The Property Franchise Group PLC

National footprint local expertise

ANNUAL REPORT & ACCOUNTS 2020

We are the UK’s largest multi-brand property franchisor, with a network of over 500 lettings and estate agency businesses delivering high quality services to residential clients.

As legislation changes and technology evolves, our central team innovate to keep our franchise owners ahead of the game.

Find out more at
thepropertyfranchisegroup.co.uk

OUR VISION

To achieve an increasing UK market share of lettings, estate agency and financial service transactions, using a proven franchise model with multiple, and clearly differentiated, brands. The Property Franchise Group PLC intends to develop both the depth and breadth of its network, supporting our franchise owners to grow their local market shares.

OUR STRATEGIC GROWTH INITIATIVES

- Lettings growth
- Develop sales activity in the traditional brands
- Financial services growth
- EweMove recruitment
- Acquisitions
- Digital marketing

See more on pgs 18-19

FINANCIAL HIGHLIGHTS

REVENUE
£11.5m
+1%
(2019: £11.4m)

MANAGEMENT SERVICE FEES
£9.4m
-3%
(2019: £9.7m)

ADJUSTED EBITDA*
£5.7m
+8%
(2019: £5.3m)

PROFIT BEFORE TAX
£4.8m
+20%
(2019: £4.0m)

DIVIDEND
8.7p
+234%
(2019: 2.6p**)

NET CASH/(NET DEBT)
£8.8m
+120%
(2019: £4.0m)

* Before exceptional items and share-based payment charges
** No final dividend paid for FY19

OPERATIONAL HIGHLIGHTS

- Recruited new CEO, Gareth Samples
- Demonstrated adaptability and leadership in the actions taken to mitigate the impact of the pandemic on the business
- Strengthened the Leadership Team through the recruitment of two new Managing Directors into Martin & Co bringing with them a wealth of industry experience
- EweMove achieved record sales listings and completions in the second half of the year, with the hybrid model continuing to grow its market share
- Group has a portfolio of 58,000 properties (2019: 58,000), providing a reliable, regular income stream
- Decision taken to put in an offer to acquire Hunters Property PLC, an estate agency franchisor with 210 offices. Acquisition effective 19 March 2021

AT A GLANCE

Providing responsive local residential sales and lettings expertise across the nation through our award-winning brands.

OUR NETWORK

We have representation stretching from Falmouth to Aberdeen with a presence in most major towns and cities including 45 offices in London. We achieve this both through traditional high street offices and through virtual offices where the franchisee typically works from home or a serviced office.

2020 IN NUMBERS

PROPERTIES LET BY FRANCHISE NETWORK
28,092
(2019: 32,278)

HOMES SOLD BY FRANCHISE NETWORK
9,493
(2019: 10,823)

ACQUISITIONS
11
(2019: 24)

FRANCHISE NETWORK TURNOVER
£94m
(2019: £93m)

FRANCHISE NETWORK EMPLOYEES
2,300
(2019: 2,250)

OUR BRANDS

Our brands are household names in their local communities, regions and nationally. Whilst the majority of franchisees operate through high street offices and have been with us for many years, a growing number of new franchisees choose to offer a 24/7 hybrid service through EweMove.

NATIONAL BRANDS

MARTIN&CO

The national network of independently owned property agents

Martin & Co was established in 1986 and has 154 high street offices serving England, Wales and Scotland with offices from Falmouth to Aberdeen. It is one of the major residential letting agents in the UK with over 40,000 properties under management, deriving 89% of its Management Service Fees from lettings services. A multi-award winning agency, it specialises in residential lettings, property management, property investment and sales.

OFFICES
154

EweMove SALES AND LETTINGS

The UK's most trusted agent

Launched in late 2013, EweMove has grown to a network of 115 territories at the year end. The EweMove franchise model combines the recruitment of local property experts ("LPEs"), typically serving micro territories of 20,000 households through a centralised 24/7 technology platform, with the traditional features of a full estate agency service and a consumer fee predicated on completed sales, rather than listings. It has been the UK's "No 1 Most Trusted Agent" on Trustpilot since 2015.

TERRITORIES
115

OUR SUCCESS

Our brands have achieved many awards over the years demonstrating their capabilities.

EweMove won both Best National Sales Agent and Best National Lettings Agent in the Best Estate Agency Guide awards 2020, which ranked agents on customer service, marketing and performance.

Parkers and CJ Hole also won recognition in these awards for Sales and Lettings and Martin & Co in Lettings.

REGIONAL BRANDS

Unrivalled local knowledge, for all your property needs

Whitegates has been trading in the Midlands and North of England since 1978. It was one of the first estate agents to advertise on TV. Today its activities are evenly split across sales and lettings.

Property experts providing service and value for London communities since 1850

Ellis & Co has 18 high street offices, 17 within London. It shares complementary branding with Martin & Co offices in London and the two brands, with a combined strength of 30 offices, work together to serve London.

Taking the hassle out of property, for communities across southern England, since 1948

Parkers has 13 high street offices located along the M4 corridor west of Maidenhead with a strong presence around Reading.

Providing expertise in sales and lettings to communities across the South West of England and Wales for over 150 years

CJ Hole was established in 1867. An award winning brand with strong local brand heritage operated through 14 high street offices in Avon, Somerset, Gloucestershire and Gwent.

OFFICES	OFFICES	OFFICES	OFFICES
29	18	13	14

CHAIRMAN'S STATEMENT

It has been a remarkable year for us and our network. Despite the challenges we all faced because of the Covid-19 pandemic, I am pleased to report that we have made strong progress as a Group and achieved a significant improvement in profit before tax, up to £4.8m vs last year's £4.0m.

Richard Martin
Chairman

We have also delivered revenues ahead of last year and a host of operational achievements.

I am full of admiration for our franchisees, who have demonstrated their local leadership skills and leveraged the strengths of the franchise model to achieve exceptional performance in the face of adversity. I am also very proud of our head office teams, who have worked tirelessly to manage many new and complex situations, providing our network with the highest quality of support. I would like to take this opportunity to sincerely thank all our colleagues across the Group.

An effective franchise model requires both franchisee and franchisor to have a clear understanding of joint goals, ambitions, and responsibilities. Whilst the disruption of the first lockdown created a number of challenges, it also presented an opportunity for us to reset our approach. We moved swiftly to deliver renewed value to our franchisees. The quality, depth and integrity of the support the central team provided was outstanding, and franchisees have been very forthcoming in their gratitude to our response. It is clear that franchisees see the benefits of being part of a strong and capable Group.

PROFIT BEFORE TAX

£4.8m

DIVIDEND FOR FY20

8.7p

Board focus during 2020

Responding to the pandemic understandably took up much of our focus in the early part of the year. The safety of our staff, franchisees and their customers were our primary concern, followed closely by the continuation of our franchisees' business activity. As such, we were quick to roll out equipment and test all systems to ensure our teams could work remotely, completed ahead of the first government lockdown. Thanks to our experience of remote working and established channels of communication, we were able to ensure franchisees and their staff were fully prepared and supported throughout.

The Board met 15 times in the year as the circumstances of those unprecedented and uncharted times dictated. We prioritised stakeholder engagement, briefing major shareholders on our plans to navigate the pandemic regularly alongside our usual periodic presentations to shareholders.

Hunters acquisition and strengthening of our team

Our new CEO, Gareth Samples, joined the Group in February 2020 and formally took up his role in April 2020. He has provided dynamic leadership during a challenging first year in the role. He has not only navigated the pandemic, he has also refreshed our growth strategy and strengthened our operations. On top of this, he has now led the team on the delivery of a major milestone post-period end, with the acquisition of Hunters.

The acquisition of Hunters, effective 19th March 2020, marks a step change in scale and moves us significantly further ahead in the execution of our strategy. With Hunters joining our Group we have become the UK's largest property franchise business, and indeed a significant player in the wider estate agency sector.

As part of the acquisition, we were delighted to welcome several highly experienced and well-regarded new members of the management into our team. Glynis Frew, previously Chief Executive of Hunters, and Dean Fielding, formerly a Non-Executive Director of Hunters, have both joined the TPFG Board, as an Executive Director and an independent Non-Executive Director respectively. This marks a considerable bolstering of our team and we know they will bring significant value to the Group going forward.

Beyond these appointments, and as part of our commitment to our new strategy, we have also expanded our senior management team with the creation of a number of new Managing Director roles which Gareth details further in his statement. The bolstered executive team has quickly built relationships and provided valuable support to our network, exploring opportunities with franchise owners, and agreeing courses of action for expanding their businesses in line with our wider growth ambitions.

Market developments

As with many industries, Covid-19 has prompted an accelerated rate of change over the last year. The pent-up demand in the property sector experienced in the second half was fuelled by many new factors, including new job relocations, the stamp duty holiday and changing personal finance positions, along with homeowners reassessing their housing needs during lockdown.

Looking forward, I believe that the housing market represents a strong investment opportunity. The UK government has demonstrated that the housing market is integral to a strong economy and that it will implement initiatives to support its continued strength. We have now seen the stamp duty holiday extension and announcement of 95% mortgages being offered by lenders, which together with the onset of a new era of flexible working, gives us confidence that strong market demand will be maintained for some time.

Our founding brand, Martin & Co, was an early pioneer of franchising in estate agency, and we are pleased to note that the model is today firmly established. We believe, as the industry evolves, it will ultimately become the pre-eminent model and we intend TPFG to be at the forefront of that evolution.

Dividend

In line with the Board's ongoing focus on cash management, and similarly to many quoted companies, we did not pay a final dividend for 2019. However, we were one of the first companies to reinstate dividends with an interim payment of 2.1 pence per TPFG share in September 2020. We also decided to pay a second interim dividend, in lieu of a final dividend for FY 2020, of 6.6 pence per TPFG share on 23 February 2021. Going forward we intend to maintain our progressive dividend policy.

Furlough repayment

Post-period end and aligned to the current strength of the business and its balance sheet, the Board made the decision to repay the £0.09m of Government Covid-19 financial support received under the Coronavirus Job Retention Scheme.

Outlook

Trading in the current year has begun well. The primary areas of growth and focus for us in the year ahead will be the increase in franchisees, residential sales activity, portfolio acquisitions, growing our financial services' revenues, improving our digital support channels and integrating Hunters into the Group.

We go into the period ahead closer to our franchisees than ever before, and as a result, stronger as a Group. We are confident that we are very well placed to push forward with our new strategy and long-standing growth plans.

Richard Martin
Non-Executive Chairman
26 April 2021

— CHIEF EXECUTIVE'S STATEMENT

I am delighted to be reporting on The Property Franchise Group's full year results; the first in my role as Chief Executive Officer.

Since I joined the Group in February, the pandemic has driven a huge amount of change in our market. However, I am pleased to say that the Group has navigated the challenges and seized the opportunities that came with those changes. It has continued to drive growth and, ultimately, delivered a very strong set of results. I would like to take this opportunity to thank the entire team and our franchisees, whose dedication and resourcefulness has underpinned the year's progress.

Following a resilient performance in the more challenging first half, momentum built quickly when restrictions were eased in the summer and the pent-up demand started to flow through. Bolstered further by the stamp duty holiday initiative, the remainder of the year saw activity levels remain very high with the Group delivering record profits in the second half.

We increased our revenue for a seventh consecutive year to £11.5m (FY19: £11.4m) thanks to the acquisition of Auxilium Partnership Ltd and increased our operating margin to 42% (FY19: 35%). The Group achieved a profit before tax of £4.8m (FY19: £4.0m). We have remained cash generative throughout the year and our cash balance increased to £8.8m as at December 2020, with net cash generated from operations of £5.4m (FY19: £4.7m) The strength of our balance sheet provided the stability needed to build further momentum behind our growth strategy.

Gareth Samples
Chief Executive

TURNOVER

£11.5m

CASH GENERATED FROM OPERATIONS

£5.4m

Strong performance from the high-street led brands

The Group's high-street lettings and estate agency brands operated by our franchisees delivered a strong performance. Whilst sales and lettings activities were suspended by the Government from 16 March to 13 May, our franchisees were proactive in responding to the surge in activity from the pent-up demand following the re-opening of the housing market. They subsequently delivered a record year of activity for the Group. Lettings continues to be our most significant and important source of MSF from these brands accounting for 79% of total MSF.

Our focus on digital marketing remains key, as it is an essential tool in running a successful estate and lettings agency business. Our franchisees' ability to deliver a quick recovery was in part driven by digital marketing and it remains a key part of the Group's core strategy for future growth.

As with the wider industry, our franchisees in our high-street led brands demonstrated that they could adapt to an environment that observed social distancing guidelines. As our market is driven by consumer behaviour, we have ensured that we have embraced digital solutions together as part of their offering to customers' evolving needs and requirements. Virtual viewings and valuations are now an established offering that provide efficiencies that can benefit franchisees and customers alike. We will continue to enhance our own technology in line with that development.

Hybrid model EweMove thrives

EweMove delivered its best ever half year performance in H2 and continues to demonstrate the benefits of its unique, hybrid, highly customer centric and flexible cost-based model.

The hybrid estate agency model continues to be an appealing option for estate agents and buyers alike. EweMove recruited 11 new franchisees in the year, despite being temporarily closed to recruitment for half the year and during a period of significant uncertainty, demonstrating that it is a highly desirable model for people who are looking to become franchisees.

During the period, EweMove was awarded 'Best National Sales Agency' and 'Best National Lettings Agency' at the EA Masters Awards 2020. These are highly regarded awards in the industry and one of the highest accolades that the brand could receive. We are delighted with the recognition the brand is receiving and the traction its gaining, which positions it well and supports our objective of doubling the size of its network in the next two years.

Our Covid-19 response

With over 330 businesses depending on us to guide and inform them through an unprecedented period, we responded quickly and developed a comprehensive approach to maintaining operations and safeguarding our future. This included getting to grips with the requirements of the furlough scheme and the other government support available, advising franchisees on what actions they should take and working with them to identify how they could reduce costs as much as possible. Though the second half of the year proved to be a lot more positive, we continued to guide our franchisees closely throughout the period and I am proud of the role we played in supporting each and every franchisee across the year.

Supporting our franchisees

Since joining the Group, one area of key focus for me has been the level of support we provide to our franchisees. The pandemic undoubtedly sharpened our focus on strengthening relationships with our franchisees and accelerated the way in which we went about implementing changes. We have now made tangible progress and re-affirmed our internal approach, culture and attitude, clearly recognising that our purpose as a business, and every individual role within that, is to support the franchisees and to help them to become more successful.

In line with this purpose, we enhanced our experienced senior management team, who are focused on understanding which parts of the strategy each franchisee is keen to embrace and ultimately, to help them grow their businesses. In October we welcomed Eric Walker, as Managing Director of Martin & Co (South and Scotland) shortly followed up by the appointment of Gareth Williams as Managing Director of Martin & Co (Midlands and North). They join Kate Randall, MD of CJ Hole, Ellis & Co, Parkers and Whitegates and Nick Neill, MD of EweMove. Finally, Glynis Frew will continue to lead Hunters as its Managing Director. This represents an extremely experienced and skilled MD team.

Our franchisees have responded very positively to our commitment to support them with such a high calibre new team and feedback on its initial impact has been extremely positive and encouraging. The Managing Directors are regularly communicating with them about the opportunities we perceive for their businesses and helping them to understand the actions needed to realise the opportunities.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

Executing on strategic growth opportunities

As part of my recruitment, I was set the task of identifying how to substantially grow the Group. Having achieved buy in from our Board and been appointed, I have been keen to implement that growth strategy held back initially by the pandemic. There are six core areas of focus, where we believe there is a significant opportunity to build on existing foundations, many of which will be further accelerated or enhanced with the acquisition of Hunters in March 2021. The key areas to develop are as follows:

- **Lettings growth**
  - We intend to continue to grow the portfolio of tenanted properties managed by our franchise network through acquisition (our own and assisting franchisees), through more engaging and informing services for our landlords, and by addressing the causes of attrition.
- **Develop sales activity in the high street-led brands**
  - Overall, these brands are missing revenue opportunities by their focus on lettings. Through the provision of additional support and training, we believe there is a good opportunity to increase the level of sales activity executed by our high street-led brands.
- **Financial services growth**
  - It is our intention for all our customers to have access to a full-service lettings and estate agency service, and financial services provision is part of that journey.
  - It is our intention to grow the number of financial services advisers serving our network to over 100 across all brands by the end of 2021.
- **EweMove recruitment**
  - We are aiming to double the number of territories occupied by EweMove franchisees (115 as at 01/01/2021) by the end of 2022 which involves a significant increase in recruitment.
- **Acquisitions (franchisee and franchisor level)**
  - We support the acquisition by our franchisees of local competitors' lettings books. These acquisitions increase the stability and profitability of their businesses.
  - We will also consider the acquisition of other franchise brands where it is clear it would bring value to the Group.
- **Digital marketing**
  - Best-in-class digital marketing is essential to running a successful estate and/or lettings agency business and we continue to invest in our capabilities.

We made good progress against several of these initiatives over the year, and post period end. We have of course, met one of our key acquisition objectives with the completion of our acquisition of Hunters (please see below). This also supports our ambitions to grow our portfolio of managed properties, Hunters having 15,000 at acquisition, and to expand residential sales activity and footprint in the high street-led brands, as we plan to leverage Hunters' existing sales knowledge across the Group.

We have also made strides forward in other areas. We recruited 11 EweMove franchisees in the year, a good performance given the industry backdrop, and have recruited 20 more in Q1 FY21. The total number of territories occupied is now at 135, in line with our 2022 target. We made 11 assisted acquisitions in the year, adding 1,305 managed properties to the Group's portfolio. Our announcement regarding the strategic partnership with LSL will help us significantly on our journey to grow the number of financial service advisers available to the Group and allow franchisees to pursue their own financial services growth ambitions.

Acquisition of Hunters

We are delighted to have completed the acquisition of Hunters Property PLC on 19 March 2021, a property franchise business with 210 branches nationwide specialising in residential sales and lettings. Hunters is a strong brand in the industry and boasts an extremely experienced management team led by Glynis Frew. The combined businesses create the leading UK property franchisor, with enhanced scale and geographic reach; nine brands and over 550 outlets across the UK.

Through the acquisition our value proposition to franchisees and customers has been enhanced and we now have the additional resources to build a stronger and more efficient franchised network. Moreover, because of our accelerated route to growth and enhanced capabilities, we have been presented with several new growth opportunities.

We see great opportunity ahead and very much look forward to working with Glynis Frew and her team as we continue to grow our market share in the sector.

Strategic Partnership with LSL

We are incredibly excited by the opportunities presented through our strategic partnership with LSL, announced today. This results from the acquisition of Hunters and the work undertaken in 2020 on the delivery of our strategic objective with regards to financial services. It involves the supply of mortgage and protection advice throughout our franchised network to all their customers.

Outlook

We will continue to focus on acquiring businesses that expand our footprint, enhance current revenue streams, and deliver new revenue streams.

We expect the positive increase in market activity seen in the second half of 2020 to continue in 2021 due to the Government's focus on assisting our sector and the quick rollout of vaccines allowing greater freedom of movement. Whilst uncertainties continue, and we have yet to see the full impacts of the pandemic, we see good reasons to believe that the residential housing market will be a beneficiary.

We have set a clear agenda for growth, which both our people and franchisees are fully behind. We have already started delivering on our new strategy and, with the enhanced management team, we will continue to build and invest for the future.

Gareth Samples
Chief Executive
26 April 2021

— INVESTMENT CASE

Why invest in The Property Franchise Group?

We are a robust business in the face of adversity as well as a market leader able to reap the rewards in better times. Since listing on AIM in 2013 we have acquired a number of complementary property franchising businesses and become the largest lettings and estate agency franchise business in the UK.

We have rewarded our shareholders with a progressive dividend policy.

1 PROVEN FRANCHISE MODEL:

+25

years in franchising

2 HIGH DEGREE OF RECURRING REVENUE:

61%

of total revenue in 2020

3 TRACK RECORD OF GROWTH:

317%

growth in EPS since 2013

4 EXPERIENCED LEADERSHIP TEAM:

22 years

average industry experience

5 STRONG CASH GENERATION:

up 15%

on 2019 at £5.4m for 2020

6 CAPITAL LIGHT MODEL:

22%

ROCE
in 2020

41%

ROCI
in 2020

7 FIVE ACQUISITIONS SINCE 2013 TO DATE:

Eight

franchise brands

8 PROGRESSIVE DIVIDEND POLICY:

8.7p

per share in 2020

CHIEF EXECUTIVE'S Q&A

Gareth joined The Property Franchise Group in February 2020 and became Chief Executive in April 2020. He brings over 30 years of industry experience to the role and has already been making his mark, delivering a strong performance during an unprecedented year.

Q — WHAT ATTRACTED YOU TO THE PROPERTY FRANCHISE GROUP?

As the UK's largest multi-brand lettings and estate agency franchising group, The Property Franchise Group was clearly a very successful business that had consistently performed very well over a long period of time. Ian had done an incredible job over the past 15 years and so the chance to build on that foundation was an exciting prospect.

Q — WHAT WERE YOUR FIRST IMPRESSIONS OF THE GROUP?

I came on board in February and only had two weeks of relative normality before we all transitioned to working from home. That was quite challenging in terms of taking on a new role, building relationships and growing my own understanding of the business. But also because we were straight into crisis management, working with our people and franchisees to understand what our role was in this unprecedented situation. On the flipside, I learnt a huge amount about the business and our people from how they responded to an incredibly challenging period.

Q — WHAT HAVE BEEN YOUR IMMEDIATE PRIORITIES?

The main focus of my first year, irrespective of the pandemic, was to get closer to the franchisees and strengthen those key relationships. Working collaboratively and with common direction can only benefit both sides, so I set about understanding their needs, ambitions and challenges, as well as clearly communicating what the TPFG stands for and expects from them. Through the pandemic and the second half of the year, we have developed those relationships and I believe we now have more motivated and engaged franchisees, a great result that we can build on in the future.

Q — WHAT WAS YOUR APPROACH TO DELIVERING A NEW STRATEGY?

Stage one of developing a new strategy was identifying the opportunities where we believed we could most help the franchisees and articulating what we wanted to achieve. Stage two was putting the right management structure and resources in place to deliver on those objectives and demonstrate our commitment. Stage three will be executing our plans going forward and meetings our targets over the next two years.

See more on pgs 18-19

Q — WHAT IMPRESSED YOU ABOUT THE GROUP DURING THE COVID-19 CRISIS?

The transition to working from home for the central team was seamless, with high levels of engagement and resilience. Our daily communications with our franchisees were comprehensive and appreciated, as was the impact team we put in place to support on questions and challenges around furlough, business rates, supplier negotiations, etc. Our help enabled the franchisees to offer a very strong service to their customers despite working from home. Overall, the effectiveness of our response gave us a great platform for driving our new agenda once the market reopened.

Q — WHAT ARE YOUR THOUGHTS ON THE CULTURE OF TPFG?

