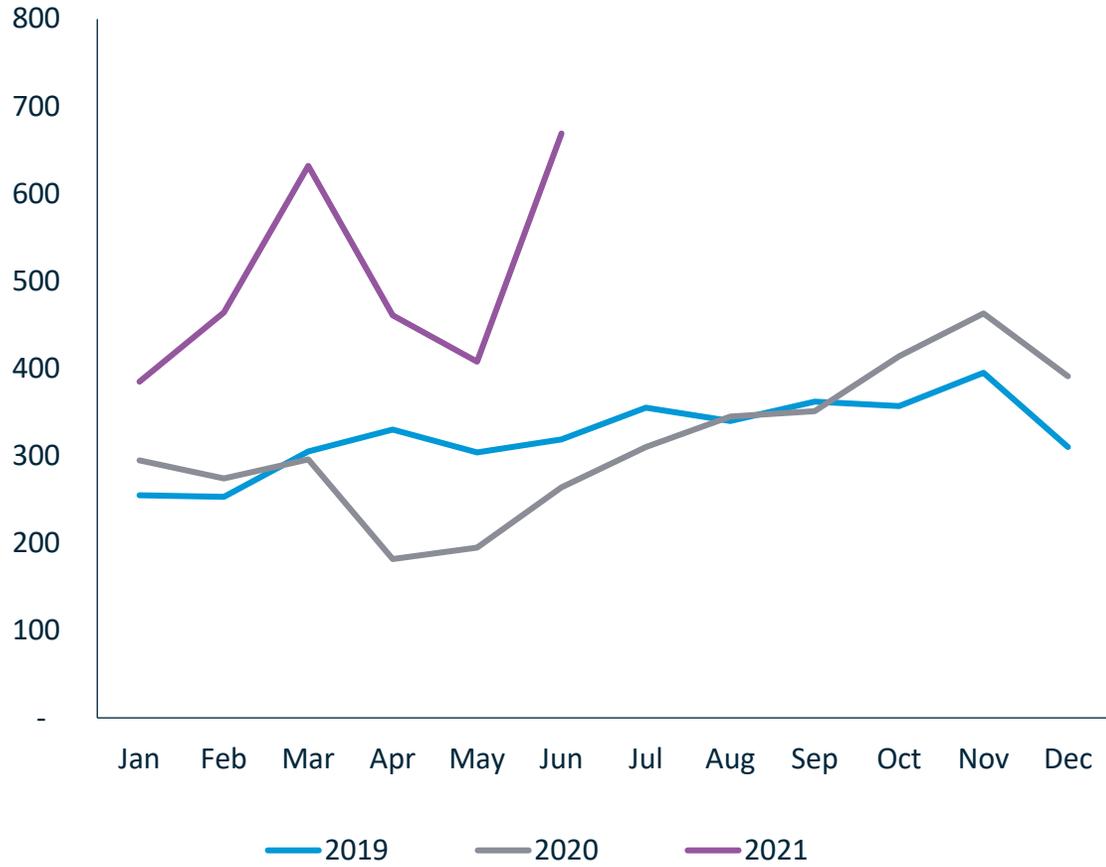


## Sales MSF (£)



# EweMove

## Transactions completed



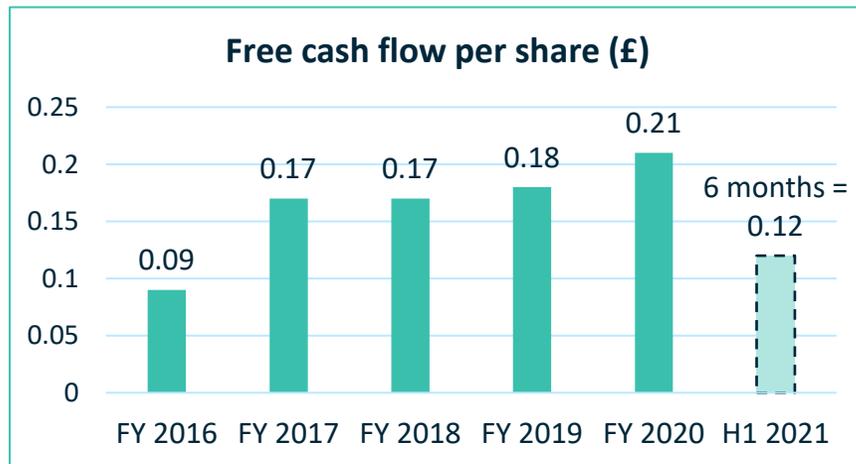
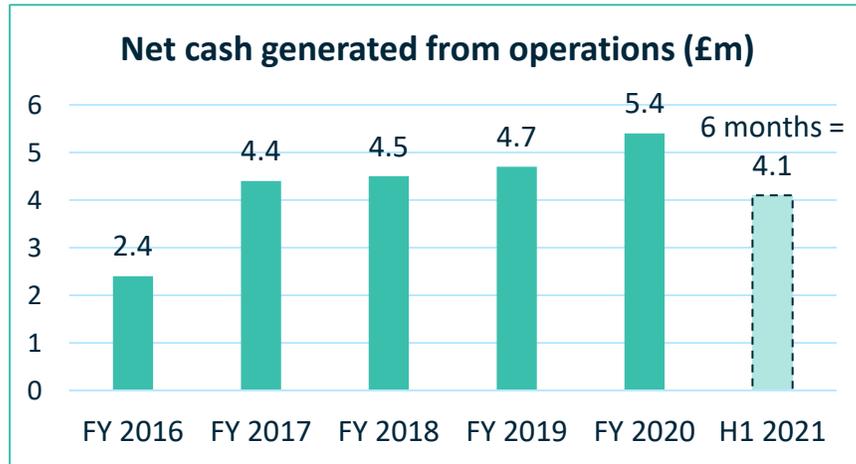
## Sales transactions completed



## Lettings transactions completed



# Cash



## Summary of key movements in cash in last six months:

<b>Cash at 31 December 2020</b>	<b>£8.8m</b>
Net cash from operations	£4.1m
Acquisition of Hunters net of cash acquired	(£13.1m)
Bank loans drawn and repaid	£9.5m
Cash in disposal group held for sale	(£0.3m)
Dividends paid	(£1.7m)
Other movements	(£0.2m)
<b>Cash at 30 June 2021</b>	<b>£7.1m</b>



# Strategic initiatives

# Strategic growth initiatives



Lettings growth

**Continue to grow the portfolio of tenanted properties**



Expanding residential sales activity and footprint

**Provision of additional support and training**



EweMove recruitment

**Aim to double EweMove territories to 230 by the end of 2022**



Financial Services growth

**Aim to create a pool of 100 financial advisers by end of 2021**



Acquisitions at franchisee and franchisor level

**Assisted acquisitions programme & acquisition of franchise brands**



Digital Marketing

**Maintaining a best in class capability**

# Strategic growth initiatives



Lettings growth

**Continue to grow the portfolio of tenanted properties**

- 73,000 managed properties FY20



Expanding residential sales activity and footprint

**Provision of additional support and training**

- Balance now c.50/50 lettings/sales



EweMove recruitment

**Aim to double EweMove territories to 230 by the end of 2022**

- 37 new territories added H1
- Total at 152, in line with target



Financial Services growth

**Aim to create a pool of 100 financial advisers by end of 2021**

- 260 /350 franchisees signed up to LSL's service
- Mortgage Genie acquisition post-period end



Acquisitions at franchisee and franchisor level

**Assisted acquisitions programme & acquisition of franchise brands**

- 7 assisted acquisitions
- Added 647 managed properties



Digital Marketing

**Maintaining a best in class capability**

- Campaigns launched three weeks ago with encouraging results

# Hunters integration update

## Acquisition rationale

Enhanced scale and geographic reach

Earnings accretion and synergies

Acceleration of financial services strategy

Strengthened management team

## Integration progressing well

- Increase scale to become the UK's largest property franchisor
- Enhanced database will enable access to more territories
- Initial synergy initiatives completed
- Very low staff turnover
- **Hunters has delivered a very strong performance since incorporated into the Group, ahead of management's expectation**