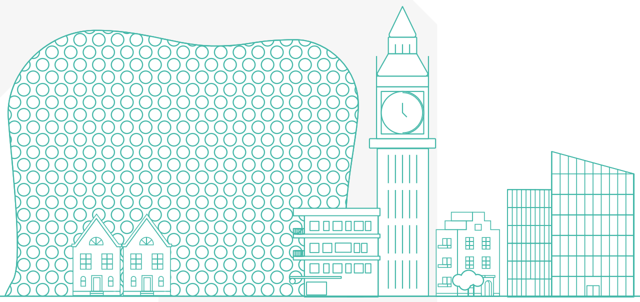
We have a really experienced and willing team of people, who truly want to help our franchisees succeed. Making that focus on help and collaboration more central to our purpose and culture has been vital to our pandemic response this year, and we have had incredibly positive feedback from our franchisees so far.

See more on pg 30

OUR RESPONSE TO COVID-19

We took swift action to mitigate the impact of Covid-19.

Thanks to the dedication of our people and partners, and the resilience of our operating model, we have been able to deliver a strong performance while protecting the health and wellbeing of all our stakeholders.



STAGE 1:

Our initial response

WHAT WE DID

When the gravity of the pandemic became apparent in early March we started to make plans to minimise the possible disruption. We carried out some trial runs to ensure our central team had the technology set up to work from home and we encouraged our franchisees to do the same. This meant when the first lockdown was announced the move to home-working was very smooth so we could concentrate on business initiatives.

- We formed an 'Impact Team' with each franchise owner being allocated to a member of the central team who became their key point of contact during this difficult time. We worked very closely with our network to support them throughout.
- Daily updates were sent via email to franchise owners on areas such as government financial assistance, operational advice and HR matters.
- We negotiated price breaks and discounts with our suppliers and also on behalf of our network.
- We took advantage of technological solutions such as virtual viewings and video calls.
- We created a cash flow model to help inform decisions on cost saving measures. A small number of central staff were furloughed. We had a voluntary reduction in basic salaries across the board and commissions, bonuses and car allowances were suspended.
- Financial services acquisition targets and other growth initiatives were put on hold.
- Signed up for the furlough scheme and deferred VAT arrangement.

As a result of our careful planning, and our subsequent actions, we were able to react quickly to the changing landscape and continue to operate safely and effectively across the business.

STAGE 2:

Adapting to ongoing restrictions

WHAT WE DID

Having navigated the initial challenges well, when the restrictions of the first lockdown began to ease in the middle of the year, the market responded eagerly and we were immediately busy. That provided new challenges around safety, responding to the demand for franchisees' services and supporting our franchisees.

- Thorough PPE and risk assessments were undertaken for every branch.
- Staff returned from furlough in line with increased demand.
- Marketing levels rapidly returned to normal levels.
- Daily updates to franchisees on government financial assistance, operational advice and HR matters continued.
- Return to strategic growth initiatives.

Resuming all our operations with a robust focus on health and safety at this time enabled us to capitalise on a spike in market interest and activity.

STAGE 3:

Positive outcomes across rest of the year

WHAT WE DID

With the market responding very positively, and buoyed by the government's stamp duty incentives, the second half of the year was stronger than anyone could have expected back in March 2020.

- Reinstated interim dividend in line with market expectations.
- Reimbursed staff for all voluntary reductions in basic salaries and commissions and bonuses that had been suspended.
- Subsequent changes in restrictions, including the UK going into various further lockdowns, did nothing to dampen the sales market .
- Impact Team success has strengthened the relationship with our franchise owners and puts us in a good position going forwards.
- Seamless long-term working from home.
- Repaid furlough monies received of £0.1m and repaid deferred VAT in full post year-end.

The strong performance throughout the second half of the year meant our operating margins were maintained and our cash balances increased.

OUR MARKET

Our understanding of the macro-economic drivers of the residential property market.

Residential property has established itself as an investment asset class and the economic need for residential agency remains as strong as ever.

Market drivers

- People will always need somewhere to live
- Population growth/increased life expectancy means more UK households in the future
- Social housing provision has declined significantly over the last 30 years
- The private rental sector has grown significantly to over 20% of total housing stock
- Residential property has become an investment asset class
- Demand continues to outstrip supply

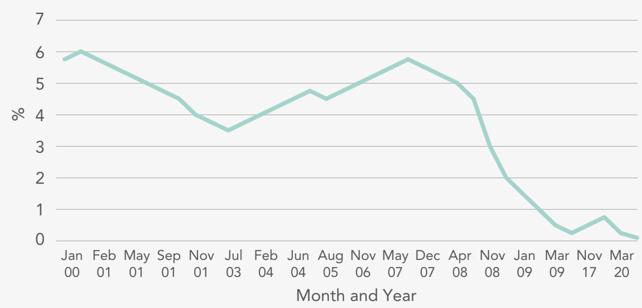
KEY MACRO-ECONOMIC FACTORS

Low interest rates and current reductions in stamp duty

Increased activity in the housing market as people take advantage of the low interest rates and reduced stamp duty. The bank base rate has been below 1% since February 2009, a period of over 12 years. The stamp duty nil rate band of £500,000 has been extended until 30 June 2021 and will then become £250,000 until 30 September 2021.

Covid-19 restrictions in 2020 have led to more time spent at home and a re-evaluation of living requirements.

Official Bank Rate



KEY MARKET OPPORTUNITIES

Growing private rented sector

The private rented sector ("PRS") has grown from a low of 9% in the late 1980s to 20% of UK housing stock in recent times. Renters aged 35–49 are now the largest group. They are expected to show the highest growth rate in the years ahead. By 2021 it's estimated that the PRS will account for 5.8m privately rented homes in the UK.

Stored Equity

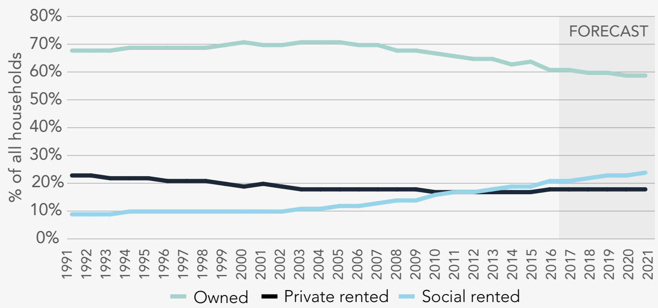
There is an estimated £3.7 trillion of equity stored in UK housing stock, with the over 50s owning £2.8 trillion* of it. The majority of rental properties are bought wholly from cash resources. Cash buyers are forecast to account for 36% of all purchases over the next 5 years*.

STORED EQUITY

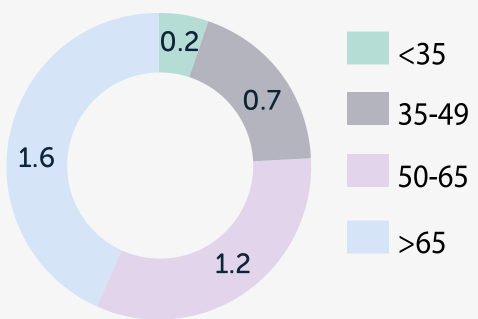
£3.7tn

* Savills Research (Autumn 19, June 19 and Autumn 17).

Growth of the Private Rented Sector



Stored Equity (£trillion)

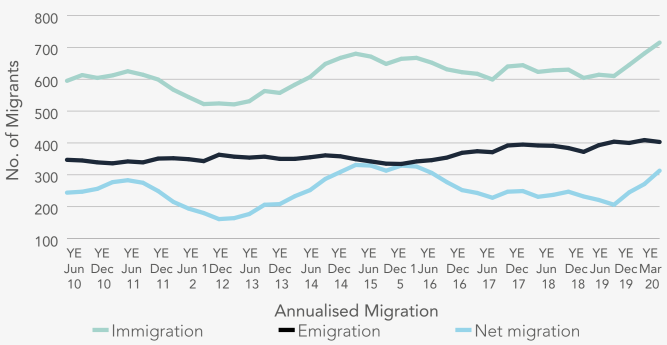


Net Migration

Net migration for the year to March 2020 was 313,000 up from 240,000 for the year to September 2019. Of those entering the UK 64% were for work. Whilst EU citizens have been leaving the UK since the referendum, non-EU citizens have been entering the UK in record numbers. The pandemic might change this but the extent of net migration over the last decade should leave a legacy. The foreign born UK population is almost 3 times as likely to be in the private rented sector.

ONS Quarterly Report (27 August 2020).

Net Migration to UK



Government plan to regenerate cities with new homes

In December 2020, following consultation over the summer, the government set out plans to encourage councils to plan for more family homes and also to re-purpose vacant building such as offices and under-used land. The government has set out £12bn of investment in affordable homes which is expected to unlock a further £38bn public and private investment in affordable housing. This is in addition to the £7.1bn National Home Building Fund

https://www.gov.uk/government/news/plan-to-regenerate-england-s-cities with-new-homes.

Increased interest in hybrid model as customer preferences change

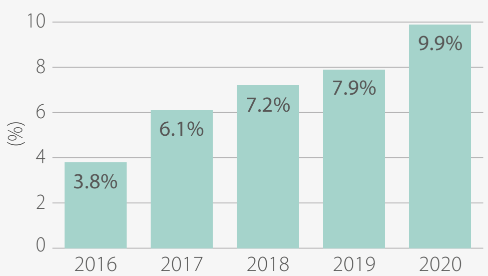
Customers are showing increasing interest in using Hybrid brands, where technology is coupled with a traditional approach. Online only agents, on the other hand, have struggled to gain market share.

HYBRID AGENTS MARKET SHARE

9.9%

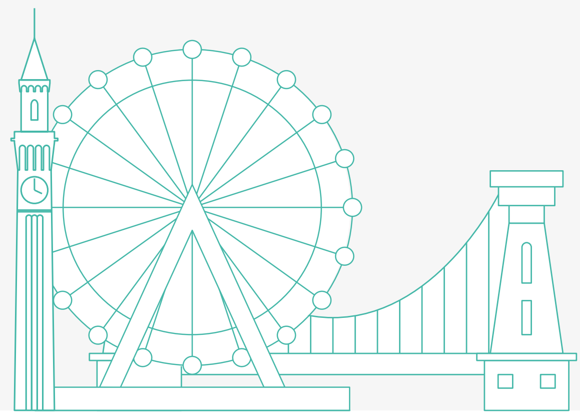
Twenty CI.

Market share in final quarters of 2016–2020



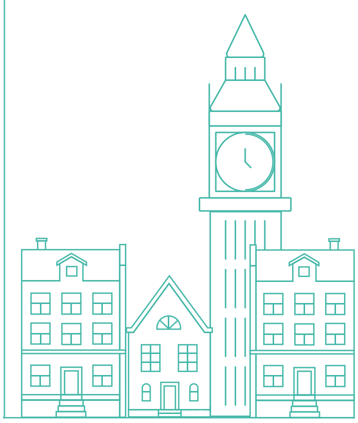
Increased regulation – RoPA (Regulation of Property Agents)

The government is expected to introduce legislation within the next 2-3 years which will require all property agents to be regulated by an independent regulator, with mandatory qualifications and a code of practice, in order to raise standards in the industry. This will benefit networks such as ours where we can roll out the training and provide support to ensure compliance with the legislation.



BUSINESS MODEL

We have established a proven franchise model with clearly differentiated property brands, creating a solid platform for value creation and further growth opportunities.



WHAT WE DO

Lettings and property management

We are one of the largest managing agents of residential properties in the UK with a deep understanding of lettings and a clear view of how to develop value in the long-term from a portfolio. Our franchisees are fully insured members of professional bodies, supported by specialist software, who know their local rental market and manage all properties locally.

Estate agency

We operate on a no sale no fee basis. We cater both for the majority of sellers who prefer to instruct an agent operating from high street premises and for those sellers who choose to use a more technologically enabled agent without a high street office. Two of our brands have been engaged in estate agency for more than 150 years.

Financial services

Many of our franchises offer their clients access to property related financial services. We see this is a growth area for us, part of providing a fuller service to our clients and an opportunity for a longer term relationship. Hence, the development of a full financial services offering forms part of our strategic plan.

Acquisitions

The assisted acquisitions programme, whereby we provide the expertise to our franchisees to assist with finding the sellers of managed property portfolios, negotiating the sales, funding the acquisitions and integrating those acquisitions, is a primary focus for us. Franchisees buying managed portfolios of properties improve their chances of successful future growth.

HOW WE ADD VALUE

Established franchise model

At our core, all our brands operate exactly the same franchise model. It's a model that's been developed over the last 25 years, based around long-term commitment by franchisor and franchisee to the development of the franchisees' revenue streams. Franchisees sign a five-year agreement and agree to put all their efforts into developing the franchise brand in their territory.

Expertise and scale

We have significant expertise in buying, letting and managing rental properties. In the last six years we have developed our expertise in selling houses such that today 30% of our business comes from this activity. Since the year-end we have grown to be the second largest branch network for residential sales and the second largest manager of rental properties through the acquisition of Hunters Property PLC.

Central support

The support required by franchisees changes as their franchises mature, as the economic environment changes and as the pandemic takes its course. We continue to evolve and invest in our central support through IT, marketing, assisted acquisitions, compliance and to invest in business advice through the growth of our leadership team.

Harnessing technology

The use of technology is evolving in our sector. The acquisition of EweMove helped us understand how we might meet customers' expectations. Having improved lead generation through providing useful information and improved websites, we built a customer relationship management ("CRM") platform to be able to engage at the right times with customers. Live chat was implemented on a 24/7 basis along with virtual viewings and online appointments. Online meetings with clients are now common place. The pandemic has accelerated the changes that would have eventually filtered into our sector and we are continually evaluating our next steps.

HOW WE SUPPORT OUR FRANCHISEES

We rely on people who are committed to operating franchises under our brands. A franchisor's role is to research, gain insight into the future environment and determine those factors likely to impact franchisees' businesses in the future. We recognise that experienced franchise owners have an important role to play and we engage them through various franchise committees, regional business meetings, our Impact Team and through the enhanced MD structure implemented in our leadership team.

We pride ourselves on the comprehensive start-up training and support we offer. As the success of our franchise owners on an ongoing basis is very important to us we support them throughout their initial five-year franchise agreement and beyond.

- Ongoing support through regional training, online training, the acquisitions team and our business development team.
- All offices have unlimited access to our business systems, helpdesk and to specialist "market intelligence" tools.
- Marketing campaigns and collaterals are developed in coordination with the brands' marketing committees and made available through a digital hub.
- We build, update and optimise our brand websites.
- We support our franchisees with regular customer targeted mailings/messages, PR and monthly newsletters.
- We use specialist operational software and work with our providers to ensure all franchisees and their staff are competent users.
- We have an internal audit team and conduct regular checks on the financial practices of our franchisees.

THE VALUE OUR MODEL CREATES

Shareholders
- A stable earnings' stream due to the size of the managed portfolio of properties.
- A growing dividend through the success of acquisitions and diversifying income.

Franchisees
- At the forefront of technology and digital marketing in our sector.
- Central expertise to steer franchisees through challenging economic times.
- Opportunities to achieve scale and ambitions through expansion of territory, assisted acquisitions or buying outgoing franchises' businesses.

Landlords
- One of the largest letting agents in the UK with a deep understanding of lettings.
- Franchisees supported by the best operational software available.
- High standards of compliance that meet the legal requirements.

Tenants
- Local service and extensive local knowledge to help find the right property.
- Long established and far reaching landlord relationships.
- A full redress scheme when needs arise.

Vendors
- A service more suited to customers, having the choice of traditional or hybrid.
- No sale no fee across all our brands.
- Deep understanding of local markets, some brands with +150 years of operation.

Employees
- Over 2,000 people are employed within the network and are given access to high quality training and career development opportunities.

OUR STRATEGY

In response to the changing market dynamics, we have developed a new strategy for delivering growth.

STRATEGIC GROWTH INITIATIVE

1 Lettings growth

We intend to continue to grow the portfolio of tenanted properties managed by our franchise network through acquisition (our own and assisting franchisees), through more engaging and informing services for our landlords, and by addressing the causes of attrition.

2 Develop sales activity in the traditional brands

Our traditional brands franchises are heavily weighted towards lettings, for some offices this is their primary focus, so there is a significant opportunity to increase sales activity.

3 Financial services growth

We want to build a financial services business and aim to have 100 financial services consultants servicing our brands by the end of 2021. Growing our sales activity will help drive our financial services business.

4 EweMove recruitment

We want to accelerate the recruitment of franchisees into EweMove, aiming for the brand to have over 200 franchised territories by the end of 2023 with 500 people working in those franchises (2020: 115 franchised territories with 275 people).

5 Acquisitions

We will continue to grow the Group through acquisitions of the same, similar and complementary businesses.

6 Digital marketing

Our digital marketing strategy underpins all our other strategic growth initiatives. We need to continually develop our digital marketing, delivering an intuitive and engaging customer journey with the right communications at the right time.

See pgs 25 and 27 for details of our KPIs

PROGRESS TO DATE	PRINCIPAL RISKS
• Around 150 of our franchisees have expressed a desire to buy a portfolio if one was available in their area • Franchisees have continued to carry out acquisitions • The brands' managing directors are actively working with franchisees to source opportunities • Digitally driven campaigns to win private landlords' business, retain existing landlords and win back lost landlords are ready for launch in 2021	Acquisitions may not be available or we may lose out to other buyers following the same strategy
We're embarking on a journey to support our franchisees in this area through upskilling and helping them to recruit the right people to expand their offering in sales • Trials have already started in a number of offices • Hub and spoke launched whereby offices can increase their presence in an area without the need to open up a full office	Some franchisees do not currently have the resources and training to execute No guarantee of growth
In January 2020 Mark Graves joined us bringing with him a wealth of expertise in this sector. The Financial Services strategy was put on hold as a consequence of Covid-19, so progress has been slower than first anticipated Post year-end agreed a strategic partnership with LSL Property Services Plc to develop financial services	Regulation of the Financial Services sector is complex and costly No guarantee of growth
• New recruitment strategy since October 2020 is already generating more engaged leads than seen for several years. Increased trade press coverage to get our story out there	More competitors are entering the market
• Discussions with and the assessment of potential targets increased in 2020. More so, once the first lockdown had eased • New facilities were agreed with Barclays Bank Plc to mirror our growth plans	Acquisitions may not be available or we may lose out to other buyers following the same strategy
• Improvements have been made to websites to enhance the customer journey • Further assessments were carried out to assist the development roadmap	Our messages being lost in the swathe of daily digital communications that many of our customers will receive and/or our messages lacking relevance

STRATEGY IN ACTION
Growth initiative #5

Acquisition of Hunters Property PLC

Enhancing earnings and expertise

HUNTERS®
HERE TO GET *you* THERE

Reasons for the Acquisition

Enhanced scale and geographic reach

of the enlarged group will see it operating with more than 450 franchise owners, 400 high street offices and 110 hybrid agents across the UK. It will be managing more than 72,000 properties on behalf of landlords and selling more than 20,000 properties per annum.

Earnings accretion and annual synergies

identified will provide a stronger platform for further organic growth and enhancement of the progressive and resilient dividend policy.

Acceleration of our financial services strategy

through the enlarged group being able to use more effectively the planned 100 advisors servicing the franchised network as well as to develop both a digital offering and specialist service to landlords and tenants.

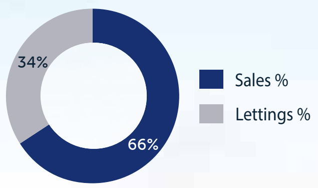
Strengthened management team

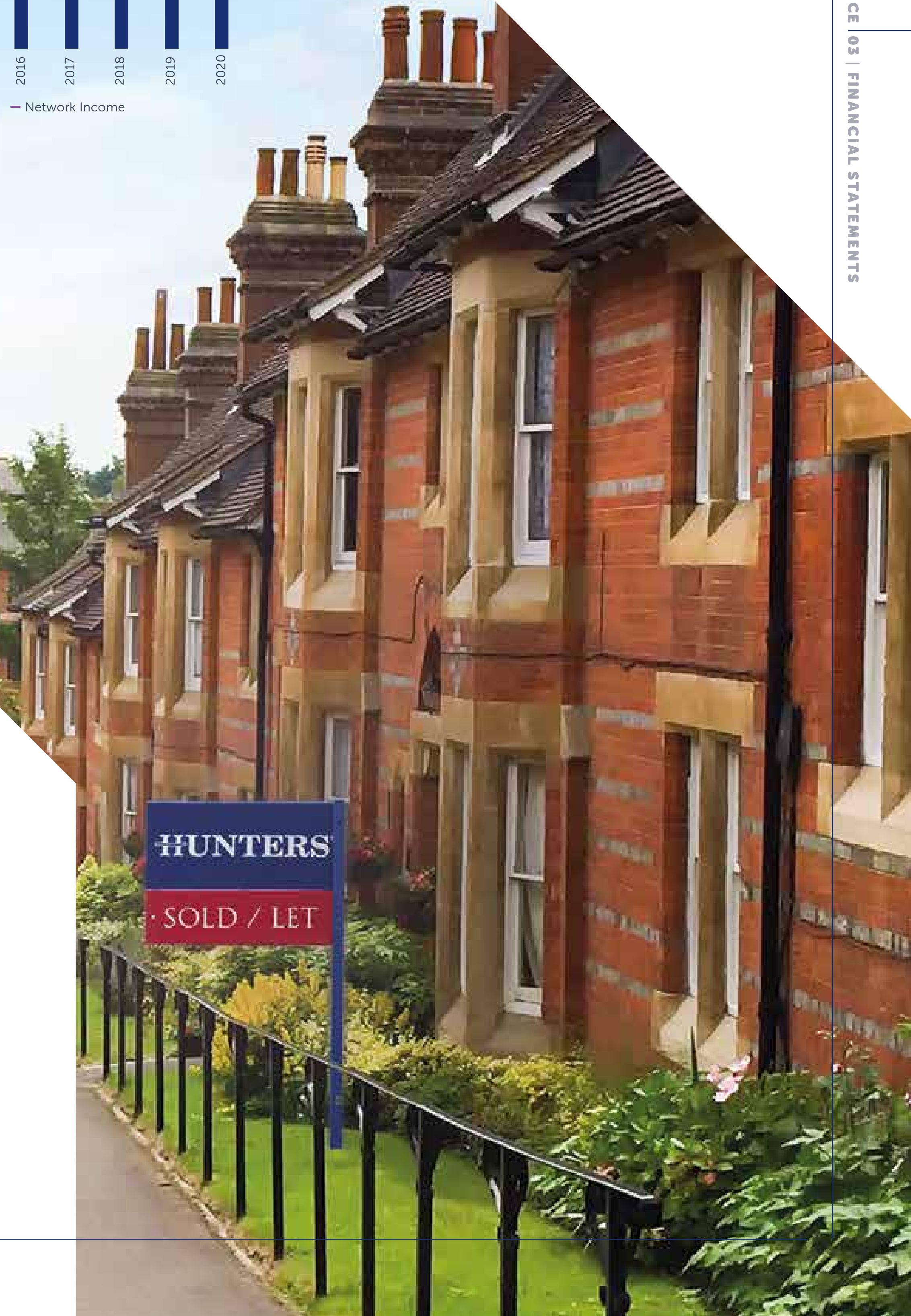
through Glynis Frew joining the TPFG Board as an Executive Director and Dean Fielding joining the TPFG Board as a Non-Executive Director as well as most of the leadership team within Hunters both continuing in their roles and sharing their expertise and experience with the TPFG leadership team.

Network revenue broadly breaks down into lettings and sales.

Network Growth

Network income 2020





Terms of the Acquisition

Effective on 19 March 2021, The Property Franchise Group Plc ("TPFG") acquired the entire issued share capital of Hunters Property Plc in exchange for £14.53m in cash and 5,551,916 ordinary shares of 1p each in TPFG, valuing the acquired group at £26.1m.

STRATEGY IN ACTION CONTINUED

Launched in 1992, Hunters is a widely respected national sales brand with high levels of customer satisfaction. The Group had a network of 210 offices on acquisition.

The services offered cover residential sales; lettings; buy-to-let and investment; auction; residential block management; land and new homes.

IN 2020 HUNTERS DELIVERED

26%
increase in EBITDA at £3.47m (2019: £2.76m)

36%
increase in basic adjusted EPS at 7.87p (2019: 5.86p)

70%
increase in PBT at £1.53m (2019: £0.90m)

74%
increase in basic EPS at 3.96p (2019: 2.28p)

Net debt of
nil
(2019: £3.2m)

About Hunters Group

Hunters opened its first office in York in 1992. It was established on the principles of excellent customer service, unrivalled pro-activity and achieving the best possible results for its customers. It was driven by the goals of being the UK's favourite estate agent and the largest estate agency group.

By the time of its acquisition Hunters Group had grown to be a top 5 sales agency brand by residential properties sold subject to contract and had achieved 9 consecutive years with customer satisfaction exceeding 90%. Along the way it had won more than 30 awards and been featured in the Sunday Times Best 100 Companies.

2005 saw the start of expansion with the creation of a franchising model which has subsequently led to great success in persuading independent agents to convert to the Hunters brand and system. It has also grown its franchising business through the acquisition of Countrywide Plc's franchising arm in 2011, Country Properties in 2015 and Besley Hill in 2017.

Hunters has added a total of 46 branches through acquisition and, in the seven years to December 2020, opened 153 branches. Network income has steadily increased alongside the growth in the number of offices.

Today Hunters operates through 210 offices in England mainly under the Hunters brand with Country Properties accounting for 15 of the offices and Mullucks for 3 of the offices. It operates 10 of the offices itself.

HUNTERS PROMISE IS THAT IT'S "HERE TO GET YOU THERE" AND CHAMPIONS 5 VALUES

DRIVE
Be passionate and deliver the customer's goal

PROGRESSIVE
Deliver a modern and relevant service to our customers

INVOLVED
Invest time and care so that the customers understand their business is important to us

EMPATHY
Stand in our customers shoes and truly understand their aims and challenges

INTEGRITY
Respect others, truly listen and provide relevant and appropriate advice

Financial Performance for 2020

2020 saw a very strong performance despite the enforced lockdowns and disruption caused by the pandemic. Through the central team and franchisees pulling together, the Hunters Group achieved both record profitability and improved its customer service rating to 97%.

The Hunters Group reported consolidated turnover down by 11% year on year but partly due to franchising two owned offices and changes in service charges to franchisees resulting from the pandemic. Once these elements were adjusted for, turnover dropped by only 4% from £13.0m to £12.5m.

There was a lot of positive activity in the residential sales market post the lifting of the first lockdown in May 2020. As can be seen from the KPIs on page 23, this translated into significant increase in the sales agreed pipeline which reached a record at the year-end of £17.3m. Furthermore, despite losing almost two months of activity during the first lockdown, fees invoiced by the network for exchanged deals recovered to mirror the prior year.

The Hunters Group generated an 112% increase in net cash from operations in 2020 at £4.1m (2019: £1.9). This meant that by the year-end, notwithstanding the Covid loan of £3.5m, the business had net debt (excluding lease liabilities) of less than £5,000. The positive performance also translated into a 20% increase in net assets at 31 December 2020 of £9.0m (2019: £7.6m)

Hunters Audited Performance

	2020 £'m	2019 £'m	Change %
Turnover	12.46	13.99	(11)%
EBITDA	3.47	2.76	26%
PBT	1.53	0.9	70%
Adjusted PBT	2.81	2.06	36%
Basic EPS (pence)	3.96	2.28	74%
Basic adjusted EPS (pence)	7.87	5.86	34%
Net debt	0.00	3.22	100%

Hunters Non-Financial KPIs

	2020	2019	Change %
Customer service rating	97%	96%	1%
Number of offices	209	206	1%
Offices opened	9	20	(55)%
Average office turnover	£0.2m	£0.2m	1%
Exchange fees invoiced	£27.7m	£27.7m	0%
Lettings income	£15.5m	£14.6m	7%
Pipeline (sales agreed)	£17.3m	£9.4m	83%
Managed properties	14,588	13,842	5%

FINANCIAL PERFORMANCE FOR LAST 5 YEARS

Revenue has been more or less static over 4 of the last 5 years. The exception being 2020 where a combination of franchising off two owned offices and reduced charges for portals reflecting actions to minimise the financial impact on the franchised network has caused revenue to fall to £12.5m.

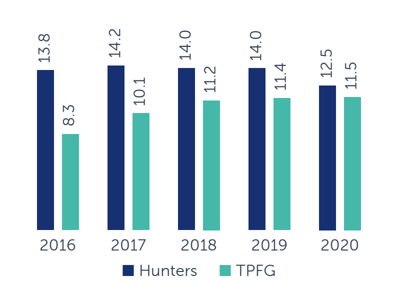
At the same time the opening of branches borne from success with attracting independent agents to Hunters has seen MSF increase by 35% over the period to £3.5m, very similar to the growth of MSF for TPFG at 36%.

Adjusted EBITDA grew by 67% over the period to £3.5m helped by the opening of offices and growth in the portfolio of managed properties.

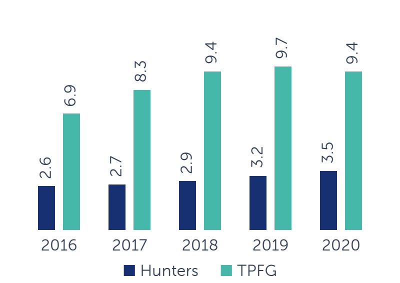
A faster rate than TPFG which over the same period generated an increase in adjusted EBITDA of 46%.

2020 was a strong year for profitability and net cash generated from operations as Hunters Group took action to curtail discretionary expenditure and reorganise its resources.

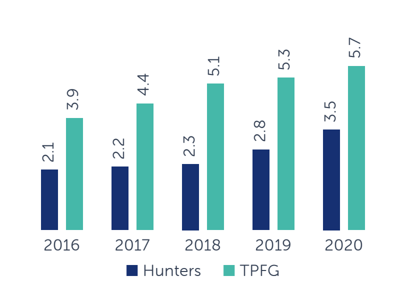
Revenue (£m)



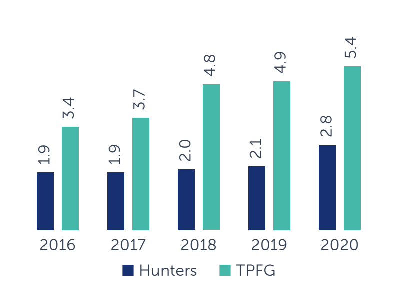
MSF (£m)



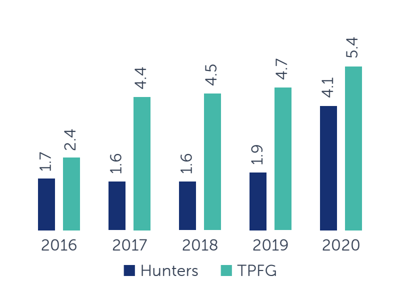
Adjusted EBITDA (£m)



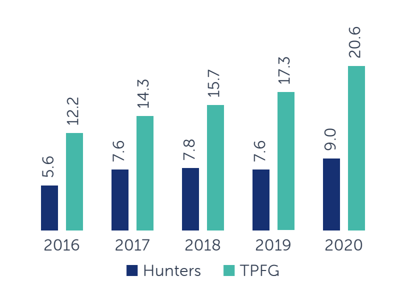
Adjusted PBT (£m)



Net Cash Generated from Operations (£m)



Net Assets (£m)



FINANCIAL REVIEW AND KEY PERFORMANCE INDICATORS (KPIs)

Sharp focus on cost and cash management delivers strong results.

OPERATING PROFIT

£4.8m

MANAGEMENT SERVICE FEES

£9.4m

In 2020 several key attributes of TPFG's business model came to the fore. The business benefitted from being a financially strong franchised network that was quick to adapt and resourceful. It benefitted from having built a large managed portfolio supported by its franchisors. It benefitted from its franchisors having strong operating margins and an experienced team capable of supporting rapid change. Last but not least, TPFG benefitted from being a Plc with clear views about cash allocation and how to support its stakeholders for long-term benefit.

2020 started with increased sales activity, giving way in March to a two-month lockdown. From 13 May 2020 sales activity picked up, assisted by the stamp duty holiday, however sales revenue was held back by sales taking significantly longer to complete. Lettings transactions went digital and lettings income proved resilient.

Revenue

Group revenue for the financial year to 31 December 2020 was £11.5m (2019: £11.4m), an increase of £0.1m (1%) over the prior year.

Management Service Fees ("MSF"), our key underlying revenue stream, decreased 3% from £9.7m to £9.4m and represented 82% (2019: 85%) of the Group's revenue. The remainder of Group revenue was from franchise sales of £0.2m (2019: £0.2m), ancillary services to support MSF generation of £1.5m (2019: £1.5m) and, new for 2020, revenue from financial services of £0.4m (2019: nil).

Lettings contributed 70% of MSF (2019: 69%), sales contributed 29% of MSF (2019: 30%) and financial services contributed 1% of MSF (2019: 1%). Lettings MSF decreased by 1% in the year, excluding the amortisation of prepaid assisted acquisitions support, and sales MSF decreased by 5%.

Our franchise sales activity was predominantly focused on reselling existing franchises to experienced franchise owners in the high street-led brands, and to encouraging new entrants into EweMove. Resale activity was subdued in 2020 due to the pandemic. Sales to new entrants into EweMove were high, given that recruitment was temporarily paused for six months due to the uncertainty created by the pandemic, with 11 new franchisees gained in the year (2019: 25).

Operating profit

Headline operating profit increased 19% to £4.8m (2019: £4.0m) with an operating margin of 42% (2019: 35%). Adjusted operating profit before exceptional items, amortisation of acquired intangibles and share-based payments charges increased 8% from £5.0m to £5.4m and the resulting operating margin was 47% (2019: 44%).

Given the challenging market conditions caused by the pandemic, cost reductions were sought from all contributors including suppliers, contractors, and our employees in March/April 2020. The latter agreed to a 20% reduction in basic salaries and to the suspension of bonuses, commissions and allowances. A small number of employees were furloughed resulting in financial support of less than £0.1m being received.

No sooner had we restructured the cost base and offices were able to reopen. We saw activity in the sector return. Indeed, it was evident from EweMove that customer demand was increasing rapidly, and this necessitated reinstating third-party suppliers and bringing back from furlough our own employees so that by July we were almost at full strength again.

By the final quarter of 2020 we had settled into a more predictable pattern of costs once more. Cost savings were not as much as we

	2020	2019
Revenue	**£11.5m**	£11.4m
Management Service Fees	**£9.4m**	£9.7m
Administrative expenses	**£5.7m**	£5.8m
Adjusted operating profit*	**£5.4m**	£5.0m
Operating profit	**£4.8m**	£4.0m
Adjusted profit before tax*	**£5.4m**	£4.9m
Profit before tax	**£4.8m**	£4.0m
Adjusted EBITDA*	**£5.7m**	£5.3m
Dividend	**8.7p**	2.6p**

* Before exceptional costs, amortisation of acquired intangibles and share-based payment charges.
** No final dividend for 2019.

Measuring our performance

The Group tracks a series of financial and non-financial metrics that demonstrate the progress we are making. These have been discussed in further detail throughout the Strategic report.

had expected in April 2020, in part because the Board decided to repay the voluntary 20% reduction in salaries agreed to by employees and to fully pay the bonuses and commissions that had been suspended in Q1 2020. This was in recognition of the efforts of the Group's employees and in recognition of the profit before tax achieved. Post year end the Board has also decided to repay the furlough monies received of £0.09m.

As a result, cost of sales was reduced by 13% to £0.9m (2019: £1.1m) and administrative expenses were reduced by 3% to £5.7m (2019: £5.8m).

Share options were issued to the Executive Directors in 2020 over a maximum of 200,000 shares and in 2019 over a maximum of 100,000 shares. However, most of the potential shares available under share options resulted from share options granted to almost all employees in 2017 and 2018. Those granted in 2017 and 2018 have come to the end of their assessment periods. Almost all the options issued in 2018 were "parallel" options whereby the holders could either exercise their options issued in 2017 or their options issued in 2018 but not both. After careful consideration and, for the options issued in 2018, a detailed review of underlying performance in 2020, the vesting percentages for both schemes were determined at 25%.

An assessment of the share-based payment charges resulting from the options granted was made on 31 December 2020 resulting in £0.1m being charged to the profit and loss account (2019: £0.4m). Further details can be found in notes 4, 5 and 27 to the consolidated financial statements.

STRATEGIC GROWTH INITIATIVE

1. Lettings growth
2. Sales activity in the traditional brands
3. Financial services growth
4. EweMove recruitment
5. Acquisitions
6. Digital marketing

See more on pgs 18-19

FINANCIAL KPIS

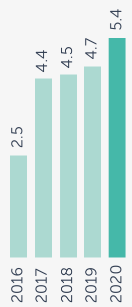
NET CASH GENERATED FROM OPERATIONS (£M)

£5.4m

+15% (2019: £4.7m)

Definition

Cash generated from the day to day trading activities of the business.



Comments

The franchise model continues to be highly cash generative and Covid-19 cost savings have contributed to the increase in 2020.

Links to strategy

1 2 3 4 5 6

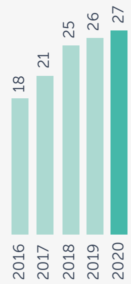
MSF PER FRANCHISE – ALL BRANDS (£K)

£27k

+5% (2019: £26k)

Definition

Total management service fees "MSF" for all brands for the year divided by the total number of franchises at the end of the year



Comments

MSF per franchise continues to rise.

Links to strategy

1 2 3 4 5 6

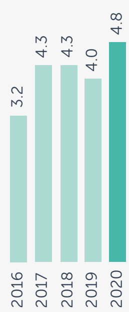
PROFIT BEFORE TAX (£M)

£4.8m

+20% (2019: £4.0m)

Definition

Total revenue minus total costs, before the deduction of corporation tax.



Comments

Profit before tax increased by £0.8m in 2020.

Links to strategy

1 2 3 4 5 6

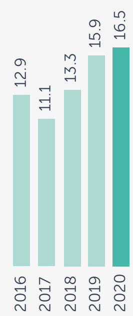
ADJUSTED EARNINGS PER SHARE – FULLY DILUTED (PENCE)

16.5p

+4% (2019: 15.9p)

Definition

Adjusted profit for the year* divided by the weighted average number of shares in issue, including the dilutive effect of share options.



Comments

Adjusted earnings per share continues to increase.

* before share-based payment charges and amortisation of acquired intangibles

Links to strategy

1 2 3 4 5 6

Adjusted EBITDA

Adjusted EBITDA for 2020 was £5.7m (2019: £5.3m), an increase of £0.4m (8%) over the prior year. The high street-led brands contributed £0.2m of this increase through cost reductions offsetting the small reduction in revenue of £0.1m and EweMove contributed £0.2m of this increase again through cost reductions offsetting the reduction in revenue of £0.2m.

Profit before tax

Profit before tax was £4.8m for 2020 (2019: £4.0m) which includes the share-based payment charge of £0.1m in 2020 (2019: £0.4m). Excluding exceptional costs, amortisation arising on acquired intangibles and the share-based payment charges, the adjusted profit before tax increased from £4.9m to £5.4m (9%).

Taxation

The effective rate of corporation tax for the year was 21.1% (2019: 19.1%) due to the Government deciding not to implement the 17% rate of corporation tax which caused a deferred tax adjustment of £0.1m. The total tax charge for 2020 was £1.0m (2019: £0.8m).

Earnings per share

Basic earnings per share ("EPS") for the year was 14.6p (2019: 12.5p), an increase of 17% based on the average number of shares in issue for the period of 25,822,750 (2019: 25,822,750).

Diluted EPS for the year was 14.4p (2019: 12.1p) an increase of 19% based on the average number of shares in issue for the period plus an estimate for the dilutive effect of option grants vesting, being 26,342,567 (2019: 26,692,929).

The increase in EPS for both measures results from the increase in profit before tax year on year caused in the main by the cost reduction measures during the year.

Adjusted basic EPS for the year was 16.8p (2019: 16.2p), an increase of 4% based on the average number of shares in issue for the period of 25,822,750 (2019: 25,822,750).

Adjusted diluted EPS for the year was 16.5p (2019: 15.6p), an increase of 6% based on an estimate of diluted shares in issue of 26,342,567 (2019: 26,692,929).

The adjustments to earnings to derive the adjusted EPS figures total £0.6m (2019: £0.9m) and result from the share-based payment charge and the amortisation of acquired intangibles.

The profit attributable to owners was £3.8m (2019: £3.2m) with the increase of £0.6m mainly due to the impact of both the cost reduction measures in 2020 and a lower share-based payment charge in 2020.

Dividends

With the financial picture improving the Board took the decision, despite significant uncertainty created by the pandemic, to reinstate dividend payments in September 2020 at a time when few companies had decided upon such a course of action. It was clear that our business model had proved resilient. An interim dividend of 2.1p per ordinary share was paid on 23rd September 2020.

Due to the proposed acquisition of the entire issued and to be issued share capital of Hunters Property Plc the Board took the decision to pay an interim dividend to existing shareholders of 6.6p per ordinary share in lieu of a final dividend for 2020. This dividend was paid on 23 February 2021.

Cash flow

The Group is strongly operationally cash generative. The net cash inflow from operating activities in 2020 was £5.4m (2019: £4.7m) as the Group continued to generate strong operating cash inflows.

The net cash outflow from investing activities was £0.1m (2019: outflow £0.7m). This consisted of £0.1m for the purchase of Auxilium Partnership Limited in January 2020, £0.2m provided to franchisees to support their acquisitions of managed properties under the assisted acquisitions program and £0.2m repaid by Mark Graves following the purchase of 85% of the ordinary shares in Auxilium Partnership Limited from him (more details in note 15). In 2019, most of the net outflow was due to payments made to franchisees under the assisted acquisitions program and the loan of £0.2m to Mark Graves.

There were no bank loans outstanding in 2020. In 2019 £1.6m in repayments were made to Santander Plc to clear the outstanding loans.

Dividend payments totalling £0.5m were made in the year (2019: £2.2m).

Liquidity

The Group had cash balances of £8.8m on 31 December 2020 (2019: £4.0m) and no bank debt in either year. It entered negotiations with Barclays Bank Plc for a new facility at the year-end of up to £12.5m as part of its proposed acquisition of Hunters Property Plc.

Key performance indicators

The Group uses a number of key financial and non-financial performance indicators to measure performance. The Group also adjusts certain well-known financial performance measures for share-based payment charges, amortisation on acquired intangibles and exceptional items so as to aid comparability between reporting periods.

Financial position

The consolidated statement of financial position remains strong with total assets of £25.2m (2019: £21.1m) due mainly to an increase in cash.

There was an increase of £0.8m in liabilities during the year mainly due to the deferral of £0.5m of VAT under the Government's pandemic support measures and, because of the Board deciding to pay bonuses and commissions that had been suspended at the end of Q1 2020, an increased employment costs accrual of £0.3m.

The key financial measures are as follows:

- Management Service Fees
- Adjusted operating profit
- Adjusted EBITDA
- Adjusted profit before tax
- Adjusted earnings per share

These have been discussed above in further detail.

The key non-financial measures focus on some long-standing drivers of financial performance as well as reflecting the Board's continued investment in its assisted acquisitions programme and digital marketing:

- Number of properties listed for sale
- Number of properties let
- Number of properties sold
- Number of leads generated through digital marketing
- Number of managed properties
- Number of managed properties acquired through assisted acquisitions

The Group finished the year with the total equity attributable to owners of £20.6m, an increase of £3.3m or 19% over FY19.

The Group generated stronger cash inflows than ever before in 2020 against a history of strong operational cash inflows due to its operating margins. This provided the opportunity to discuss a facility with Barclays Bank Plc of up to £12.5m and to further pursue its acquisitive strategy in 2021 with the acquisition of Hunters Property Plc (see note 30 of the consolidated financial statements).

David Raggett
Chief Financial Officer
26 April 2021

NON-FINANCIAL KPIS

TENANTED MANAGED PROPERTIES

58,000

+0.1% (2019: 58,000)

Definition

Total number of lettings properties being let out on a fully managed basis by the network.

Comments

Revenue from managed properties is a reliable income stream as the landlord is charged a % fee based on the rent paid each month.

Links to strategy

1 2 3 4 5 6

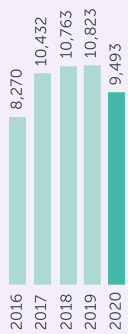
PROPERTIES SOLD IN THE YEAR

9,493

-12% (2019: 10,823)

Definition

Total number of property sales completed by the network in the year.



Comments

The housing market was closed for a period in 2020 due to the Covid-19 pandemic and some people are likely to have avoided moving.

Links to strategy

1 2 3 4 5 6

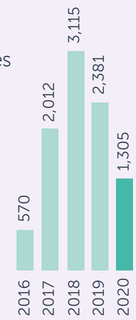
MANAGED PROPERTIES ACQUIRED BY FRANCHISEES

1,305

-45% (2019: 2,381)

Definition

Total number of contracts for fully managed rental properties acquired by a franchisee upon their purchase from an independent property agent.



Comments

For much of the year the Covid-19 pandemic meant franchisees were focusing on cutting costs and surviving, rather than expansion of their business. However, some continued to acquire porfolios and this continues to be one of our growth initiaitives.

Links to strategy

1 2 3 4 5 6

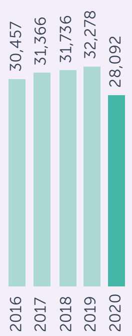
PROPERTIES LET IN THE YEAR

28,092

-13% (2019: 32,278)

Definition

Total number of new lets or re-lets completed by the network in the year.



Comments

The housing market was closed for a period in 2020 due to the Covid-19 pandemic and some people are likely to have avoided moving.

Links to strategy

1 2 3 4 5 6

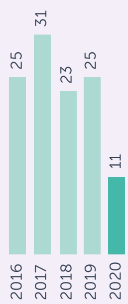
EWEMOVE FRANCHISEES RECRUITED

11

-92% (2019: 25)

Definition

The number of new franchisees recruited into EweMove in the year.