# Our market



**Increasing interest  
in the Hybrid  
model**



**Demand across  
the market for all  
property types**



**Gradual move to  
more traditional  
trading patterns?**





# Outlook

# Outlook: An exciting period ahead

Trading to date remains encouraging in H2 2021

Strategic initiatives continue to support growth momentum

Focus on fully integrating Hunters, driving EweMove recruitment and developing Financial Services Division

Macro-environment will drive future demand

Ultimate goal is to support our franchisees in order to help them become more successful

**Full Year profit to be ahead of expectations due to strong performance and positive outlook**



# Q&A



# Appendix

# Income statement summary

	6 months ended 30.06.21 £'000	6 months ended 30.06.20 £'000	12 months ended 31.12.20 £'000
Revenue	11,122	5,131	11,017
Cost of sales	(542)	(441)	(933)
<b>Gross profit</b>	<b>10,580</b>	4,690	10,084
Administrative expenses	(5,893)	(2,646)	(5,256)
Share-based payments charge	(301)	(68)	(68)
<b>Operating profit before exceptionals</b>	<b>4,386</b>	1,976	4,759
Exceptional costs	(1,168)	-	-
<b>Operating profit</b>	<b>3,218</b>	1,976	4,759
Finance income	2	5	11
Finance costs	(118)	-	(3)
<b>Profit before income tax expense</b>	<b>3,102</b>	1,981	4,797
Income tax expense	(769)	(352)	(1,008)
<b>Profit from continuing operations</b>	<b>2,333</b>	1,629	3,759
(Loss) / profit on discontinued operation net of tax	(185)	26	33
<b>Profit</b>	<b>2,148</b>	1,655	3,792
Attributable to:			
Owners of the parent	2,117	1,648	3,783
Non-controlling interest	31	7	9
	<b>2,148</b>	1,655	3,792

## Key movements (H1 2020 to H1 2021):

- Revenue
  - +117% to £11.1m
  - Like for like\* +37% to £7.0m
- Exceptional costs
  - Hunters acquisition costs £0.9m
  - EBT purchase of shares from employees £0.3m
- Discontinued operation:
  - Auxilium P&L and impairment included as one line and comparatives restated
- Adjusted EBITDA
  - +108% to £5.2m
  - Like for like\* of £1.2m, +49%
- Adjusted PBT
  - +121% to £5.1m
  - Like for like\* of £1.4m, +62%

\*like for like excludes the impact of the acquisition of Hunters

# Balance sheet summary

## Key movements:

- Hunters acquisition added £33m intangibles and £4m deferred tax liabilities
- Bank loan of £12.5m drawn to fund Hunters acquisition

	30.06.2021 £'000	30.06.2020 £'000	31.12.2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	46,678	14,663	14,380
Property, plant and equipment	254	76	67
Investment property	427	-	-
Investments	86	-	-
Right-of-use assets	2,068	44	86
Prepaid assisted acquisitions support	517	682	600
	<b>50,030</b>	15,465	15,133
<b>Current assets</b>			
Trade and other receivables	3,512	1,120	1,292
Cash and cash equivalents	7,107	6,125	8,771
	<b>10,619</b>	7,245	10,063
Assets in disposal group held for sale	212	-	-
	<b>10,831</b>	7,245	-
<b>Total assets</b>	<b>60,861</b>	22,710	25,196