Comments

It has been difficult to sign up new franchisees during a pandemic, however, since the limited impact on the housing market became apparent there has been a surge in enquiries and sign ups.

Links to strategy

1 2 3 4 5 6

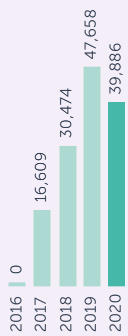
PAID SEARCH LEADS – TRADITIONAL BRANDS

39,886

-16% (2019: 47,658)

Definition

The total number of leads generated for the traditional brand network from pay per click ("PPC") website spend.



Comments

Over the last 4 years efforts have been made to encourage traditional brand franchisees to embrace digital marketing. Leads were lower in 2020 due to lower market activity during the pandemic and also PPC was switched off for a short period as a cost saving measure.

Links to strategy

1 2 3 4 5 6

STAKEHOLDER ENGAGEMENT

The relationships we build with stakeholders contribute to our long term success

s172 Statement

As required by s172 of the Companies Act 2006, a director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In so doing, the director must have regards amongst other matters to the:

- Likely consequences of any decision in the long term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and others
- Impact of the company's actions on the community and environment
- Desirability of the company maintaining a reputation for high standards of business conduct
- Need to act fairly between members of the company

OUR STAKEHOLDERS	MATERIAL TOPICS
EMPLOYEES The relationship we have with our employees is key to our success. We aim to provide them with an environment where they feel part of the bigger picture and are able to fulfil their potential.	• Inclusion in decision making • Opportunities to share ideas • Roll-out of new initiatives to the network • Opportunities for career development • Flexible working
FRANCHISEES We see our relationship with our franchisees as a partnership, we give them the tools to grow their business which brings rewards for both parties. Most have been franchisees for more than 10 years and a growing number for more than 20 years.	• Compliance with new regulations • Leveraging new revenue streams • Sharing ideas • Continual roll-out of new initiatives • Engagement with digital marketing
SHAREHOLDERS As a listed business we recognise the important role that shareholders play in providing capital and support for new initiatives. In addition, our institutional investors provide insight into successful strategies, advice on risks and support with monitoring and safeguarding the governance of the Group.	• Financial and operational performance • Business strategy and model • Market conditions • Capital allocation • Dividend
BANKS Our banking partners play an important role in our business, enabling us to take advantage of opportunities when they arise. We maintain close and supportive relationships through openness and mutual understanding.	• Financial and operational performance • Strategy • Market and opportunities • Cash generation
REGULATORS There is a continual push by consumers, society and government to formally regulate the property industry.	• Compliance with the legislation • Maintain high standards • Franchisees encouraged to hold a property-related qualification even though it is not yet mandatory in the industry
COMMUNITY We are mindful that our franchise owners live in the local communities that they serve and, thereby, have an interest in ensuring that their landlords provide suitable accommodation, that tenants meet acceptable standards and that their knowledge is put to good use in serving house buyers.	• Involvement in local organisations • Providing valuable local insight to customers • Sponsorship • Compliance with regulations

HOW WE ENGAGE

Our regular head office meetings provide updates on financial performance and new initiatives plus a Q&A session.

Day to day our employees feel comfortable engaging directly with the most appropriate person in the business without necessarily needing to follow hierarchical lines.

Our regular face-to-face meetings with franchisees were replaced with virtual meetings in 2020. Regional business meetings took place between groups of franchisees, we kept the groups small to encourage interaction. We also continued with brand marketing meetings and one-to-one meetings. The Covid-19 Impact Team we set up had regular contact with each franchisee in the network.

Regular newsletters highlight any changes in the law, processes, third-party services, our services, training events and new offerings.

We maintain regular communications with shareholders in line with our regulatory duties. We have twice yearly results roadshows, our Non-Executive Directors hold meetings on governance matters, we hold an AGM and provide updates in between via RNSs, our website and contact through our advisors. Our meetings in 2020 were largely carried out virtually with a video recording being posted on our website after the event.

We have regular update meetings with our banking partners on our current performance after investor roadshows. Where loans exist we regularly supply financial information and commentary.

As a leading player in the industry we maintain good relationships with trade bodies such as The Property Ombudsman, Deposit Protection Scheme, and Propertymark (ARLA).

Actively engaging in social media and using the digital marketing techniques to provide useful information to local communities.

PRINCIPAL DECISIONS IN 2020

We have considered the decisions taken by the Board which will have an impact on the longer-term performance and prospects for our Group.

SIGNIFICANT DECISION

Towards the end of 2020 we took the decision to pursue the purchase of Hunters Property PLC, a listed estate agency franchisor.

STAKEHOLDERS AFFECTED AND ENGAGEMENT

- **Shareholders** – from previous discussions we were already aware that shareholders had an appetite for us to grow the business by acquiring a competitor franchisor, further discussions took place and various RNS communications followed
- **Banks** – a new loan facility was required, negotiations were already in progress prior to the decision to enable us to act quickly
- **Regulators** – advisors assisted with the regulatory requirements of putting in an offer for a listed company
- **Employees** – we timed our announcement to employees to occur at the same time as the news of our intentions became public
- **Franchisees** – a newsletter was sent to franchisees on the morning of the news becoming public

REASON FOR DECISION

Enhanced scale and geographic reach – the enlarged Group will benefit from increased scale with more than 400 physical branches, managing in excess of 70,000 tenanted properties and selling more than 20,000 properties per annum.

Earnings accretion and annual synergies - these are anticipated to be largely cost synergies including but not limited to: leverage of IT expertise, operational savings from duplicated costs across some administrative functions and operational cost savings from the cancellation of Hunters' AIM quotation.

Acceleration of financial services strategy - the enlarged Group would have the scale to make effective use of The Property Franchise Group's plans to create a pool of 100 financial advisers, as well as to justify further recruitment in this area.

Strengthened management team – it is proposed that the Executive Directors of both The Property Franchise Group and Hunters will remain within the enlarged Group following completion of the acquisition.

ANTICIPATED EFFECTS

Increased market share.

Sharing of knowledge and best practices is expected to generate increased revenue in both businesses.

Shareholders will benefit from increased earnings.

PROGRESS

Acquisition effectively completed on 19 March 2021.

— RESPONSIBLE BUSINESS

We believe that acting in a socially and environmentally responsible manner will help maximise future growth and success.

As demonstrated in our s172 statement, we recognise the importance of engaging with and balancing the interests of our employees, franchisees, shareholders, partners and the communities in which we operate. We aspire to carry out our business to the highest ethical standards, treating all stakeholders in a professional, courteous and honest manner.

This year, that has required a focus on ensuring colleagues, franchisees and our customers are not exposed to unnecessary risk in the course of doing business during the Covid-19 pandemic, and that everyone has been adequately supported during challenging and difficult periods.

— PEOPLE AND CULTURE

We have a very experienced, long serving and committed team which we believe is one of the reasons for our success.

The Group recognises the importance of diversity at all levels of the business. Age, colour, race, gender, disability, ethnic origin, national origin, marital status, sexual orientation, religious or political views are not seen as barriers to employment.

We believe each person is important to the whole team, making it vital to recruit the right people and retain them.

THE GROUP EMPLOYS

2,300

PEOPLE

The development of talent is also fundamental to achieving the long-term strategic goals of the business. We give people the opportunity to progress their career with us through training and supporting colleagues in obtaining external qualifications, and new recruits benefit from the extensive experience held by our existing employees.

The success of our business is also dependent on our culture – the way we think, behave and act towards each other and our key stakeholders. We believe in fostering a culture based on trust, support and collaboration, and this was demonstrated in how we responded to the Covid-19 pandemic.

We understand the importance of maintaining a healthy work-life balance and tried to ensure everyone's family's needs were not neglected while we worked through the crisis.

See pgs 12-13 for more on our response to Covid-19

— COMMUNITY

During 2020 we assisted our franchisees to provide support to landlords, tenants, buyers and sellers, and the wider community in response to the impact of the pandemic.

Actions included arranging rent guarantee insurance for landlords, implementing virtual viewings, advising on and obtaining supplies of PPE and putting tenants experiencing hardship in touch with professional advisors.

— ENVIRONMENT

The Group is an environmentally-conscious organisation.

We acknowledge the impact our operations and services may potentially have on the environment, and we aim to minimise energy and resource consumption, and wherever practicable, reduce, recycle and reuse resources to prevent unnecessary waste.

The move to remote working has meant we made significant steps towards becoming a paperless operation, with many employees not having access to a printer new, more environmentally friendly, ways of working have prevailed.

RISK MANAGEMENT

The Group's approach to effective risk management is to identify principal risks through regular reviews, evaluations and prioritising of risks.

We then develop actions or processes within the business to eliminate or mitigate those risks to an acceptable level. Responsibility for the management of risk is detailed in our risk management framework, as presented here.

RISK MANAGEMENT FRAMEWORK

The Board
The Board has overall responsibility for the management of risk, defining the Group's risk appetite and setting key risk management policies.

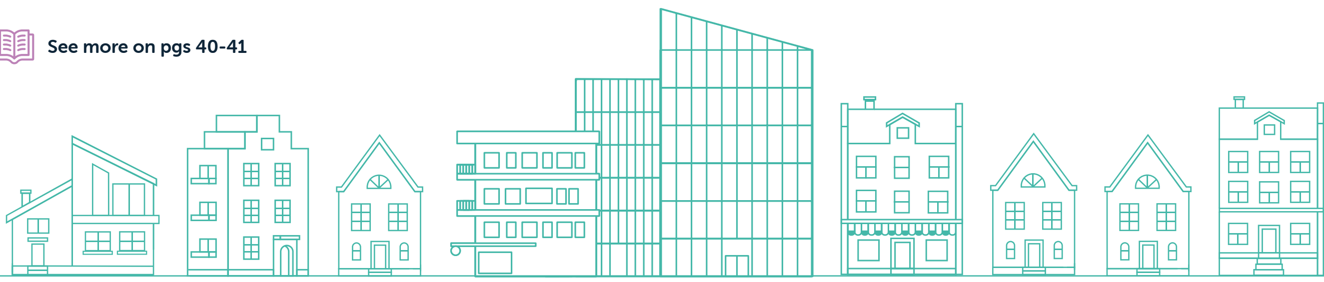
Audit and Risk Committee
The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the Group's systems of internal control and risk management.

Franchise Audits and Compliance
An internal team is responsible for auditing franchises in rotation. Audit work is geared towards mitigating financial risks. A compliance dashboard enables us to monitor franchisees' adherence to relevant standards such as having the correct insurances in place.

Annual risk review
The Group carries out a risk review annually. The document sets out the name of the risk as well as describing it, considering the effect on the business, looking at the controls in place, looking for additional mitigating factors, and deciding its seriousness by considering the probability of it occurring and what damage it would cause if the event occurred.

Board members and senior management all contribute to the drawing up of the risk review. The Audit and Risk Committee review the document, examine the risks, decide on the actions to recommend and then pass it on to the Board for approval. Once a risk has been determined as requiring action, the Board allocates the responsibility to the appropriate Board member.

See more on pgs 40-41



PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers that the risks detailed below represent the key risks to achieving the Group's strategy. There could be additional risks and uncertainties which are not known to the Board and there are risks and uncertainties which are currently deemed to be less material, which may adversely impact on the achievement of the Group's strategy and objectives.

RISK AREA	POTENTIAL IMPACT
NO GUARANTEE OF GROWTH The Group's main source of revenue is Management Service Fees ("MSF") derived from franchise network turnover. MSF is dependent on market conditions and the experience, expertise and commitment of the franchisees.	Reduced growth in MSF, especially from sales, which are more prone to economic uncertainty. Reduced market share and representation. Poor or no profit growth from the franchise model. Less attractive to new franchisees for which a growth track record is an essential element.
LEGISLATIVE CHANGES AND GOVERNMENT POLICY The residential property market is continually influenced by changes in UK legislation and government policy. There is also a move towards bringing in regulation of the industry in the next few years. This can cause short-term changes in the behaviour of our clients and lead to inefficiencies in the way we operate as we get to grips with complying with new requirements. Financial Services legislation provides a barrier to new entrants both in regulatory requirements and the cost of compliance.	Landlords could resort to selling their properties after having to suffer an ever-growing list of regulations and a greater tax burden. Stamp duty land tax was temporarily stopped by the Government on 8 July 2020 on the first £0.5m of any residential property transaction. This is currently planned to change on 1 July 2021 and be phased out on 30 September 2021. Its result has been a significant increase in sales being agreed. Entry into Financial Services could be more difficult and costly than envisaged with increasing FCA levies and insurance charges already seen recently.
ABILITY TO COMPETE FOR PORTFOLIOS OF MANAGED PROPERTIES The Group needs to continue to find suitable portfolios of managed properties for its franchisees to buy to meet its targets. We are not the only franchisor in our sector pursuing this strategy and we also face competition from well-known estate agents. Tight lending criteria of major lenders may limit the external funding available to our franchisees.	With fewer opportunities to win letting instructions due to the increased length of tenancies and the loss of tenant fees, franchisees should buy turnover to ensure they continue to be profitable. Franchisees may be unable to complete on deals for lack of external funding.
ABILITY TO FIND, RECRUIT, RETAIN AND SCALE UP SKILLED FRANCHISEES An inability of the Group to attract new franchisees with the necessary skills, expertise and resources to cold start or purchase resales of existing territories and/or an unwillingness for existing franchisees to take on further opportunities would impact on our growth.	There may be slower growth through an inability to increase market representation or achieve a timely exit for a franchisee. Lower resale income.
REPUTATIONAL RISK TO OUR BRAND A strong brand is key to being successful in any sector and central to that is the reputation of the Group and its franchisees. Our combined ability to provide our service commitments and the way in which we do that is central to our reputation.	Failure by the franchisees to meet the expectations of landlords, and tenants or to fall short of the standards set by the Group may have a material impact on reputation. As a result, they may lose landlords and revenue. We may lose MSF and find it difficult to recruit franchisees.

Increase Decrease No change

MITIGATION	INDICATOR	STRATEGY
The leadership team and Board continually monitor revenue from MSF, the underlying KPIs and variances to expectations. This informs key focuses for the leadership team and roll out of actions to the network of franchisees. The EweMove proposition is a lower cost model which is attracting a continuing, significant entry of new recruits and insight/experience, improving both our reach and our appeal to customers. There is the opportunity to use the data we hold and the customer relationships we have established to offer other products and services that increase franchisees' revenue and our MSF.	No change	1, 2
The property management service offered by the network aims to free landlords from the burden of legislation where it can. Professionalisation of the private rented sector is under way and we aim to win more instructions as a result. Compliance has always been an important focus for us, but in 2020 we have set up a new compliance dashboard and increased our compliance expertise through recruitment, putting us in an even better position to react to changes as they occur and ensure compliance of offices.	Increase	2
In-house experienced team assists throughout the whole process. The Group has expanded its relationships with alternative lenders to give franchisees more options. In addition many contracts are now being signed with some consideration deferred over a longer period. The expanded leadership team, with four managing directors for our brands, has afforded us the opportunity for an increased focus on working with franchisees to deliver acquisition opportunities. Cashback of £155k was paid to franchisees in 2020 upon successful completion of acquisitions.	No change	4
In-house experienced franchise sales team. Attracting new entrants to our high street brands has been contained in recent years to resales of franchises. However, a new "hub and spoke" model will seek to encourage new entrants to work with existing franchisees to deliver our services in previously unexploited areas of the UK. EweMove has continued to be a very successful recruiter of franchisees. It ceased recruitment for 6 months in 2020 due to Covid-19 and still recruited 11 new franchisees. What's more, as soon as it reopened to recruitment, there was a significant number of new applicants. The hybrid model has become more understood and popular as a result of the pandemic.	Decrease	3
Minimum standards are set out to franchisees and their compliance is monitored. PR agencies are retained to monitor, assist and advise on strategies to minimise these risks.	No change	5

The Strategic Report is contained on pages 1 to 33. It was approved by the Board on 26 April 2021 and signed on its behalf by

David Raggett
Chief Financial Officer

— CHAIRMAN'S INTRODUCTION TO GOVERNANCE

High standards of corporate governance contribute to our success.

Richard Martin
Chairman

My main function is to manage the Board, so the Company and Group are run in the best interests of stakeholders. As part of my role as Chairman I am responsible for overseeing the adoption, delivery and communication of the Company's corporate governance model. Corporate governance is an important element of the management of long-term shareholder value, mitigating the risks and helping to create sustainable growth.

Since our IPO in December 2013, we have stated that the Directors recognise the importance of applying sound corporate governance guidelines, to the extent appropriate for a Company of our nature and size, and we have observed and complied with the Corporate Governance Guidelines devised by the Quoted Companies Alliance ("QCA"). The London Stock Exchange now requires AIM-listed companies to state which recognised corporate governance code they have adopted, our Board continues to confirm its commitment by adopting the Quoted Companies Alliance Corporate Governance Code (Edition 2018) which contains 10 principles. We believe this code provides us with the most appropriate governance code to allow us to successfully develop our business. Our full statement of compliance with the Quoted Companies Alliance Corporate Governance Code is set out on our website at www.thepropertyfranchisegroup.co.uk/our-business/governance.

We continually review the framework within which we operate, reflecting upon the updated guidelines and research published by the QCA so as to ensure we have a framework reflecting the complexities of our business which is capable of adding value as we grow.

The Board sets the strategic direction, regularly reviews performance and ensures that there are sufficient and appropriate resources available to support its achievement. It is satisfied that there are the necessary controls and resources in place to discharge these responsibilities.

Our primary objective is to enhance shareholder value and to ensure that the Company and Group is managed for the long-term benefit of its shareholders. We do recognise our responsibilities to all stakeholders in our Group and the importance these relationships play in the delivery of our vision. The Board promotes a culture of good governance in dealing with all stakeholders.

Corporate governance regime

We confirm that our governance structures and practices continue to be in agreement with the Quoted Companies Alliance Corporate Governance Code (Edition 2018).

Richard Martin
Chairman

QCA CODE COMPLIANCE

Our full statement of compliance with the Quoted Companies Alliance Corporate Governance Code is set out on our website at www.thepropertyfranchisegroup.co.uk/our-business/governance

GOVERNANCE PRINCIPLE		EXPLANATION	COMPLIANT	FURTHER READING
1	Establish a strategy and business model which promotes long-term value for shareholders.	Our strategy can be summarised as to buy and build, diversify our income streams, maintain operational efficiency and support our franchisees' growth. Our growth will principally be achieved through our franchise model.	✓	See more on pgs 18-19
2	Seek to understand and meet shareholder needs and expectations.	The Board is committed to ensuring that its shareholders and potential shareholders have opportunities to express their expectations through roadshows, investor platforms, the AGM, its advisors' organised feedback sessions and ensuring that their contact details are easily available.	✓	See more on pgs 28-29
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Wider stakeholders start with our people, our franchise owners and their staff. Then those who support and partner our franchise model to deliver products and services to end-customers. We are intent on binding them together in a fair and respectful partnership to deliver our long-term success.	✓	See more on pgs 28-30
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	A pandemic requires a new approach to risk review. Afterall, it was not even on our radar. As a result, our regular Board meetings have been more focused on threats and opportunities and deciding on how to mitigate threats and exploit opportunities in an evolving situation.	✓	See more on pgs 31-33
5	Maintain the Board as a well-functioning, balanced team led by the Chair.	We have had a Board of five with a majority of non-executives for many years. It worked together to recruit Gareth as its new CEO relatively quickly this year, with little upheaval and to integrate Gareth effectively into the regular meetings and oversight processes that it has.	✓	See more on pgs 36-37
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The Board has managed the incorporation of a change in skills and experience brought by Gareth to establish a new growth strategy and supported the recruitment of key appointments to the leadership team to enhance the breadth and depth of Group's overall skills and experience.	✓	See more on pgs 36-37
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Our strategy, franchise model and size allow us to have greater freedom to discuss our performance and effectiveness than many organisations enjoy. We are continually improving what we do, how we do it and, at times, how we correct underperformance.	✓	See more on pgs 18-19
8	Promote a corporate culture that is based on ethical values and behaviours.	We are a people business led by hard working executives mindful of the need to work ethically. Our team has been home-working through the strains and stresses since March 2020. It's adapted quickly and pulled together to deliver good outcomes ethically.	✓	See more on pg 30
9	Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.	We have the appropriate size specific structures recommended by the QCA. What's changed is that we have used the structures and processes more frequently since the pandemic commenced. It's been important to increase our communication and ensure we are all on the same page.	✓	See more on pg 38
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	We engage in investor roadshows, an active financial PR process, and dialogue with analysts following our sector. We have started to focus more resource on engaging with retail investors and making research more easily accessible to them. At the same time, we keep our people, our franchisees and their staff, our suppliers and our lenders regularly informed about our performance.	✓	See more on pgs 28-29

BOARD OF DIRECTORS

Committed to the development of the business in a socially responsible way.

The Board is responsible for the overall performance of the Group, which includes the broad strategic direction, development and control of the Group. The policies and strategies of the Group are formulated by the Board and the detailed considerations about the day-to-day operations are delegated to a senior management team under the leadership of the Executive Directors.

Richard Martin
Non-Independent Non-Executive Chairman

After leaving Bristol Technical School, Richard became an apprentice stereotyper for the Bristol Evening Post in 1967. In 1975 he moved to The Western Gazette, another newspaper in the same group based in Yeovil. Ahead of the introduction of computerisation into the industry, Richard moved into the commercial side and in 1981, became trained in advertising design and sales. After a few years he gained promotion to Advertising Manager for the group's free press titles distributed throughout Somerset, Dorset, Devon and Wiltshire.

Following the profitable sale of a retail business in early 1986, which Richard set up and was managed by his wife Kathy, he left the newspaper business to pursue his interest in property and forge a career in estate agency. Richard founded Martin & Co in 1986 in Yeovil. In 1995, Martin & Co became a franchise operation and the brand has grown from strength to strength since.

Gareth Samples
Chief Executive Officer

With 30 years' industry experience, Gareth brings a wealth of Estate Agency, Financial Services and digital marketing knowledge to the Group.

In his 21 year career at LSL Gareth was appointed Managing Director of the Your Move brand, which was the largest single brand estate agency in the UK at the time. In this role he was responsible for Your Move's franchise operation as well as having overall control of Financial Services and Lettings and the strategy of the brand.

Following his successful career at LSL, Gareth became Managing Director of Briefyourmarket.com where he gained significant digital marketing experience and knowledge and since 2014 he has served as Chairman of Legalforlandlords. Gareth formally joined the Group as CEO on 30 April 2020.

David Raggett
Chief Financial Officer

Since qualifying with PwC as a Chartered Accountant David has spent his whole working life in franchising as franchisor and franchisee. Initially David held financial responsibility for several Ford franchises before, in the mid 90s, moving to Porsche's UK headquarters. Here he held financial responsibility for its distribution, retails and financial services businesses at various times, as well as being their company secretary and, for several years, Head of Legal.

In 2007 David took up the role Finance Director for the Motability Scooter and Powered Wheelchair Scheme to restore its financial stability, to improve its offering and to expand its customer base. After successfully turning the scheme around and leading it into new ownership, David joined the Group in February 2013.

Paul Latham
Independent Non-Executive Director

Paul is a Chartered Surveyor. Until 2014, he sat on the Residential Board for the Royal Institution of Chartered Surveyors of which he was Chair until 2011.

Paul served as Deputy Group CEO of LSL Property Services plc until 2010 having been part of the management buyout in 2004, which ultimately saw the business successfully list on the London Stock Exchange in 2006. During this period Paul was managing director of a number of the LSL Group's subsidiary businesses including e.surv Chartered Surveyors and also sat on a number of external company boards and trade bodies.

Subsequently Paul served as a Non-Executive Director of LSL until 2012. Paul was appointed as an Independent non-executive director of The Property Franchise Group PLC's Board and Chair of its Remuneration Committee in December 2013.

Phil Crooks
Independent Non-Executive Director

Phil is a Chartered Accountant. He has over 40 years' experience in accounting, auditing and investigations and is currently a Managing Director at Berkeley Research Group. He retired as a partner in Forensic and Investigations Services at Grant Thornton UK LLP in June 2019. He was previously UK Head of Audit for 6 years and a member of the International Assurance Advisory Board at Grant Thornton. Prior to that he spent 15 years at Price Waterhouse. Phil has extensive audit and advisory experience, addressing financial reporting and accounting issues and has worked with a wide range of listed and private international companies.

Phil was appointed as an independent Non-Executive Director of The Property Franchise Group PLC's Board and Chair of its Audit and Risk Committee in May 2015.

CORPORATE GOVERNANCE STATEMENT

The Board

The Board comprises the non-independent Non-Executive Chairman, 2 independent Non-Executive Directors and 2 Executive Directors who are the Chief Executive Officer and the Chief Financial Officer of the Company. It has established an Audit and Risk Committee and a Remuneration Committee.

The Board is responsible for the overall performance of the Group, which includes the broad strategic direction, development and control of the Group. The policies and strategies of the Group are formulated by the Board and the detailed considerations about the day-to-day operations are delegated to a senior management team under the leadership of the Executive Directors.

The Board of Directors meets at least 9 times a year to review the implementation of strategy and policy decisions and to review the Group's progress to ensure that the operation of the Group is at all times in line with the Group's objectives.

The Board has regular contact with its advisers to keep up to date with corporate governance matters. The Group purchases appropriate insurance cover in respect of legal action against its Directors.

The Chairman's main function is to manage the Board so that the Group is run in the best interests of its stakeholders. It is also the Chairman's responsibility to ensure the Board's integrity and effectiveness.

The Chief Executive Officer is responsible for the running of the Group's businesses. There is a schedule of matters specifically reserved for the Board's decision to ensure that the management and direction of the Company are under its control. Each Executive Director has his own sphere of responsibility. Decisions relating to strategy, major contracts, acquisitions, internal controls, for example, are taken at Board level.

The Board has an appropriate balance of skills, capabilities and experience, including in areas of residential property sales and lettings, franchising, finance and marketing. Each Directors' biography is set out on pages 36 to 37 which demonstrates the experience mix.

The Board are supported by a strong senior management team which contains a managing director of the franchisors, a marketing director and several qualified accountants alongside the Chief Executive Officer and Chief Financial Officer.

During the years ended 2019 and 2020, the Remuneration Committee has sought advice from Deloitte LLP and Shoosmiths LLP in relation to share option schemes and other employee reward mechanisms.

All Directors are able to take independent professional advice in the furtherance of their duties and to attend seminars and training to assist them with the development of their own knowledge and expertise.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and the applicable rules and regulations are complied with.

Evaluation of Board performance

The Board reviews its effectiveness internally by discussion, members suggest improvements and where agreed upon, these are implemented. However, the Board does not consider it appropriate for a company of its size to carry out regular formal evaluations of its performance as a unit.

Directors' time commitments

The Executive Directors are employed on a Monday to Friday 8.30 am to 5.30 pm basis and such additional hours as may be required for proper performance of their duties and responsibilities. Non-Executive Directors are required to allocate sufficient time to properly carry out their duties and perform their roles as the circumstances will dictate. This includes attendance at monthly Board meetings, Committee meetings and the AGM. Non-Executive Directors are required to devote appropriate preparation time ahead of each meeting.

Non-Executive Directors/Board independence

The Company has two independent Non-Executive Directors, Paul Latham and Phil Crooks, who provide an important contribution to its strategic development. Paul Latham and Phil Crooks both meet the independence criteria which are set out in the UK Corporate Governance Code.

Board Committees

The Board has delegated specific responsibilities to the Audit & Risk and Remuneration Committees. The Board considers that all the members of each Committee have the appropriate experience. All Board Committees have their own terms of reference which are available on request.

Remuneration Committee

The Remuneration Committee is chaired by Paul Latham and its other member is Phil Crooks. It met four times in 2020 and will continue to meet at least twice a year.

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors including pension payments and compensation rights. It is also responsible for making recommendations for grants of options under the Share Option Plans.

The remuneration of Non-Executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration.

Details of the level and composition of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 42 to 44.

Audit and Risk Committee

Phil Crooks is the Chair of the Audit and Risk Committee. Paul Latham is its other member. It met 3 times in 2020 and will continue to meet at least twice a year.

The Audit and Risk Committee has the primary responsibility for ensuring that the financial performance of the Group is properly measured, reported on and monitored. These responsibilities extend to:

- the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon;
- the appropriateness of the Group's accounting policies;
- the potential impact on the Group's financial statements of certain events and risks;
- the external auditor's plan for the audit of the Group's accounts, which includes key areas of audit focus, key risks, the proposed audit fee and approving the terms of engagement for the audit;
- internal assurance reporting;
- non-audit services;
- the dividend policy;
- the processes for identifying the risks to the business and managing those risks; and
- its terms of reference.

For more information on the work of the Audit and Risk Committee during the year please refer to its report on pages 40 and 41.

Risk management

The Board carries out a risk review annually. Board Directors and senior management all contribute to the drawing up of the risk review. The Audit and Risk Committee review the document, examine the risks, decide on the actions to recommend and then pass it on to the Board for approval. The document sets out the name of the risk as well as describing it, considering the effect on the business, looking at the controls in place, looking for additional mitigating factors, and deciding its seriousness by considering the probability of it occurring and what damage it would cause if the event occurred. Once a risk has been determined as requiring action, the Board allocates the responsibility to the appropriate Board member.

During the course of the year the Board reviews progress against the risks set out in the risk review. The key risks are set out in the section of principal risks and uncertainties on pages 32 and 33.

Directors attendance at meetings held during the financial year ended 31 December 2020:

	Board	Audit Committee	Remuneration Committee
Number of meetings	15	3	4
Richard Martin	15	–	–
Ian Wilson (resigned 30 April 2020)	4	–	–
Gareth Samples (appointed 30 April 2020)	12	–	–
David Raggett	15	3	4
Paul Latham	15	3	4
Phil Crooks	15	3	4

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established clear operating procedures and responsibility structures. These procedures include:

- monthly financial reporting against budget and the prior year;
- day-to-day financial control of operations;
- annual budgeting and half-yearly forecasting;
- the monitoring and assessment of risk;
- performance monitoring and the taking of remedial action; and
- planning, reviewing, approving and monitoring major projects.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders and the website thepropertyfranchisegroup.co.uk provides up-to-date information on the Group.

The AGM is an important opportunity to meet and communicate with its investors and for them to raise with the Board any issues or concerns they may have. The Group dispatches the Notice of AGM at least 21 days before the meeting. Registered shareholders have direct access to the Group and receive a copy of the Annual Report, which contains the full financial statements of the Group.

AUDIT AND RISK COMMITTEE REPORT

Phil Crooks
Chairman of the Audit and Risk Committee

Members
Phil Crooks (Chairman)
Paul Latham

Objectives
- Maintain vigilance over our business
- Pay appropriate attention to the general and specific risks that our business faces

Achievements in 2020
- Review of cashflow forecasts and internal controls as a response to the heightened risk environment brought about by Covid-19

I am delighted to present our Audit and Risk Committee ("ARC") report which summarises the work we have undertaken during the year and how we have fulfilled our responsibilities.

The ARC is formed of Paul Latham and myself. Whilst I possess over 40 years of experience in accounting, audit and forensic investigations, Paul possesses tremendous industry knowledge. Both of us are independent Non-Executive Directors with extensive general business and management experience. We have worked together on this Committee for the last 5.5 years.

Regular meeting attendees include Paul and myself as well as our Chief Financial Officer, Group Financial Controller and representatives of our external auditor, BDO LLP.

We undertake to meet at least twice a year and in the last year we met formally 3 times to continue our rolling process of reviewing matters during the year. We aim to ensure that actions are both being undertaken in a timely manner and, as importantly, supported with necessary expertise. Details of attendance at meetings can be found on page 39.

Purpose
The Committee operates under written terms of reference which set out its role and the authorities delegated to it by the Board.

The main responsibilities of the ARC are summarised below:
- review and monitor the integrity of the financial information provided to shareholders,
- review and, where appropriate, make recommendations to the Board on the adequacy of the Group's internal control and risk management systems,
- review and monitor the external auditor's independence and objectivity, and the effectiveness of the Group's external audit process,
- review and monitor the effectiveness of Group's internal audit function,
- report to the Board on how it has discharged its responsibilities

Activity in 2020
Financial information
The ARC has taken a leading role in ensuring, on behalf of the Board, that the Annual Report when taken as a whole remains fair, balanced, understandable and provides the information required by shareholders to assess the Group's performance, business model and strategy.

During the year we reviewed the Interim Results and Trading Updates to ensure the integrity of the financial information being presented. The ARC also reviewed the budget assumptions ahead of it being presented to the Board for approval.

At the outset of the Covid-19 pandemic, the ARC was involved in reviewing the Group's cash flow modelling through to 31 March 2021, which took a very cautious view, and we agreed that the going concern basis was appropriate for the financial statements.

It soon became clear that the impact on the property market was less significant with performance, and cashflows, much better than modelled. As a result, an ongoing review of the model by the ARC was not deemed necessary.

The Company operates a share option scheme for the benefit of the Group's employees to further align their interests with those of the other stakeholders. The financial results for the year ended 31 December 2020 determined whether options would vest under the 2017 scheme or the 2018 "parallel" scheme. The ARC, in conjunction with the Remuneration Committee, carefully reviewed management's assessment and agreed the calculations and judgements applied which had an impact on the share-based payments charge in the financial statements and ultimately the number of share options that would vest.

The impairment of intangible assets is considered by the ARC on an annual basis. For assets which do not require an annual assessment, a review for impairment triggers is performed at each reporting date by questioning if changes in circumstances suggest the recoverable value of certain intangible assets may be less than their carrying value. The ARC reviewed management's assessment of recoverable values and relevant judgements made. No impairment triggers were identified during the year.

Risk management and internal control

On an annual basis the Group draws up an updated risk review. This risk review includes contributions from Directors and senior management. Once the ARC has approved the risk review documentation it is then presented to our Board for their approval.

The ARC review the auditor's report on findings from the audit and any comments on controls within the business. The ARC ensures that the Company responds appropriately.

Covid-19 has generated a lot of uncertainty and, with that, risk. As such we have held a number of meetings with the Chief Financial Officer and Group Financial Controller during the year regarding risks and controls with discussions on areas such as where there was a heightened risk of a breakdown in controls as a result of remote working and whether internal audit processes needed to be adapted to reflect Covid-19 financial risks. In addition, the ARC enquired into the authority delegated to new employees recently recruited into the Group and how this was being monitored. A paper summarising these discussions was presented to the Board. Whilst there were no significant concerns arising, the paper included a number of recommendations on communication and ongoing monitoring. Last year we started to monitor the work being carried out to assess whether the EweMove systems would be able to cope with the rapid expansion plans set out in the Group's strategic growth initiatives. Some changes have been made to the systems in 2020 which satisfies us that the immediate risk has been mitigated but we will continue to monitor progress and reports from external suppliers on their recommendations for a long-term plan to ensure the system is scalable.

External audit

The effectiveness of the external audit process is dependent on the appropriate audit risk identification at the start of the audit cycle. A detailed audit plan was received from BDO which set out the key risks identified. The ARC approved this plan and the auditor's remuneration.

The independence and objectivity of the external audit function is a fundamental safeguard to the Company's shareholders. In order to ensure audit independence, the ARC restricts the engagements of BDO in relation to non-audit work. No non-audit work was undertaken by BDO in the year.

The effectiveness of the external audit process is currently assessed by the ARC based on discussions with those involved in the process. The ARC has made a recommendation to the Board to reappoint BDO as the Company's auditors for the 2021 financial year. In making that recommendation the ARC has also considered the independence and objectivity of the auditors as well as the cost effectiveness of the external audit. Accordingly, a resolution proposing the reappointment of BDO will be tabled at the AGM in 2021.

Internal audit

We continue to take an interest in internal audit and discuss any adverse audit results at our ARC meetings. We seek to ensure the function remains effective and adapts to current circumstances.

The year ahead

In the year ahead the ARC will continue to focus on key risks, operations and accounting matters. There will be a particular focus on the integration of Hunters Property PLC into the Group, but also we will continue to consider the impact of Covid-19 regulations, government policy impacting our sector, information security, the results of our internal audits of franchisees, the developments regarding EweMove's operating platform and our year-end audit. I would like to thank the attendees of our ARC meetings for their time and valuable contributions during the year.

Phil Crooks
Chairman of the Audit and Risk Committee
26 April 2021

REMUNERATION COMMITTEE REPORT

Paul Latham
Chairman of the Remuneration Committee

Members
Paul Latham (Chairman)
Phil Crooks

Objectives
- To ensure the Remuneration Policy is aligned to the long-term success of the Group
- To ensure executive remuneration is competitive to aid retention, recruitment and motivation

Achievements in 2020
- Recruitment of a new CEO

As Remuneration Committee Chair, I am pleased to present its report for the year. This report sets out the Group's remuneration policy for Directors and explains how this policy was applied during the financial year to 31 December 2020

The Remuneration Committee comprises Phil Crooks and me. We are both independent and combine extensive industry knowledge with a deep understanding of corporate reporting governance. The Committee seeks external advice from various sources including Deloitte.

The Remuneration Committee has two scheduled meetings a year. However, in 2020, we held two additional meetings resulting from the appointment of Gareth Samples as our new CEO and the need to evaluate the impact of the pandemic on the Group's remuneration policy. Apart from Phil and myself, our Chief Financial Officer is a regular attendee of our meetings, supporting us with papers and analysis.

Purpose
The Committee operates under written terms of reference which set out its role and the authorities delegated to it by the Board.
Its main responsibilities are to: -
- ensure that the Executive Directors and other key employees of the Group are fairly rewarded for their individual contributions to the overall performance of the Group.
- demonstrate to the shareholders of the Company that the remuneration of the Executives is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Committee and who will have due regard to the interests of shareholders of the Company.
- oversee any major changes in employee benefit structures throughout the Group.

Activity in 2020
As you are aware, the pandemic caused almost every business to rapidly evaluate its proposed reaction. The Executive Directors took immediate steps to conserve cash whilst ensuring that the Group was in the best possible shape to take advantage of any positive change in the UK residential property market. Surprisingly, the UK Government eased the restrictions on the UK estate agency sector rather sooner than was predicted and, since that time, the entire senior team have worked tirelessly to take full advantage of and to deliver ongoing results which back in March 2020 were hard to envisage.

The Committee believes that the entire senior team, and in particular the Executive Directors, have provided extraordinary, inspiring and resourceful leadership during an unprecedented year of uncertainty and disruption.

Given the excellent financial stewardship of the business, the Group made very limited use of the Government's financial support offerings. The Group did determine along with most UK listed businesses that it was appropriate to retain cash through the cessation of discretionary expenditure including its final dividend for FY19. The Committee was very mindful of these actions in considering the payment of bonuses and, indeed, the vesting percentage for a maturing, Group wide, LTIP scheme, commenced in 2018.

After undertaking a detailed review of the performance to be considered in assessing the maturing LTIP from 2018, the Committee recommended a limited award of 25% in line with the underlying performance.

The Committee recommended to the Board that a deferred bonus plan should be offered to the Executive Directors whereby they could receive a defined number of shares in the future, subsequently decided as 2 years, rather than cash bonuses.

The Committee recommended to the Board the implementation of a limited LTIP award for the Executive Directors in 2020 amounting to a maximum of 100,000 shares each based on stretching targets for adjusted EPS and total shareholder return over a 3-year period.

2020 was a year of significant change for the Group with the Committee overseeing the planned departure of our longstanding CEO Ian Wilson albeit a little earlier than expected due to the pandemic and the arrival of his replacement, Gareth Samples. The Committee and Board have been delighted with the performance of Gareth and alongside our longstanding CFO, David Raggett, they have brought a new level of dynamism to the Group's activities.

The Committee carefully considered the granting of a significantly more substantial LTIP award in 2020 as the Executive Directors began to press forward with their strategy but given the exceptional circumstances, the Committee decided to delay any such award to allow adequate time to better understand the impact of the pandemic on the wider economy and our business.

The Committee considered the remuneration arrangements for the Executive Directors and other key employees and satisfied itself that they are aligned to the Group's strategic goals and properly incorporate the key performance indicators. Further, the Committee is satisfied that the remuneration outcomes for 2020 were aligned to performance and the Committee believes that the arrangements continue to promote the long-term success of the Group and incentivise the delivery of strong, sustainable, financial results.

Policy on remuneration of Directors

The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration of senior management and specific remuneration packages for Executive Directors including pension payments and compensation rights. It is also responsible for making recommendations for grants of options under the Share Option Plan.

The remuneration of Non-Executive Directors is a matter for the Board. It consists of fees for their services in connection with Board and Committee meetings. No Director may be involved in any discussions as to their own remuneration.

The remuneration policy is designed to shape the Group's remuneration strategy for an anticipated 3 years, ensuring that the structure and levels of remuneration continue to remain appropriate for the Group. The policy aims to:

- Pay competitive salaries to aid recruitment, retention and motivation being reflective of the person's experience and importance to the Group.
- Pay annual bonuses to incentivise the delivery of stretching short-term business targets whilst maintaining an element of variability allowing flexible control of the cost base and being able to respond to market conditions.
- Provide long-term share incentive plans designed to incentivise long-term value creation, reward execution of strategy, align Directors' interests with the long-term interests of investors and promote retention.

Components of Directors' remuneration

Basic salary or fees

Basic salary or fees for each Director are determined by considering the performance of the individual and information from independent sources on the rates of salary and fees for similar posts. The salaries and fees paid to Directors by the Group were £721k (2019: £470k). The main reason for the significant increase compared to the previous year was the handover period for our retiring CEO, Ian Wilson, and our incoming CEO, Gareth Samples.

Annual bonus

The Company has a formal bonus scheme for its Executive Directors. Bonuses were paid to the Executive Directors by the Group of £297k (2019: £251k).

Pension

Contributions made to Executive Directors' pensions in the year were £20k (2019: £29k).

Share options

On 9 June 2017 options over 1,000,000 and 500,000 new ordinary shares of the Company were granted to Ian Wilson and David Raggett, respectively, under a new share option scheme. The options have an exercise price of 1 pence per share. The awards were conditional on the achievement of an adjusted earnings per share target as measured at 31 December 2019 (adjusted earnings per share being basic earnings per share excluding exceptional income/costs and share-based payments). Adjusted EPS growth of 15% between inception and 31 December 2019 was required for threshold vesting of the awards, with adjusted EPS growth of 44% or higher required for all the awards to vest. The evaluation of that scheme determined 22% growth in adjusted EPS and, therefore, 25% of the award for each individual vested in April 2020.

On 1 August 2018, the Board agreed to roll the arrangements contained in the 2017 share options forward by 1 year, such that the performance period ran until 31 December 2020. The roll-forward was structured as the grant to each individual of a new nil-cost option "in parallel" to, and over the same number of shares as, the option originally granted to him so that: (1) if the option originally granted was exercised, the new option would lapse; and (2) if the new option was to be exercised, the original option must either have lapsed or have been released. Therefore, Ian Wilson and David Raggett would only be able to benefit from one of the options granted to them. The other terms and the EPS growth hurdles were the same as for the original options.

On 6 August 2019, the Board granted a new option to David Raggett over a maximum of 100,000 ordinary shares in the Company. It, like the other two grants stated above, uses the same growth in EPS metric. The measurement period is for the 3 years ended 31 December 2021.

On 22 July 2020, the Board granted new options to Gareth Samples and David Raggett over a maximum of 100,000 ordinary shares each in the Company. The options are subject to two performance conditions; basic earnings per share adjusted for exceptional income/costs and share-based payment charges ("adjusted EPS") and total shareholder return. Each performance condition applies to 50% of the award being made. The measurement period is for the 3 years ended 31 December 2022. In respect of both performance conditions, growth of 15% over the performance period is required for threshold vesting of the awards, with growth of 35% or higher required for all the awards to vest. The shares are awarded on a sliding scale for growth between 15% and 35%.

During the year, the Remuneration Committee sought advice from Deloitte LLP and Shoosmiths LLP on these share options' schemes.

Company policy on contracts of service

The Executive Directors of the Company do not have a notice period in excess of 12 months under the terms of their service contracts. Their service contracts contain no provisions for pre-determined compensation on termination, which exceeds 12 months' salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company but have letters of appointment which can be terminated on 3-months' notice.

Termination date

Richard Martin	3-months' notice
Gareth Samples	12-months' notice
David Raggett	12-months' notice
Paul Latham	3-months' notice
Phil Crooks	3-months' notice

REMUNERATION COMMITTEE REPORT CONTINUED

Company policy on external appointments

The Company recognises that its Executive Directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are, therefore, subject to approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Taxable benefits

The Executive Directors were not entitled to taxable benefits such as a company car or private medical insurance during the year.

Directors' emoluments

The figures below represent emoluments earned by the Executive Directors and Non-Executive Directors from the Group during the financial year and relate to the period of each Director's membership of the Company's and Subsidiaries' Boards.

	Salary & fees £'000	Bonus £'000	**Total 2020 £'000**	Total 2019 £'000
Executive Directors:				
Gareth Samples* (joined 10 February 2020)	197	150	**347**	–
David Raggett	200	100	**300**	258
Ian Wilson (retired 30 April 2020)	204	47	**251**	343
	601	297	**898**	601
Non-Executive Directors:				
Richard Martin	40	–	**40**	40
Paul Latham	40	–	**40**	40
Phil Crooks	40	–	**40**	40
	120	–	**120**	120
Total remuneration	721	297	**1018**	721

* Of the bonus stated above for Gareth Samples, £100,000 was deferred into an award of 100,000 shares in the company at an exercise price of 1p.

Vesting of options

During the year ended 31 December 2019, 25% of the shares available under options granted in 2017 vested but were not exercised because parallel options had been granted in 2018 which were dependent on financial performance in the year ended 31 December 2020. The vesting percentage for the parallel options has been determined at 25%. No options have yet been exercised.