	30.06.2021 £'000	30.06.2020 £'000	31.12.2020 £'000
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	320	258	258
Share premium	4,129	4,040	4,040
Merger reserve	14,345	2,797	2,797
Other reserves	196	778	778
Retained earnings	13,834	11,097	12,690
	<b>32,824</b>	18,970	20,563
Non-controlling interest	40	7	9
<b>Total equity</b>	<b>32,864</b>	18,977	20,572
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	10,156	-	-
Lease liabilities	2,335	18	45
Provisions	197	-	-
Deferred tax	5,491	1,083	1,115
	<b>18,179</b>	1,101	1,160
<b>Current liabilities</b>			
Borrowings	2,344	-	-
Trade and other payables	5,934	1,945	2,751
Lease liabilities	473	27	41
Tax payable	875	660	672
	<b>9,626</b>	2,632	3,464
Liabilities in disposal group held for sale	192	-	-
	<b>9,818</b>	2,632	3,463
<b>Total liabilities</b>	<b>27,997</b>	3,733	4,624
<b>Total equity and liabilities</b>	<b>60,861</b>	22,710	25,196

# Cashflow summary

	<b>6 months ended 30.06.2021 £'000</b>	6 months ended 30.06.2020 £'000	12 months ended 31.12.2020 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	4,719	2,485	6,378
Interest paid	(42)	-	-
Tax paid	(625)	(325)	(972)
Net cash from operating activities	4,052	2,160	5,406
<b>Cash flows from investing activities</b>			
Purchase of subsidiary net of cash acquired	(13,070)	(83)	(81)
Cash in disposal group held for sale	(327)	-	-
Purchase of intangible assets	(13)	-	-
Purchase of tangible assets	-	(14)	(17)
Assisted acquisitions support	(31)	(122)	(155)
Loan repaid	-	200	200
Interest received	2	6	11
Net cash used in investing activities	(13,439)	(13)	(43)

	<b>6 months ended 30.06.2021 £'000</b>	6 months ended 30.06.2020 £'000	12 months ended 31.12.2020 £'000
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	<b>96</b>	-	-
Equity dividend paid	<b>(1,706)</b>	-	(542)
Bank loan drawn	<b>12,500</b>	-	-
Bank loan repaid	<b>(3,013)</b>	-	-
Principal paid on lease liabilities	<b>(187)</b>	(32)	(58)
Interest paid on lease liabilities	<b>31</b>	-	(3)
Net cash used in financing activities	<b>7,723</b>	(32)	(604)
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(1,664)</b>	2,114	4,759
<b>Cash and cash equivalents at beginning of period</b>	<b>8,771</b>	4,011	4,011
<b>Cash and cash equivalents at end of period</b>	<b>7,107</b>	6,125	8,771

## Key movements:

- Purchase of Hunters £13.1m: Cash consideration £14.5m – cash acquired £1.4m
- Cash in disposal group held for sale: Auxilium bank balance at 30 June 2021
- Bank loan repaid relates to Hunters loan at acquisition which was repaid post completion

# Business model



**Martin & Co**  
Est. 1987

153 offices  
Sales & Lettings



**Ellis&Co**  
Acquired in 2014

18 offices located  
within M25  
Sales & Lettings



**Whitegates**  
Acquired in 2014

29 offices across Midlands  
to North of England  
Sales & Lettings



**Parkers**  
Acquired in 2014

13 offices along M4  
corridor  
Sales & Lettings



**CJ Hole**  
Acquired in 2014

14 offices in South West  
of England  
Sales & Lettings



**EweMove**  
Acquired in 2016

152 territories  
Non-office, hybrid model  
Sales & Lettings



**Hunters**  
Acquired in 2021

211 offices  
Sales & Lettings

**Established a proven franchise model with clearly differentiated property brands, creating a solid platform for further growth opportunities.**



# The Board

**Richard Martin**  
Non-Independent  
Non-Executive Chairman



**Gareth Samples**  
Chief Executive Officer



**David Raggett**  
Chief Financial Officer



**Glynis Frew**  
Executive Director



**Paul Latham**  
Independent  
Non-Executive Director



**Phil Crooks**  
Independent  
Non-Executive Director



**Dean Fielding**  
Non-Executive Director