Changes to Board members

Ian Wilson, former Chief Executive Officer retired on 30 April 2020 after 16 years with the business. His successor Gareth Samples, joined on 13 February 2020 and was appointed Chief Executive Officer on 30 April 2020.

Directors' interests

The interests of the Executive Directors, Non-Executive Directors and their spouses in the shares of the Company were as follows:

The Property Franchise Group PLC ordinary 1 pence shares.

	2020		2019	
	Shares	**Options**	Shares	Options
Directors:				
Richard Martin	**8,039,950**	**–**	8,889,950	–
Gareth Samples	**–**	**100,000**	–	–
David Raggett	**227,400**	**325,000**	227,400	225,000
Paul Latham	**50,000**	**–**	50,000	–
Ian Wilson (retired 30 April 2020)	**1,179,200**	**250,000**	1,479,200	250,000

The dividends paid to the Executive Directors, Non-Executive Directors and their spouses during the year are disclosed in note 28 to the Financial Statements.

By order of the Board

Paul Latham
Chairman of the Remuneration Committee
26 April 2021

DIRECTORS' REPORT

David Raggett
Chief Financial Officer

The Directors present their Annual Report and audited financial statements for the financial year ended 31 December 2020. Information that would normally be presented in the Directors' Report has been presented in the Group's Strategic Report in accordance with s414C(11) of the Companies Act 2006.

Principal activities

The principal activity of the Group during the year was the sale of franchises and the support of franchisees in supplying residential letting, sales and property management services within the UK.

Results for the financial year and business review

The Group achieved a profit before tax of £4.8m in the financial year as compared to £4.0m for the prior year and a profit after tax of £3.8m (2019: £3.2m). The results are shown in the Consolidated Statement of Comprehensive Income on page 52. A full review of the Group's business is included in the Strategic Report on pages 1 to 33.

The Group's profit before tax was £0.8m higher than the previous year. £0.3m of this increase can be attributed to a share-based payments charge of £0.1m compared to £0.4m in the previous year. The remaining increase was due to cost savings achieved through the Covid-19 strategy.

Financial risk management

The Group's objectives and policies with regards to financial risk management are set out in note 26 to the consolidated financial statements.

Future developments

The Group intends to pursue the following over the next few years:

- Lettings growth
- Develop sales activity in the traditional brands
- Financial services growth
- Continued recruitment of experienced estate agents as franchisees in EweMove.
- Increased focus and support to aid franchisees in buying independent operators.
- Improved use of digital marketing to win business for all our brands and to track attribution

More details on the progress made to date with these key areas of focus can be found in the Strategic Report on pages 18 and 19.

Dividends

The Group paid an interim dividend for the financial year ended 31 December 2020 of 2.1p per share on 23 September 2020 and a dividend of 6.6p per share was paid on 23 February 2021 in lieu of a final dividend. Final dividends are usually paid after the release of the final results but a payment in lieu of the final dividend was made earlier than that so as to be ahead of the acquisition of Hunters Property PLC.

The Group paid an interim dividend for the financial year ended 31 December 2019 of 2.6p per share on 1 October 2019 but did not pay a final dividend for 2019 due to Covid-19.

DIRECTORS' REPORT CONTINUED

Directors

The Directors shown below have held office throughout the year unless otherwise stated:
R W Martin
I Wilson (resigned 30 April 2020)
G M Samples (appointed 30 April 2020)
D A Raggett
P M Latham
P J Crooks

The Directors' remuneration and the Directors' interests in the Group are disclosed in the Directors' Remuneration Report on pages 42 to 44.

The Group maintains Directors and Officers liability insurance, which gives appropriate cover against any legal action that may be brought.

Going concern

The Group and Company's financial statements have been prepared on the going concern basis after due consideration of the potential impacts of Covid-19 and the enlarged Group, following the acquisition of Hunters Property PLC, on the financial position of both up until 30 April 2022.

The Group maintains a strong cash position and towards the end of 2020 the Group finalised arrangements for a new loan facility with Barclays Bank Plc which was primarily to be used for the acquisition of Hunters Property PLC.

Auditor

BDO LLP has expressed its willingness to continue in office. In accordance with section 489 of the Companies Act 2006; a resolution to reappoint BDO LLP will be proposed at the Annual General Meeting.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") in conformity with requirements of the Companies Act 2006 and have elected under company law to prepare the Company financial statements in accordance with IFRS.

The financial statements are required by law and IFRS to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

David Raggett
Chief Financial Officer
26 April 2021

INDEPENDENT AUDITOR'S REPORT

to the members of The Property Franchise Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Property Franchise Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included evaluating the following:

- The Directors' method for assessing going concern including the relevance and reliability of underlying data used to make the assessment, and whether assumptions and changes to assumptions from prior years are appropriate and where relevant consistent with each other. The assessment has been made for the newly enlarged Group following the acquisition of Hunters Property plc ("Hunters")
- The Directors' plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances. This included considering the accuracy of historic forecasting and carrying out sensitivity analysis
- The Directors' stress-testing of the forecasts to the extent of reasonable worst-case scenarios, which included modelling significant downturns in both the sales and lettings markets. We have assessed these assumptions against recent sector performance and the Group's results for the financial year to date
- The compliance with covenants relating to the financing obtained to fund the acquisition of Hunters, including checking the calculations with reference to the loan agreement and determine if the calculations have been appropriately applied in the sensitised scenario
- The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment.

We carried out the above procedures through using our understanding of the business model, objectives, strategies and related business risk, the measurement and review of the entity's financial performance, forecasting and budgeting processes and the entity's risk assessment process.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of The Property Franchise Group PLC

Overview

Full-scope audit coverage by the Group engagement team	99% (2019: 100%) of Group profit before tax 99% (2019: 100%) of Group total assets		
Key audit matters		2020	2019
	Goodwill and intangible asset impairment risk – Ewemove CGU	✓	✓
	Revenue recognition	✓	✓
Materiality	Group financial statements as a whole £230,000 (2019: £190,000) based on 5% (2019: 5%) of profit before tax		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group's operations are based solely in Bournemouth, United Kingdom.

We identified six components, five of which were considered significant and subject to full-scope audits by BDO LLP. The other non-significant component was subject to a desktop review and specific-scope procedures in areas such as revenue, which was carried out by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Goodwill and intangible asset impairment risk – Ewemove CGU The accounting policy in respect of the accounting for intangible assets is included within the accounting policy on page 62; the accounting estimate in respect of the impairment of intangible assets is included within the accounting estimates and judgements note on page 66.	As detailed in the accounting policies and critical accounting estimates and judgements and key sources of uncertainty and also note 15 to the financial statements, goodwill and other intangible assets are tested for impairment at least annually through comparing the recoverable amount of the cash-generating unit, based on a value-in-use calculation, to the carrying value. Furthermore, other intangible assets are tested for impairment where an indicator of impairment arises. The risk that goodwill and intangible assets may be impaired is considered to lie in the Ewemove CGU – as the conclusion is dependent on achieving forecast growth – and is significant due to the level of judgement involved in the impairment review and the opportunity for management bias within the impairment model assumptions. Management's review found no evidence of impairment in the Ewemove or other cash-generating units, nor indicators of impairment in relation to other intangible assets.	We assessed the impairment review of the Group's goodwill and intangible assets prepared by management, specifically checking the integrity of management's value-in-use model and, with the assistance of our valuation specialists, we challenged the key inputs - being forecast growth rates, operating cash flows and the discount rate. We also checked if the CGU was appropriately determined and the correct assets included in its carrying value. Our audit procedures relating to the operating cash flows and forecast growth rates included, amongst others, comparing the forecast to recent financial performance and budgets approved by the Board, including checking for consistency with forecasts prepared for the purposes of the going concern assessment. We used market data to independently calculate a discount rate for comparison and also performed our own sensitivity analysis upon the key valuation inputs. We also considered whether significant events during the year – such as the onset of the COVID-19 pandemic - and comparing net assets to market capitalisation have been appropriately considered by management within the impairment assessment. We evaluated the disclosures in the notes to the financial statements against the requirements on IAS 36 and with a particular focus on the disclosure of the sensitivities. **Key observations:** We found management's judgements in this area to be reasonable and found no evidence of management bias in the assumptions used.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The accounting policy in respect of the accounting for revenue recognition is included within the accounting policy on page 62.	As detailed in the accounting policies and also note 7 to the financial statements, the Group earns revenue principally in the form of Managed Service Fees ("MSF"), which are derived as a percentage of the franchisees' income. The Managed Service Fees are recorded in separate sales systems based on information uploaded by the franchisees and imported into the accounting system on a monthly basis. Due to the need to transfer data across the systems, we consider there to be a significant risk that revenue may not be accurately recognised or recorded in the wrong period due to error or manipulation. Through the need to reconcile data between the two systems and ensure that revenues had been fully recorded in the nominal ledger, the procedures on revenue recognition also represented a significant part of our audit strategy in terms of the level of direction and supervision and allocation of resources and so, consequently, revenue recognition is considered a key audit matter.	We considered the appropriateness of the Group's accounting policies for revenue in the light of the revenue recognition principles of the financial reporting framework. We obtained and tested management's reconciliation between the underlying sales systems to which franchisees upload their lettings/sales data and the MSF recorded in the nominal ledger. We witnessed the data extraction from the underlying systems and engaged our technology and systems experts to reperform a full reconciliation of the two data sets and investigated and corroborated any reconciling items such as manual journals to revenue. We tested the integrity of the data in the underlying sales systems by tracing a sample from franchisee submission, ensuring that the correct MSF rate had been applied in accordance with the franchise agreement, through to invoice issued and ultimately cash collection. In considering the completeness of the data in the underlying sales systems, we selected a sample of franchise agreements and ensured that the MSF had been appropriately included in the sales system and at the appropriate rate. **Key observations:** Based on the procedures performed, we have not identified any instances that may suggest that revenue has been inappropriately recognised.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Key audit matter	Group financial statements		Parent company financial statements	
	2020 £000	2019 £000	2020 £000	2019 £000
Materiality	230	190	215	185
Basis for determining materiality	5% of the profit before tax		95% of Group materiality	
Rationale for the benchmark applied	Profit before tax is considered to be one of the principal considerations for the users of the financial statements in assessing the financial performance of the Group.		Capped 95% (2019: 95%) of Group materiality given the assessment of the components aggregation risk.	
Performance materiality	173	143	161	139
Basis for determining performance materiality	75% of materiality based on a low expected total value of known and likely misstatements.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 7% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £15,000 to £215,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of The Property Franchise Group PLC

Reporting threshold
We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £9,200 (2019: £7,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We focused on laws and regulations that could give rise to a material misstatement in the Group financial statements and the susceptibility of the entity's financial statements to material misstatement including fraud. Our procedures included, but were not limited to:

- Evaluation of management incentives, including the extent to which remuneration is influenced by reported results, and opportunities for fraudulent manipulation of the financial statements such as management override;
- This evaluation involved a particular focus on the judgements and estimates inherent in the key audit matter and exercising professional scepticism in considering the impact of those estimates and judgements on the reported results and key performance measures such as the profit before tax;
- Discussions with Management and the Audit and Risk Committee regarding known or suspected instances of non-compliance with laws and regulations;
- Obtaining and understanding of controls designed to prevent and detect irregularities, including the reconciliation of customer monies held in client account balances;
- Review of board meeting minutes for any evidence of fraud or non-compliance with laws and regulations including health and safety and taxation regulations; and
- Assessment of journal entries to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm Thixton
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom
26 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Revenue	7	**11,464,495**	11,350,327
Cost of sales		**(932,501)**	(1,066,849)
Gross profit		**10,531,994**	10,283,478
Administrative expenses	8	**(5,666,475)**	(5,820,277)
Share-based payments charge	9, 27	**(68,023)**	(441,709)
Operating profit	10	**4,797,496**	4,021,492
Finance income	11	**10,701**	11,012
Finance costs	11	**(3,328)**	(38,310)
Profit before income tax expense		**4,804,869**	3,994,194
Income tax expense	12	**(1,013,107)**	(761,788)
Profit and total comprehensive income for the year from continuing operations		**3,791,762**	3,232,406
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		**3,782,568**	3,232,406
Non-controlling interest		**9,194**	–
		3,791,762	3,232,406

Earnings per share			
Statutory			
Earnings per share attributable to owners of parent	13	**14.6p**	12.5p
Diluted Earnings per share attributable to owners of parent	13	**14.4p**	12.1p
Adjusted			
Earnings per share attributable to owners of parent	13	**16.8p**	16.2p
Diluted Earnings per share attributable to owners of parent	13	**16.5p**	15.6p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Intangible assets	15	**14,380,282**	14,786,402
Property, plant and equipment	16	**66,530**	77,555
Right-of-use assets	17	**85,802**	74,580
Prepaid assisted acquisitions support	18	**599,952**	657,948
		15,132,566	15,596,485
Current assets			
Trade and other receivables	20	**1,292,549**	1,483,009
Cash and cash equivalents		**8,770,884**	4,011,463
		10,063,433	5,494,472
Total assets		**25,195,999**	21,090,957
Equity			
Shareholders' equity			
Called up share capital	21	**258,228**	258,228
Share premium	22	**4,039,800**	4,039,800
Other reserves	23	**3,574,915**	3,506,892
Retained earnings		**12,689,965**	9,449,675
		20,562,908	17,254,595
Non-controlling interest		**9,194**	–
Total equity attributable to owners		**20,572,102**	17,254,595
Liabilities			
Non-current liabilities			
Lease liabilities	17	**45,446**	25,089
Deferred tax	27	**1,114,544**	1,140,227
		1,159,990	1,165,316
Current liabilities			
Trade and other payables	26	**2,750,348**	2,000,175
Lease liabilities	17	**41,085**	52,660
Tax payable		**672,474**	618,211
		3,463,907	2,671,046
Total liabilities		**4,623,897**	3,836,362
Total equity and liabilities		**25,195,999**	21,090,957

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2021 and were signed on its behalf by:

David Raggett
Chief Financial Officer

COMPANY STATEMENT OF FINANCIAL POSITION

31 December 2020

(Company No: 08721920)

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Investments	19	**34,082,997**	33,899,664
Deferred tax asset	25	**228,217**	215,293
		34,311,214	34,114,957
Current assets			
Trade and other receivables	20	**221,125**	421,903
Cash and cash equivalents		**4,600,718**	1,073,774
		4,821,843	1,495,677
Total assets		**39,133,057**	35,610,634
Equity			
Shareholders' equity			
Called up share capital	21	**258,228**	258,228
Share premium	22	**4,039,800**	4,039,800
Other reserves	23	**21,564,815**	21,496,792
Retained earnings		**13,123,373**	9,640,327
Total equity		**38,986,216**	35,435,147
Current liabilities			
Trade and other payables	24	**146,841**	175,487
Total liabilities		**146,841**	175,487
Total equity and liabilities		**39,133,057**	35,610,634

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the financial year was £4,025,324 (2019: £3,323,903).

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2021 and were signed on its behalf by:

David Raggett
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Attributable to owners						
	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £	Non-controlling interest £	Total equity £
Balance at 1 January 2019	258,228	8,438,027	4,039,800	2,983,861	15,719,916	–	15,719,916
Profit and total comprehensive income	–	3,232,405	–	–	3,232,405	–	3,232,405
Dividends	–	(2,220,757)	–	–	(2,220,757)	–	(2,220,757)
Deferred tax on share-based payments	–	–	–	81,322	81,322	–	81,322
Share-based payments charge	–	–	–	441,709	441,709	–	441,709
Total transactions with owners	-	(2,220,757)	–	523,031	(1,697,726)	–	(1,697,726)
Balance at 31 December 2019	258,228	9,449,675	4,039,800	3,506,892	17,254,595	–	17,254,595
Profit and total comprehensive income	–	3,782,568	–	–	3,782,568	9,194	3,791,762
Dividends	–	(542,278)	–	–	(542,278)	–	(542,278)
Share-based payments charge	–	–	–	68,023	68,023	–	68,023
Total transactions with owners	–	(542,278)	–	68,023	(474,255)	–	(474,255)
Balance at 31 December 2020	**258,228**	**12,689,965**	**4,039,800**	**3,574,915**	**20,562,908**	**9,194**	**20,572,102**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance as at 1 January 2019	258,228	8,537,181	4,039,800	20,973,761	33,808,970
Profit and total comprehensive income	–	3,323,903	–	–	3,323,903
Dividends	–	(2,220,757)	–	–	(2,220,757)
Deferred tax on share-based payments	–	–	–	81,322	81,322
Share-based payments charge	–	–	–	441,709	441,709
Total transactions with owners	–	(2,220,757)	–	523,031	(1,697,726)
Balance as at 31 December 2019	258,228	9,640,327	4,039,800	21,496,792	35,435,147
Profit and total comprehensive income	–	4,025,324	–	–	4,025,324
Dividends	–	(542,278)	–	–	(542,278)
Share-based payments charge	–	–	–	68,023	68,023
Total transactions with owners	–	(542,278)	–	68,023	(474,255)
Balance as at 31 December 2020	**258,228**	**13,123,373**	**4,039,800**	**21,564,815**	**38,986,216**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	A	**6,377,977**	5,705,243
Interest paid		**–**	(41,380)
Tax paid		**(971,869)**	(973,361)
Net cash from operating activities		**5,406,108**	4,690,502
Cash flows from investing activities			
Purchase of subsidiary net of cash acquired		**(81,250)**	–
Purchase of intangible assets		**–**	(73,467)
Purchase of tangible assets		**(17,259)**	(7,960)
Assisted acquisitions support		**(155,034)**	(386,332)
Loan made	29	**–**	(200,000)
Loan repaid	29	**200,000**	–
Interest received		**10,701**	11,012
Net cash used in investing activities		**(42,842)**	(656,747)
Cash flows from financing activities			
Repayment of bank loan		**–**	(1,600,000)
Equity dividends paid		**(542,278)**	(2,220,757)
Principal paid on lease liabilities		**(58,239)**	(56,533)
Interest paid on lease liabilities		**(3,328)**	(2,990)
Net cash used in financing activities		**(603,845)**	(3,880,280)
Increase in cash and cash equivalents		**4,759,421**	153,475
Cash and cash equivalents at beginning of year		**4,011,463**	3,857,988
Cash and cash equivalents at end of year		**8,770,884**	4,011,463

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

A. Reconciliation of profit before income tax to cash generated from operations

	2020 £	2019 £
Cash flows from operating activities		
Profit before income tax	**4,804,869**	3,994,194
Depreciation of property, plant and equipment	**28,284**	33,989
Amortisation of intangibles	**590,546**	611,820
Amortisation of prepaid assisted acquisitions support	**213,030**	174,149
Amortisation of right-of-use assets	**55,799**	54,769
Share-based payments charge	**68,023**	441,709
Finance costs	**3,328**	38,310
Finance income	**(10,701)**	(11,012)
Operating cash flow before changes in working capital	**5,753,178**	5,337,928
Increase in trade and other receivables	**(18,142)**	(186,734)
Increase in trade and other payables	**642,941**	554,049
Cash generated from operations	**6,377,977**	5,705,243

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	C	**(659,534)**	(812,137)
Interest paid		**–**	(41,380)
Net cash used in operating activities		**(659,534)**	(853,517)
Cash flows from investing activities			
Purchase of subsidiary net of cash acquired		**(81,250)**	–
Interest received		**6**	22
Loan made	29	**–**	(200,000)
Loan repaid	29	**200,000**	–
Equity dividends received		**4,610,000**	4,670,000
Net cash generated from investing activities		**4,728,756**	4,470,022
Cash flows from financing activities			
Repayment of bank loan		**–**	(1,600,000)
Equity dividend paid		**(542,278)**	(2,220,757)
Net cash used in financing activities		**(542,278)**	(3,820,757)
Increase in cash and cash equivalents		**3,526,944**	(204,252)
Cash and cash equivalents at beginning of year		**1,073,774**	1,278,026
Cash and cash equivalents at end of year		**4,600,718**	1,073,774

NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

C. Reconciliation of profit before income tax to cash generated from operations

	2020 £	2019 £
Cash flows from operating activities		
Profit before income tax	**3,898,029**	3,390,952
Share-based payments charge	**84,690**	345,931
Finance costs	**–**	35,320
Finance income	**(6)**	(22)
Equity dividend received	**(4,610,000)**	(4,670,000)
Operating cash flow before changes in working capital	**(627.287)**	(897,819)
Increase in trade and other receivables	**(162,520)**	(25,241)
Increase in trade and other payables	**130,273**	110,923
Cash used in operations	**(659,534)**	(812,137)

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. General information
The principal activity of The Property Franchise Group PLC and its Subsidiaries is that of a UK residential property franchise business. The Group operates in the UK. The Company is a public limited company incorporated and domiciled in the UK and listed on AIM. The address of its head office and registered office is 2 St Stephen's Court, St Stephen's Road, Bournemouth, Dorset, UK.

2. Basis of preparation
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The presentational currency of the financial statements is in British pounds and amounts are rounded to the nearest pound.

Going concern
The Group has produced detailed budgets, projections and cash flow forecasts which incorporate the recently acquired Hunters Property PLC business. These have been stress tested to understand the impacts of reductions in revenue and costs. The Directors have concluded after reviewing these budgets, projections and forecasts, making appropriate enquiries of the business and having considered uncertainties under the current economic environment as a result of the Covid-19 pandemic, that there is a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Changes in accounting policies
a) New standards, amendments and interpretations effective from 1 January 2020
The following new or amended standards are mandatory for the first time for the period beginning 1 January 2020 and have been adopted in the annual financial statements for the year ended 31 December 2020:

Standard	Key requirements
IAS 1	Presentation of Financial Statements (Amendment –Definition of Material)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
IFRS 3	Business Combinations (Amendment – Definition of Business)
	Revised Conceptual Framework for Financial Reporting

b) New standards, amendments and interpretations not yet effective
We do not consider there to be any relevant new standards, amendments to standards or interpretations that have been issued, but are not effective for the financial year beginning on 1 January 2020, which would have a material impact on the financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3. Basis of consolidation
The Group financial statements include those of the Parent Company and its Subsidiaries, drawn up to 31 December 2020. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

4. Significant accounting policies

Revenue recognition

Performance obligations and the timing of revenue recognition

Revenue represents income, net of VAT, from the sale of franchise agreements, resale fees and Management Service Fees levied to franchisees monthly based on their turnover, and other income being the provision of ad hoc services and ongoing support to franchisees.

Traditional brands:

Fees from the sale of franchise agreements are not refundable. These fees are for the use of the brand along with initial training and support and promotion during the opening phase of the new office. As such the Group has some initial obligations that extend beyond the receipt of funds and signing of the franchise agreement so an element of the fee is deferred and released as the obligations are discharged, usually between 1 to 4 months after receipt of funds, which is the typical period of on-boarding for new franchisees.

Resale fees are recognised in the month that a contract for the resale of a franchise is signed. Upon signing of the contract all obligations have been completed.

Management Service Fees are recognised on a monthly basis and other income is recognised when the services and support is provided to the franchisee. There are no performance obligations associated with levying the Management Service Fees. For ad hoc services and support all performance obligations have been fulfilled at the time of revenue recognition.

EweMove:

Fees from the sale of franchise agreements for the EweMove brand are not refundable. Some new franchisees pay a higher fee to include the first 12 months' licence fee, in this scenario the licence fee element of the initial fee is deferred and released over the first 12 months of trading of the franchise where no monthly licence fees are payable. The franchise fee is for the use of the brand along with initial support and promotion during the opening phase of the new franchise. As such the Group has some initial obligations that extend beyond the receipt of funds and signing of the franchise agreement so an element of the fee is deferred and released as the obligations are discharged, usually between 1 to 4 months after receipt of funds, which is the typical period of on-boarding for new franchisees.

Management Service Fees consist of monthly licence fees and completion fees. Licence fees are recognised on a monthly basis, completion fees are recognised when sales or lettings transactions complete and other income is recognised when the services and support are provided to the franchisee. There are no additional performance obligations associated with levying the licence fee and completion fees beyond providing access to the systems, brand and marketing support. For ad hoc services and support all performance obligations have been fulfilled at the time of revenue recognition.

Financial services commissions:

Financial services commissions received by Auxilium Partnership Limited are recognised upon receipt, being a point in time when the Group has met its obligations in delivering a customer to the insurance partners. A provision is made for the best estimate of future clawbacks resulting from policies being subsequently cancelled, however this is not material to the financial statements. There is no vat applicable to financial services commissions.

Operating profit

Profit from operations is stated before finance income, finance costs and tax expense.

Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where the fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities.

Goodwill is the difference between the fair value of the consideration and the fair value of identifiable assets acquired. Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable.

Intangible assets

Intangible assets with a finite life are carried at cost less amortisation and any impairment losses. Intangible assets represent items which meet the recognition criteria of IAS 38, in that it is probable that future economic benefits attributable to the assets will flow to the entity and the cost can be measured reliably.

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group.

Amortisation charges are included in administrative expenses in the Statement of Comprehensive Income. Amortisation begins when the intangible asset is first available for use and is provided at rates calculated to write-off the cost of each intangible asset over its expected useful life, on a straight-line basis, as follows:

Brands – CJ Hole, Parkers, Ellis & Co	Indefinite life
Brands – EweMove	21 years
Customer lists	5 years
Master franchise agreements – Whitegates, CJ Hole, Parkers, Ellis & Co	25 years
Master franchise agreements – EweMove	15 years
Technology – Ewereka	5 years
Technology – Websites and CRM system	3 years

Acquired trade names are identified as separate intangible assets where they can be reliably measured by valuation of future cash flows. The trade names CJ Hole, Parkers and Ellis & Co are assessed as having indefinite lives due to their long trading histories.

Acquired customer lists are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually.

Customer lists are being written off over a remaining life of 5 years.

Acquired master franchise agreements are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. The life of the relationship is assessed annually. Master franchise agreements are being written off over a remaining life of 15-25 years as historical analyses shows that, on average, 4% – 10% of franchises will change ownership per annum.

The cost of the new brand websites launched in 2017 have been capitalised and are being amortised over 3 years from launch date, being the expected period over which the websites are expected to generate economic benefit.

The cost of the CRM system was capitalised in 2019 and is being amortised over 3 years from launch date, being the expected period over which the CRM system is expected to generate economic benefit.

Subsequent to initial recognition, intangible assets are stated at deemed cost less accumulated amortisation and impairment charges, with the exception of indefinite life intangibles.

Impairment of non-financial assets
In respect of goodwill and intangible assets that have an indefinite useful lives, management are required to assess whether the recoverable amount of each exceeds their respective carrying values at the end of each accounting period.

In respect of intangible assets with definite lives, management are required to assess whether the recoverable amount exceeds the carrying value where an indicator of impairment exists at the end of each accounting period.

The recoverable amount is the higher of fair value less costs to sell and value in use.

Impairment losses represent the amount by which the carrying value exceeds the recoverable amount; they are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Where an indicator of impairment exists against a definite life asset and a subsequent valuation determines there to be impairment, the intangible asset to which it relates is impaired by the amount determined.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The master franchise agreement is assessed separately for impairment as an independent asset that generates cash inflows that are largely independent of those from other assets.

Investment in subsidiaries
Investments in subsidiaries are stated in the Parent Company's balance sheet at cost less any provisions for impairments.

Property, plant and equipment
Items of property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives on the following bases:

Fixtures, fittings and office equipment	15% reducing balance
Computer equipment	over 3 years
Short leasehold improvements	over the lease term

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

4. Significant accounting policies continued

Right-of-use assets

Right of use assets relate to operating leases that have been brought onto the balance sheet under IFRS 16. They are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Prepaid assisted acquisitions support

Prepaid assisted acquisitions support represents amounts payable to franchisees in relation to their acquisition of qualifying managed property portfolios and amounts payable to brokers for assisting with the acquisition of those portfolios. The payments are recognised as an asset and amortised to the profit and loss account over 5 years. The amounts payable to franchisees are amortised as a reduction in revenue, whereas amounts payable to brokers are amortised through cost of sales.

Income taxes

Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. For share-based payments the deferred tax credit is recognised in the income statement to the extent that it offsets the share-based charge, with any remaining element after offset being shown in the statement of changes in equity.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits).

Financial assets

The Group and Company only have financial assets comprising trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets
Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities
Financial liabilities are comprised of trade and other payables, borrowings and other short-term monetary liabilities, which are recognised at amortised cost.

Trade payables, other payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Share-based payments
The Company issues equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments are amortised through the Consolidated Statement of Comprehensive Income over the vesting period of the options, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes option pricing model taking into account the following inputs:
- the exercise price of the option;
- the life of the option;
- the market price on the date of the grant of the option;
- the expected volatility of the share price;
- the dividends expected on the shares; and
- the risk free interest rate for the life of the option.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market conditions and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

5. Critical accounting estimates and judgements and key sources of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangible assets

The Group is required to test, where indicators of impairment exist or there are intangible assets with indefinite lives, whether intangible assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Key assumptions for the value in use calculation are described in note 15.

Share-based payment charge ("SBPC")

The aggregate fair value expense of each grant is determined through using the Black-Scholes model detailed above and an estimate for the attainment of the non-market based performance conditions in FY20, FY21 and FY22. The estimate of earnings per share ("EPS"), the non-market based performance measure, in FY20 was based on actual financial performance, FY21 was based on budget and FY22 relies on a projection of earnings taking into account available market data and performance trends.

At this juncture 68% of the options based on FY21 performance are expected to vest and 65% of the options based on the FY22 performance are expected to vest.

6. Segmental reporting

Following the acquisition of a majority share in Auxilium Partnership Limited on 7 January 2020 the directors consider there now to be two operating segments, being Property Franchising and Other.

For the year ended 31 December 2020:

	Property Franchising £	Other £	Total £
Revenue	**11,016,921**	**447,574**	**11,464,495**
Segment profit before tax	**4,766,843**	**38,026**	**4,804,869**

For the year ended 31 December 2019:

	Property Franchising £	Other £	Total £
Revenue	11,350,327	–	11,350,327
Segment profit before tax	3,994,194	–	3,994,194

The Other segment related to Financial Services. There was no inter-segment revenue in any period.

7. Revenue

	2020 £	2019 £
Property Franchising segment:		
Management Service Fees	**9,364,702**	9,661,737
Franchise sales	**145,068**	194,702
Other	**1,507,151**	1,493,888
	11,016,921	11,350,327
Other segment:		
Financial Services commissions	**447,574**	–
	11,464,495	11,350,327

All revenue is earned in the UK and no customer represents greater than 10% of total revenue in either of the years reported.

Other revenue relates to ad hoc services and ongoing support to franchisees.

See note 20 for details of accrued income and note 24 for details of deferred income.

See note 18 for the value of prepaid assisted acquisitions support amortised as a deduction from Management Service Fees.

8. Administrative expenses

Administrative expenses relate to those expenses that are not directly attributable to any specific sales activity.

Administrative expenses for the year were as follows:

	2020 £	2019 £
Employee costs (see note 9)	**3,737,457**	3,097,124
Marketing and digital costs	**334,459**	571,931
Property costs	**130,271**	129,082
General administrative costs	**817,943**	1,355,551
Amortisation	**646,345**	666,589
	5,666,475	5,820,277

9. Employees and Directors

Average numbers of employees (including Directors), employed during the year:

	Group		Company	
	2020	2019	2020	2019
Administration	**41**	39	**–**	–
Management	**10**	9	**2**	2
	51	48	**2**	2

Employee costs (including Directors) during the year amounted to:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Wages and salaries	**3,267,477**	2,711,683	**580,482**	554,213
Social security costs	**398,013**	328,693	**66,863**	62,245
Pension costs	**71,967**	56,748	**15,166**	10,544
	3,737,457	3,097,124	**662,511**	627,002
Share-based payments charge	**68,023**	441,709	**84,960**	345,931

Key management personnel are defined as Directors and executives of the Group. Details of the remuneration of the key management personnel are shown below:

	2020 £	2019 £
Wages and salaries	**1,953,378**	1,497,467
Social security costs	**251,191**	193,729
Pension costs	**42,625**	30,513
	2,247,194	1,721,709
Share-based payments charge	**71,954**	402,498

Details of the Directors' emoluments are disclosed in the Directors' remuneration report on pages 42 to 44. The share-based payments charge for the current year has been charged to the Statement of Comprehensive Income, of this £85,451 (2019: £340,697) relates to Directors.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

10. Operating profit

	2020 £	2019 £
The operating profit is stated after charging:		
Depreciation	**28,284**	33,989
Amortisation – intangibles	**590,546**	611,820
Amortisation – prepaid assisted acquisitions support	**213,030**	174,149
Amortisation – leases	**55,799**	54,769
Share-based payments charge	**68,023**	441,709
Auditor's remuneration (see below)	**58,000**	50,000
Staff costs (note 9)	**3,737,457**	3,097,124
Audit services		
– Audit of the Company and consolidated accounts	**58,000**	50,000

11. Finance income and costs

	2020 £	2019 £
Finance income:		
Bank interest	**6,227**	5,696
Other similar income	**4,474**	5,316
	10,701	11,012

	2020 £	2019 £
Finance costs:		
Bank interest	**–**	35,320
Interest expense on lease liabilities	**3,328**	2,990
	3,328	38,310

12. Taxation

	2020 £	2019 £
Current tax	**1,035,649**	943,765
Adjustments in respect of previous periods	**3,141**	(31,329)
Current tax total	**1,038,790**	912,436
Deferred tax credit on acquired business combinations	**(12,759)**	(75,557)
Deferred tax credit on share-based payments	**(12,924)**	(75,091)
Deferred tax total	**(25,683)**	(150,648)
Total tax charge in statement of comprehensive income	**1,013,107**	761,788

The tax assessed for the period is higher (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below.

	2020 £	2019 £
Profit on ordinary activities before tax	**4,804,869**	3,994,194
Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 19%	**912,925**	758,897
Effects of:		
Expenses not deductible for tax purposes	**2,053**	10,344
Depreciation in excess of capital allowances	**12,420**	23,876
Effect of change in deferred tax rate from 17% to 19%	**82,568**	–
Adjustments in respect of previous periods	**3,141**	(31,329)
Total tax charge in respect of continuing activities	**1,013,107**	761,788

13. Earnings per share

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

	2020 £	2019 £
Profit for the financial year attributable to owners of the parent	**3,782,568**	3,232,406
Amortisation on acquired intangibles	**498,441**	498,441
Share-based payments charge	**68,023**	441,709
Adjusted profit for the financial year	**4,349,032**	4,172,556
Weighted average number of shares		
Number used in basic earnings per share	**25,822,750**	25,822,750
Dilutive effect of share options on ordinary shares	**519,817**	870,179
Number used in diluted earnings per share	**26,342,567**	26,692,929
Basic earnings per share	**14.6p**	12.5p
Diluted earnings per share	**14.4p**	12.1p
Adjusted basic earnings per share	**16.8p**	16.2p
Adjusted diluted earnings per share	**16.5p**	15.6p

There were options over 2,379,800 ordinary shares outstanding at 31 December 2020; 300,000 had not yet vested and have performance conditions which will determine whether they vest or not in the future; 64,800 vested in a previous year and were exercisable at 31 December 2020, and it can be determined that 503,750 of the remaining 2,015,000 options (25%) will vest based on these financial statements. The average share price during the year ended 31 December 2020 was above exercise price of the options that had either vested or were due to vest based on these financial statements. For these reasons in 2020 there is a dilutive effect of share options on the earnings per share calculation.

In 2019 there were options over 2,209,800 ordinary shares outstanding at 31 December 2019; 2,145,000 had not yet vested and had performance conditions which would determine whether they vest or not in the future. The remaining option over 64,800 ordinary shares was exercisable at 31 December 2019 and the average share price during the year ended 31 December 2019 was above the exercise price. For these reasons in 2019 there is a dilutive effect of share options on the earnings per share calculation.

The charge relating to share-based payments that have a dilutive effect is immaterial and therefore the earnings used in the diluted earnings per ordinary share calculation are the earning per ordinary share calculation before dilution.

14. Dividends

	2020 £	2019 £
Final dividend for 2019		
No dividend paid (2019: 6.0p per share paid 28 May 2019)	**–**	1,549,365
Interim dividend for 2020		
2.1p per share paid 23 September 2020 (2019: 2.6p per share paid 1 October 2019)	**542,278**	671,392
Total dividend paid	**542,278**	2,220,757

A dividend of 6.6p per share was paid in lieu of a final dividend for 2020 on 23 February 2021, the total amount paid was £1,704,302.

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for the year ended 31 December 2020

15. Intangible assets

	Master Franchise Agreement £	Brands £	Technology £	Customer lists £	Goodwill £	Total £
Cost						
Brought forward 1 January 2019	7,803,436	1,972,239	274,210	214,940	7,226,160	17,490,985
Additions	–	–	63,467	10,000	–	73,467
Carried forward 31 December 2019	**7,803,436**	**1,972,239**	**337,677**	**224,940**	**7,226,160**	**17,564,452**
Additions (note 29)	–	–	–	–	184,426	184,426
Carried forward 31 December 2020	**7,803,436**	**1,972,239**	**337,677**	**224,940**	**7,410,586**	**17,748,878**
Amortisation & Impairment						
Brought forward at 1 January 2019	1,738,702	155,694	128,155	143,679	–	2,166,230
Charge for year	413,174	66,726	109,642	22,278	–	611,820
Carried forward 31 December 2019	**2,151,876**	**222,420**	**237,797**	**165,957**	**–**	**2,778,050**
Charge for year	413,174	66,726	75,810	34,836	–	590,546
Carried forward 31 December 2020	**2,565,050**	**289,146**	**313,607**	**200,793**	**–**	**3,368,596**
Net book value						
At 31 December 2020	**5,238,386**	**1,683,093**	**24,070**	**24,147**	**7,410,586**	**14,380,282**
At 31 December 2019	5,651,560	1,749,819	99,880	58,983	7,226,160	14,786,402

The carrying amount of goodwill relates to 5 (2019: 4) cash generating units and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Business combinations completed in October 2014
Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisitions of Xperience Franchising Limited ("XFL") and Whitegates Estate Agency Limited ("WEAL") is based on the cash flows derived from the actual revenues and operating margins for 2020 and projections through to 31 December 2022. Thereafter projected revenue growth was assumed to decline linearly to a long-term growth rate of 2.2%.

The cash flows arising were discounted by the weighted average cost of capital which included a small companies' risk premium to allow for factors such as illiquidity in the shares. These discount rates were 13.5% for XFL and 15.0% for WEAL, the latter higher rate reflecting WEAL's smaller size and more volatile earnings. This resulted in a total value for each company of the identifiable intangible assets that exceeded the carrying values of the respective companies' goodwill.

The Directors do not consider goodwill to be impaired. The Directors believe that no reasonably possible change in assumptions at the year end will cause the value in use to fall below the carrying value and hence impair the goodwill.

The master franchise agreements are being amortised over 25 years. The period of amortisation remaining at 31 December 2020 was 18 years 10 months.

The brand names under which XFL trades of C J Hole, Parkers and Ellis & Co have been in existence for between 72 years and 170 years. Management see them as strong brands with significant future value and has deemed them to have indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. As a consequence, management annually assess whether the carrying value of these brands have been impaired.

The Relief-from-Royalty-Method was used to value the brand names. Looking at independent research of royalty rates, management selected pre-tax royalty rates of between 3% and 5% for the above brand names.

The after tax royalty rates were then applied to the projected cash flows of each brand. The projected cash flows being the forecast growth in current revenues using market data through to 31 December 2022. Thereafter projected revenue growth was assumed to decline linearly to a long-term growth rate of 2.2%. The after tax cash flows determined through this process were then discounted at 13.5% to determine a value for each brand name. This discount rate approximated the Company's WACC as the risk profile of the brand names was seen as commensurate with that of the overall Company. The values derived exceeded their carrying values.

The Directors believe that no reasonably possible change in assumptions at the year end will cause the value in use of the brands names CJ Hole, Parkers and Ellis & Co to fall below their carrying values and hence impair their intangible values.

The Whitegates brand was valued in a similar manner and deemed to have an immaterial value when the acquisition was made principally due to its lack of profitability over preceding years. It is therefore not recognised separately.

Business combination completed in September 2016

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisition of EweMove Sales & Lettings Ltd ("ESL") is based on the cash flows derived from the actual revenues and operating margins for 2020 and projections through to 31 December 2025. Thereafter projected revenue growth was assumed to be 2.2% per annum.

A period of projected cash flows exceeding 5 years was deemed appropriate because the business has only been operating for 7 years, is continuing to recruit relatively high levels of new franchisees, each new franchisee should grow significantly in the first 5 years of operation and it has yet to develop the operational efficiencies of a mature franchisor.

The revenue growth rates used in the valuation range from 28% in FY21 to 4% in FY25.The growth rate in FY21 is high because revenue was lower in FY20 as a result of Covid-19.

The cash flows arising were discounted by the weighted average cost of capital being 15,35% which included a small companies' risk premium to allow for factors such as illiquidity in the shares. This resulted in the value in use exceeding the carrying value of the goodwill and separately identifiable intangible assets. The enterprise's overall value exceeds the cash generating unit's carrying value.

The useful life of the master franchise agreement was assessed as 15 years and remains unchanged. The period of amortisation remaining at 31 December 2020 was 10 years 8 months.

The remaining useful life of the brand name was also reviewed. It continues to attract and recruit the same level of franchisees as in previous years and to attract higher numbers of customers. Given these 2 factors the remaining useful life of the brand was considered to be unaltered at 21 years. The period of amortisation remaining at 31 December 2020 was 16 years and 8 months.

The carrying value of EweMove the identified cash generating unit, was £9.1m at 31 December 2020 whereas the recoverable amount was assessed to be £11.5m at the same date. Headroom of £2.4m therefore existed at the year end.

The following table reflects the level of movements required in revenue or costs which could result in a potential impairment per the value in use calculation of goodwill. A further percentage (fall)/increase, of the magnitude indicated in the table below, in any one of the key assumptions set out above would result in a removal of the headroom in the value in use calculation for goodwill in 2020. Thus, if the discount rate increased by 24% to 19%, an impairment change would result against goodwill, all other assumptions remaining unchanged.

Assumption	Judgement	Sensitivity
Discount rate	As indicated above the rate used is 15.35%	24%
Revenue – FY21 to FY25	The range of growth rates for FY21 to FY25 are stated above	(60%)
Direct costs – all years	Assumed to be 23% of revenue for all years	36%
Indirect costs – all years	Assumed to be 45% of revenue in FY21 and then decline linearly to 38% of revenue in FY24 onwards	23%
Direct and indirect costs – all years	As indicated above for direct and indirect costs	14%

Business combination completed in January 2020

Details of the Acquisition of Auxilium Partnership Limited can be found in note 29.

Goodwill and indefinite life intangible assets have been allocated for impairment testing purposes to the following cash generating units.

The carrying values are as follows:

	Goodwill		Brands	
	2020 £	2019 £	2020 £	2019 £
Xperience Franchising Limited	**912,716**	912,716	**571,000**	571,000
Whitegates Estate Agency Limited	**400,501**	400,501	**–**	–
Martin & Co (UK) Limited	**75,000**	75,000	**–**	–
EweMove Sales & Lettings Ltd	**5,837,943**	5,837,943	**–**	–
Auxilium Partnership Limited	**184,426**	–	**–**	–
	7,410,586	7,226,160	**571,000**	571,000

Website costs included in technology

In 2017 new websites were launched for each of the 5 traditional brands. The costs associated with these websites have been capitalised as intangible assets as the purpose of the websites is to generate leads and revenue for the network.

Company

No goodwill or customer lists exist in the Parent Company.

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16. Property, plant and equipment

Group

	Short leasehold improvements £	Office equipment £	Fixtures & fittings £	Total £
Cost				
Brought forward 1 January 2019	37,034	130,340	161,107	328,481
Additions	–	7,380	580	7,960
Carried forward 31 December 2019	37,034	137,720	161,687	336,441
Acquisitions	–	1,613	1,082	2,695
Additions	–	14,564	–	14,564
Carried forward 31 December 2020	**37,034**	**153,897**	**162,769**	**353,700**
Depreciation				
Brought forward 1 January 2019	25,575	71,383	127,939	224,897
Charge for year	3,703	20,688	9,598	33,989
Carried forward 31 December 2019	29,278	92,071	137,537	258,886
Charge for year	3,702	19,774	4,808	28,284
Carried forward 31 December 2020	**32,980**	**111,845**	**142,345**	**287,170**
Net book value				
At 31 December 2020	**4,054**	**42,052**	**20,424**	**66,530**
At 31 December 2019	7,756	45,649	24,150	77,555

17. Leases

The Group's has operating leases for its office premises in Bournemouth and Cleckheaton. Under IFRS16, which was adopted on 1 January 2019 these operating leases are accounted for by recognising a right-of-use asset and a lease liability,

Right-of-use assets

	Land and Buildings £	Total £
At 1 January 2019	74,523	74,523
Additions	54,826	54,826
Amortisation	(54,769)	(54,769)
Carried forward 31 December 2019	74,580	74,580
Additions	67,021	67,021
Amortisation	(55,799)	(55,799)
Carried forward 31 December 2020	**85,802**	**85,802**

Lease liabilities

	Land and Buildings £	Total £
At 1 January 2019	79,456	79,456
Additions	54,133	54,133
Interest expenses	2,990	2,990
Lease payments	(58,830)	(58,830)
Carried forward 31 December 2019	77,749	77,749
Additions	67,021	67,021
Interest expenses	3,328	3,328
Lease payments	(61,567)	(61,567)
Carried forward 31 December 2020	**86,531**	**86,531**

Maturity analysis of lease liabilities as at 31 December 2020:

	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £
Lease liabilities	**10,271**	**30,814**	**29,556**	**15,890**

18. Prepaid assisted acquisitions support

Group

	Total £
Cost	
Brought forward 1 January 2019	575,877
Additions	386,332
Disposals	(8,071)
Carried forward 31 December 2019	954,138
Additions	155,034
Carried forward 31 December 2020	**1,109,172**
Amortisation	
Brought forward 1 January 2019	122,041
Charge for year – to revenue	119,457
Charge for year – to cost of sales	54,692
Carried forward 31 December 2019	296,190
Charge for year – to revenue	168,510
Charge for year – to cost of sales	44,520
Carried forward 31 December 2020	**509,220**
Net book value	
At 31 December 2020	**599,952**
At 31 December 2019	657,948

Cashback and broker's commission is presented as prepaid assisted acquisitions support
The additions represent sums provided to franchisees that have made qualifying acquisitions to grow their lettings' portfolios. The cashback sum provided is based on a calculation of the estimated increase in MSF as a result of the acquisition and the sum provided for broker's commission is based on the charge payable to the broker. In providing these sums the Group ensures that franchisees are contractually bound to the relevant franchisor for a period in excess of that required for the economic benefits to exceed the sums provided.

Company
No prepaid assisted acquisitions support exists in the Parent Company.

19. Investments

Company

	Shares in Group undertakings £
Cost	
At 1 January 2019	33,803,886
Capital contribution to subsidiaries – share options	95,778
At 31 December 2019	33,899,664
Acquisition of Auxilium Partnership Limited	200,000
Capital contribution to subsidiaries – share options	(16,667)
At 31 December 2020	**34,082,997**
Net book value	
At 31 December 2020	**34,082,997**
At 31 December 2019	33,899,664

The Property Franchise Group PLC was incorporated on 7 October 2013. On the 10 December 2013 a share for share exchange acquisition took place with Martin & Co (UK) Limited; 17,990,000 ordinary shares in The Property Franchise Group PLC were exchanged for 100% of the issued share capital in Martin & Co (UK) Limited.

On 31 October 2014 the Company acquired the entire issued share capital of Xperience Franchising Limited and Whitegates Estate Agency Limited for a consideration of £6,110,284.

On 5 September 2016 the Company acquired the entire issued share capital of EweMove Sales & Lettings Ltd, and its dormant subsidiary Ewesheep Ltd, for an initial consideration of £8m. Of the total consideration, £2.1m represented contingent consideration, of which £0.5m was paid out on 30 July 2017 and £0.5m was paid out on 31 December 2017. No further sums are due.

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for the year ended 31 December 2020

19. Investments continued

On 7 January 2020 the Company acquired the entire issued share capital of Auxilium Partnership Limited for a total cash consideration of £0.2m.

Martin & Co (UK) Limited, Xperience Franchising Limited, Whitegates Estate Agency Limited, EweMove Sales & Lettings Ltd and Ewesheep Ltd are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

At the year-end The Property Franchise Group PLC has guaranteed all liabilities of Martin & Co (UK) Limited, Xperience Franchising Limited, Whitegates Estate Agency Limited and EweMove Sales & Lettings Ltd. The value of the contingent liability resulting from this guarantee is unknown at the year-end.

The carrying value of the investment in EweMove has been considered for impairment through value in use calculations and it was determined that no impairment was required in the year ended 31 December 2020.

The carrying values of the other investments (all companies except for EweMove) have been considered for impairment and it has been determined that the value of the discounted future cash inflows exceeds the carrying value. Thus, there is no impairment charge.

The Company's investments at the balance sheet date in the share capital of companies include the following, which all have their registered offices at the same address as the Company:

Subsidiaries

	Share class	% ownership and voting rights	Country of incorporation
Martin & Co (UK) Limited	Ordinary	100	England
Xperience Franchising Limited	Ordinary	100	England
Whitegates Estate Agency Limited	Ordinary	100	England
EweMove Sales & Lettings Ltd	Ordinary	100	England
Ewesheep Ltd*	Ordinary	100	England
MartinCo Limited	Ordinary	100	England
Aux Group Limited	Ordinary	85	England
Auxilium Partnership Limited*	Ordinary	72	England

* indirectly owned

20. Trade and other receivables

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade receivables	**212,262**	233,601	**3,192**	2,172
Less: provision for impairment of trade receivables	**(155,668)**	(153,814)	**–**	–
Trade receivables – net of impairment provisions	**56,594**	79,787	**3,192**	2,172
Loans to franchisees	**49,058**	78,411	**–**	–
Other receivables	**5,287**	202,607	**137**	200,137
Amounts due from Group undertakings	**–**	–	**45,413**	–
Prepayments and accrued income	**1,181,610**	1,122,204	**34,979**	29,609
Tax receivable	**–**	–	**137,404**	189,985
	1,292,549	1,483,009	**221,125**	421,903

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over the previous year. Forward looking factors are considered to the extent that they are deemed material.

The Group is entitled to the revenue by virtue of the terms in the franchise agreements and can force the sale of a franchise to recover a debt if necessary.

Ageing of trade receivables
The following is an analysis of trade receivables that are past due date but not impaired. These relate to a number of customers for whom there is no recent history of defaults. The ageing analysis of these trade receivables is as follows:

	2020 £	2019 £
Group		
Not more than 3 months	**31.834**	33,634
More than 3 months but not more than 6 months	**–**	–
More than 6 months but not more than 1 year	**–**	–
	31,834	33,634

The Directors consider that the carrying value of trade and other receivables represents their fair value.

The Group does not hold any collateral as security for its trade and other receivables.

Included within "Prepayments and accrued income" is accrued income of £841k (2019: £704k) in relation to Management Service Fees for some of our brands that are invoiced at the beginning of the month following the month to which they relate and EweMove license fees.

21. Called up share capital

	2020		2019	
	Number	£	Number	£
Group				
Authorised, allotted issued and fully paid ordinary shares of 1p each	**25,822,750**	**258,228**	25,822,750	258,228
Company				
Authorised, allotted issued and fully paid ordinary shares of 1p each	**25,822,750**	**258,228**	25,822,750	258,228

22. Share premium

	Number of shares	Share capital £	Share premium £
At 31 December 2019 and 31 December 2020	**25,822,750**	**258,228**	**4,039,800**

23. Other reserves

	Merger reserve £	Share-based payment reserve £	Other reserve £	Total £
Group				
1 January 2019	2,796,984	186,877	–	2,983,861
Share-based payment charge	–	441,709	–	441,709
Deferred tax on share-based payments	–	–	81,322	81,322
1 January 2020	2,796,984	628,586	81,322	3,506,892
Share-based payment charge	–	68,023	–	68,023
Deferred tax on share-based payments	–	–	–	–
31 December 2020	**2,796,984**	**696,609**	**81,322**	**3,574,915**
Company				
1 January 2019	20,786,884	186,877	–	20,973,761
Share-based payment charge	–	441,709	–	441,709
Deferred tax on share-based payments	–	–	81,322	81,322
1 January 2020	20,786,884	628,586	81,322	21,496,792
Share-based payment charge	–	68,023	–	68,023
Deferred tax on share-based payments	–	–	–	–
31 December 2020	**20,786,884**	**696,609**	**81,322**	**21,564,815**

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23. Other reserves continued

Merger reserve

Acquisition of Martin & Co (UK) Limited

The acquisition of Martin & Co (UK) Limited by The Property Franchise Group PLC did not meet the definition of a business combination and therefore, falls outside of the scope of IFRS 3. This transaction was in 2013 and accounted for in accordance with the principles of merger accounting.

The consideration paid to the shareholders of the subsidiary was £17,990,000 (the value of the investment). As these shares had a nominal value of £179,900, the merger reserve in the Company is £17,810,000.

On consolidation the investment value of £17,990,000 is eliminated so that the nominal value of the shares remaining is £179,900 and, as there is a difference between the Company value of the investment and the nominal value of the shares purchased in the subsidiary of £100, this is also eliminated, to generate a merger reserve in the Group of £179,800.

Acquisition of EweMove Sales & Lettings Ltd

The consideration for the acquisition of EweMove Sales & Lettings Ltd included the issue of 2,321,550 shares to the vendors at market price. A merger reserve of £2,796,984 is recognised in the Group and the Company being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

Share-based payment reserve

The share-based payments reserve comprises charges made to the income statement in respect of share-based payments and related deferred tax impacts under the Group's equity compensation scheme.

24. Trade and other payables

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade payables	**176,389**	741,576	**36,870**	38,659
Other taxes and social security	**1,274,002**	575,600	**–**	–
Other payables	**248,229**	118,546	**–**	–
Accruals and deferred income	**1,051,728**	564,453	**109,971**	22,839
	2,750,348	2,000,175	**146,841**	175,487

The Directors consider that the carrying value of trade and other payables approximates their fair value.

Included in "Accruals and deferred income" is deferred income of £nil (2019: £7k) in relation to charges levied on franchisees in advance and EweMove licence fees.

25. Deferred tax

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Balance at beginning of year	**(1,140,227)**	(1,372,196)	**215,293**	30,101
Movement during the year:				
Statement of changes in equity	**–**	81,322	**–**	81,322
Statement of comprehensive income	**25,683**	150,647	**12,924**	75,091
Other	**–**	–	**–**	28,779
Balance at end of year	**(1,114,544)**	(1,140,227)	**228,217**	215,293

Deferred taxation has been provided as follows:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Accelerated capital allowances	**6,951**	(18,956)	**28,779**	28,779
Share-based payments	**199,438**	186,514	**199,438**	186,514
Acquired business combinations	**(1,320,933)**	(1,307,785)	**–**	–
	(1,114,544)	(1,140,227)	**228,217**	215,293

26. Financial instruments

Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group and Company, from which financial instrument risk arises, are as follows:

- Receivables
- Loans to franchisees
- Cash at bank
- Trade and other payables
- Borrowings

Financial assets

Financial assets measured at amortised cost:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Loans and receivables:				
Trade receivables	**56,594**	79,787	**3,192**	2,172
Loans to franchisees	**49,058**	78,411	**–**	–
Other receivables	**5,287**	202,607	**137**	200,137
Cash and cash equivalents	**8,770,884**	4,011,463	**4,600,718**	1,073,774
Accrued income	**840,619**	703,774	**–**	–
Amount owed by Group undertakings	**–**	–	**45,413**	–
	9,722,442	5,076,042	**4,649,460**	1,276,083

Financial liabilities

Financial liabilities measured at amortised cost:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Other financial liabilities:				
Trade payables	**176,389**	741,576	**36,870**	38,659
Other payables	**248,229**	118,546	**–**	–
Accruals	**1,051,984**	557,951	**109,971**	22,839
Amounts owed to Group undertakings	**–**	–	**–**	113,989
	1,476,602	1,418,073	**146,841**	175,487

All of the financial assets and liabilities above are recorded in the statement of financial position at amortised cost.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Capital management policy

The Board considers capital to be the carrying amount of equity and debt. Its capital objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide progressive returns for shareholders and safeguard the Group's status as a going concern. The principal financial risks faced by the Group are liquidity risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

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26. Financial instruments continued

The Board monitors a broad range of financial metrics including growth in MSF, operating margin, EBITDA, return on capital employed, and balance sheet gearing.

It manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, it may adjust the amount of dividends paid to shareholders.

Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or counterparty to a financial instrument fails to meet its contractual obligations. It is Group policy to assess the credit risk of new franchisees before entering contracts and to obtain credit information during the franchise agreement to highlight potential credit risks.

The highest risk exposure is in relation to loans to franchises and their ability to service their debt. The Directors have established a credit policy under which franchisees are analysed for creditworthiness before a loan is offered. The Group's review includes external ratings, when available, and in some cases bank references. The Group does not consider that it currently has significant concentration of credit risk with loans extended to franchisees of £49k.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development, the Group monitors forecast cash inflows and outflows on a monthly basis.

Interest rate risk

The Group's exposure to changes in interest rate risk relates solely to interest earning financial assets as the Group has repaid all it's borrowings in the year.

Fair values of financial instruments

The fair value of financial assets and liabilities is considered the same as the carrying values.

27. Share-based payments

Enterprise Management Incentive ("EMI") Share Option Scheme 2017 and ("EMI") Share Option Scheme 2018

During the year ended 31 December 2017 the Company implemented an Enterprise Management Incentive scheme as part of the remuneration for all staff and granted options over 2,290,000 ordinary shares at an exercise price of £0.01 each.

The options over 2,290,000 ordinary shares were granted to different classes of employees at different times as follows:

1. Executive Directors were granted options over 1,500,000 ordinary shares on 9 June 2017
2. Staff were granted options over 185,000 ordinary shares on 20 July 2017
3. Leadership team recruits in FY17 were granted options over 605,000 ordinary shares on 14 September 2017

During the year ended 31 December 2017 an option was forfeited over 150,000 shares following the departure of an employee. At 31 December 2017 options over 2,140,000 ordinary shares existed.

During the year ended 31 December 2018 options over 175,000 shares were forfeited following the departure of employees. At 31 December 2018 options over 1,965,000 ordinary shares existed.

These options have a vesting condition based on EPS targets for the year ended 31 December 2019. The share-based payment charge recognised in the year ended 31 December 2017 in respect of these options was reversed in the year ended 31 December 2018 because none of these options were expected to vest because performance of the parallel options (see below) was expected to be better.

On 1 August 2018 employees with options in the EMI Share Option Scheme 2017 were granted options in a parallel scheme, over the same number of shares, and with the same EPS target, but these are exercisable 1 year later, after the approval of the financial statements for the year ending 2020. Participants will only be able to exercise one of their options. The total number of parallel options granted was 1,965,000.

On 1 August 2018 new employees who did not have options in the EMI Share Option Scheme 2017 were granted options over 155,000 shares at an exercise price of £0.01 each.

During the year ended 31 December 2020 options over 30,000 shares were forfeited (2019: 170,000) and no options were granted (2019: 95,000).

At 31 December 2020 options over 2,015,000 (2019: 2,045,000) ordinary shares existed.

These options have a vesting condition based on an EPS target for the year ended 31 December 2020.

The weighted average contractual life remaining of these options is 4 months.

Management has used the actual performance for FY20 to determine that 25% options will vest based the achievement of the EPS condition. It is expected that with an exercise price of £0.01 all holders will exercise as soon as the options vest. The Group announced its results on 27 April 2021.

The estimated fair value of the options over 2,015,000 ordinary shares at 31 December 2020 was £308,792. This fair value, moderated for the extent to which the options are expected to vest, is spread as a charge between grant and the assumed vesting date. Accordingly, a share-based payments charge of £6,038 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2020, which is the cumulative share-based payments charge at 31 December 2020 of £611,410 less the cumulative share-based payments charge recognised at 31 December 2019 of £605,372.

Enterprise Management Incentive ("EMI") Share Option Scheme 2019
On 6 August 2019 a new EMI Share Option Scheme 2019 was introduced and an option over 100,000 ordinary shares at an exercise price of £0.01 each was granted to a director under this scheme.

This option has a vesting condition based on an EPS target for the year ended 31 December 2021.

The weighted average contractual life remaining of this option is 1 year and 4 months.

It is expected that with an exercise price of £0.01, should the EPS condition be met, the holder will exercise as soon as the option vests. The Group announces its results usually within the first 10 days of April. So, it has been assumed that the options will be exercised on 30 April 2022.

Management has used the budget for FY21, the market outlook and projections for FY22 to determine, at 31 December 2020, the achievement of the EPS condition.

The estimated fair value of the option over 100,000 ordinary shares at 31 December 2020 was £102,296. This fair value, moderated for the extent to which the option is expected to vest, is spread as a charge between grant and the assumed vesting date. Accordingly, a share-based payments charge of £29,369 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2020 being the difference between the cumulative share based payments charge at 31 December 2020 of £52,583 and the cumulative charge recognised at 31 December 2019 of £23,214.

Enterprise Management Incentive ("EMI") Share Option Scheme 2020
On 23 July 2020 a new EMI Share Option Scheme 2020 was introduced and an option over 100,000 ordinary shares each at an exercise price of £0.01 each was granted to two directors under this scheme.

This option has a vesting condition based on two performance conditions; basic earnings per share adjusted for exceptional income/costs and share based payments ("adjusted EPS") and total shareholder return over the 3 years to 31 December 2022. Each performance condition will apply to 50% of the award being made. In respect of both performance conditions, growth of 15% over the three year period will be required for threshold vesting of the awards, with growth of 35% or higher required for all of the awards to vest. The shares will be awarded on a sliding scale for growth between 15% and 35%. None of the awards will vest for adjusted EPS growth below 15% over the period.

The following principal assumptions were used in the valuation of the grant made in the year ended 31 December 2020 using the Black-Scholes option pricing model:

Assumptions	
Date of vesting	30/04/2023
Share price at grant	£1.80
Exercise price	£0.01
Risk free rate	0.1%
Dividend yield	4.90%
Expected life	2.77 years
Share price volatility	31.00%

The weighted average contractual life remaining of this option is 2 year and 4 months.

Expected volatility is a measure of the amount by which a share price is expected to fluctuate during a period. The assumptions used in valuing each grant are based on the daily historical volatility of the share price over a period commensurate with the expected term assumption.

The risk free rate of return is the implied yield at the date of grant for a zero coupon UK government bond with a remaining term equal to the expected term of the options.

It's expected that with an exercise price of £0.01, should the EPS condition be met, the holder will exercise as soon as the option vests. The Group announces its results usually within the first 10 days of April. So, it has been assumed that the options will be exercised on 30 April 2023.

EPS is measured as the basic earnings per share excluding any exceptional income/costs and any share-based payments charges. Further details can be found in the Directors' remuneration report on pages 42 to 44.

Management has used the budget for FY21, the market outlook and projections for FY22 to determine, at 31 December 2020, the achievement of the EPS condition.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

27. Share-based payments continued

The estimated fair value of the option over 200,000 ordinary shares at 31 December 2020 was £137,016. This fair value, moderated for the extent to which the option is expected to vest, is spread as a charge between grant and the assumed vesting date. Accordingly, a share-based payments charge of £32,616 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2020.

Enterprise Management Incentive ("EMI") Share Option Scheme 2013
At 31 December 2019 all the conditions for the scheme had been fulfilled.

The maximum term of the vested but unexercised option granted is 10 years from the grant date. The option allows the holder to purchase 64,800 ordinary shares at an exercise price stated of £1.385.

Movement in the number of ordinary shares under options for all schemes was as follows:

	2020 £		2019 £	
		Weighted average exercise price		Weighted average exercise price
Number of share options				
Outstanding at the beginning of the year	**2,209,800**	**£0.0503**	2,184,800	£0.0508
Forfeited	**(30,000)**	**£0.01**	(170,000)	£0.01
Granted	**200,000**	**£0.01**	195,000	£0.01
Outstanding at the end of the year	**2,379,800**	**£0.0474**	2,209,800	£0.0503

The outstanding options at 31 December 2020 comprised 2,315,000 options with an exercise price of £0.01 and 64,800 options with an exercise price of £1.385. The 64,800 options were exercisable at 31 December 2020, 2,015,000 are exercisable on the announcement of these financial statements for the year ended 31 December 2020 and the remaining 300,000 options were not yet exercisable.

The outstanding options at 31 December 2019 comprised 2,145,000 options with an exercise price of £0.01 and 64,800 options with an exercise price of £1.385. The 64,800 options were exercisable at 31 December 2019 and the remaining options were not yet exercisable.

The weighted average remaining contractual life of options is 0.39 years (2019: 1.5 years).

28. Related party disclosures

Transactions with Directors
Dividends
During the year the total interim and final dividends paid to the Directors and their spouses were as follows:

	2020 £	2019 £
Interim and final dividend (ordinary shares of £0.01 each)		
Richard Martin	**168,839**	842,536
Ian Wilson (retired 30 April 2020)	**–**	127,221
Paul Latham	**1,050**	4,300
David Raggett	**4,755**	19,556
	174,644	993,613

Directors' emoluments
Included within the remuneration of key management and personnel detailed in note 9, the following amounts were paid to the Directors:

	2020 £	2019 £
Wages and salaries	**1,040,413**	729,624
Social security costs	**132,923**	92,363
Pension contribution	**19,230**	20,000
	1,192,566	841,987

Details of Directors' interests in share options are disclosed in the Directors' remuneration report on pages 42 to 44.

29. Acquisitions

The Board are pursuing a strategy to develop financial services as a revenue stream to complement lettings and sales MSF. In 2019 the opportunity arose to buy a majority share in a Auxilium Partnership Limited, a life assurance buyers club, headed up by Mark Graves, who has a wealth of knowledge and contacts in the financial services industry. The intention was for Mark to help develop a financial services franchise.

On 7 January 2020 the Group took an 85% share in Aux Group Limited, a newly incorporated holding company, which on the same date bought a 85% of the share capital of Auxilium Partnership Limited. The minority shareholder of each of these companies is Mark Graves.

The consideration was £200,000.

The fair value of the identifiable assets and liabilities acquired and the consideration paid and payable are set out below:

	£
Office and computer equipment	2,695
Trade and other receivables	8,600
Cash	118,750
Trade and other payables	(114,471)
Net assets acquired	**15,574**
Goodwill	184,426
Consideration	**200,000**
Satisfied by:	
Repayment of loan made to Mark Graves in 2019	200,000
Total	**200,000**

Post acquisition results

	Total £
Revenue	447,574
Profit before tax since acquisition included in the Consolidated statement of comprehensive income	38,026

30. Events after the reporting date

Effective 19 March 2021 the Group acquired the entire issued share capital of Hunters Property PLC, a competitor property franchisor with a network of 200 offices across the UK. Consideration of £26.1m was paid which comprised of each Hunters shareholder receiving 0.1655 New shares in The Property Franchise Group PLC and 43.2 pence in cash. It is likely that the majority of consideration will be attributed to intangible fixed assets including master franchise agreements, brands, technology and goodwill.

Due to the proximity of the acquisition to the date the financial statements were authorised for issue by the Board, it has not been possible to provide all of the information required for disclosure in accordance with IFRS 3 'Business Combinations'. The main areas of non-disclosure include a qualitative description of the factors which make up goodwill and a fair value of the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed. Further disclosure of the items required under IFRS 3 will be included in the June 2021 half year report.

On 25 March 2021 the Board decided to sell Auxilium Partnership Limited back to Mark Graves (a director and minority shareholder of this company). The business was bought in January 2020, just before the arrival of the new CEO, and the Group has now decided to pursue a different approach to its financial services strategy.

SHAREHOLDER INFORMATION

Financial calendar
Announcement of Preliminary results – 27 April 2021
Annual General Meeting – 15 June 2021
Half year results – 30 September 2021
Interim dividend – October 2021

Registered office address
The Property Franchise Group PLC
2 St Stephen's Court
St Stephen's Road
Bournemouth
BH2 6LA

Company No. 08721920
01202 614 614
www.propertyfranchise.co.uk

Auditors
BDO LLP
Arcadia House
Maritime Walk – Ocean Village
Southampton
SO14 3TL

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

The Property Franchise Group PLC

2 St. Stephen's Court
St. Stephen's Road
Bournemouth
Dorset
BH2 6LA

www.thepropertyfranchisegroup.co.uk